

11:22 AM 27 SEP LIVE	சென்செக்ஸ் 36,482 ▼ -59.64	நிஃப்டி 50 11,019 ▼ -34.10	கோல்டு (எம்சிஎக்... 30,643.00 ▲ 50.00	யுஎஸ்டி/ஐஎ... 72.68 ▲ 0.06	CREATE PORTFOLIO	ஈ-டி மார்க்கெட்ஸ்...	CHOOSE LANGUAGE TAM
-------------------------------	--------------------------------------	--------------------------------------	---	--------------------------------------	-----------------------------	---------------------------------	------------------------------------

New banks stare at high costs, bigger turnaround time

BY [JOEL REBELLO](#), ET BUREAU | SEP 27, 2018, 07.35 AM IST

Post a Comment

MUMBAI: The [Supreme Court](#) (SC) ruling discontinuing the mandatory use of Aadhaar to open bank accounts would force a rethink among new entrants that had made the technology their main tool to on-board new customers. The pace of account-opening could slow down and costs may rise.

Big Change:

[The end of Five-Year Plans: All you need to know](#)

New small-finance and payment banks used Aadhaar to complete the mandatory [know your customer](#) (KYC) process in a quick and cost-efficient way, with some mandatorily seeking enrolment details with the national database while opening an account. That will now change.

Bankers said they would now have to find a new way to do a KYC for customers refusing to share [Aadhaar details](#).

“We were on-boarding customers using tab banking and the Aadhaar network. This process was quick, automated and cost-efficient,” said Samit Ghosh, CEO at [Ujjivan Small Finance Bank](#).

“Now, we will have to work out a new manual process which will be costly and will take more than half-an-hour per customer compared to just 10 minutes now.”

Ujjivan launched operations in February 2017 and has so far on-boarded more than 700,000 customers using the Aadhaar network.

Small-finance banks that started operations less than two years ago will have to re-look at their business model after the ruling. “We will have to run physical checks and also take care of storing data in the paper form. All this will be costly and time-consuming,” said R

Baskar Babu, CEO at Suryoday Small Finance Bank, which started operations in January 2017.

SBI chairman [Rajnish Kumar](#) said the bank has linked 80% to 85% of its savings bank accounts with Aadhaar, but will comply with the court's order.

“The only thing which happens is it is not mandatory but having (with) the customer's consent or voluntarily, it is still very convenient... whatever is the SC judgement, everybody will have to honour.

But from the services point of view, I believe that it is a great facility. Today, we open 27,000 accounts per day digitally... but there cannot be any compulsion,” Kumar told reporters.

Kotak Mahindra's 811 account, SBI's YONO savings account, and even [Standard Chartered digital account](#) also used the Aadhaar unique number to open savings accounts instantly. They will now have to give customers the choice on linking their accounts to the database.

“The ruling says that an Aadhaar number is not mandatory for any service being provided. But it is required for welfare benefits.

Customer service providers like banks and telecom companies cannot use it but people using bank accounts for welfare benefits will need to link Aadhaar. I think people who want convenience, speed and efficiency which the Aadhaar network provides will opt for it,” said Neel Ratan, partner and leader, government and public sector, at PWC India.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Powered by

[Live Market](#)
[News](#)
[Portfolio](#)
[Mobile](#)
[Live TV](#)
[Biz Listings](#)

[Industry](#)
[Newsletters](#)
[Commodities](#)
[Speed](#)
[Blogs](#)
[RSS](#)

[About Us](#)
[Create Your Own Ad](#)
[Advertise with Us](#)
[Terms of Use & Grievance Redressal](#)
[Privacy policy](#)

FOLLOW US

Download it from
APP STORE

Download it from
GOOGLE PLAY

Download it from
Windows Store

Other Times Group news sites

इकनॉमिक टाइम्स | एडोनीमिड टाइम्स | Pune Mirror | Bangalore Mirror | Ahmedabad Mirror |
ItsMyAscent | Education Times | Brand Capital | Mumbai Mirror | Times Now |
Indiatimes | नवभारत टाइम्स | महाराष्ट्र टाइम्स | ವಿಜಯ ಕರ್ನಾಟಕ | Go Green | AdAge India
| Eisamay | IGN India | NavGujarat Samay | Times of India | Samayam Tamil |
Samayam Telugu | Miss Kyra | Bombay Times | Filmipop | Games App

Living and Entertainment

Timescity | iDiva | Entertainment | Zoom | Healthmeup | Luxpresso | Gadget Reviews |
Titanium & Platinum Credit Card | Online Songs | MensXP | Hotels | Travel
Destinations | Cricbuzz | Recipes | Gaana | Happytrips | Getsmartapp

Interest Network

itimes

Hot on the Web

Share Market | GST | Income Tax Slabs | Aadhaar Card | IFSC Code | Mutual Funds |
Top ELSS Funds to Invest | How to save Income Tax | Sensex Today | Nifty Bank |
Telangana Assembly Election | Income Tax Calculator

Services

Book print ads | Online shopping | Matrimonial | Astrology | Jobs | Tech Community |
Property | Buy car | Bikes in India | Free Classifieds | Send money to India | Used Cars
| Restaurants in Delhi | Remit to India | Buy Mobiles | Listen Songs | News |
TimesMobile | Real Estate Developers | Restaurant Deals in Delhi | Car Insurance |
Gadgets Now | Free Business Listings | CouponDunia | Remit2India | Techradar |
AliveAR | Getsmartapp App | ETMoney Finance App | Feedback | Auto

In Case You Missed It

[All about PNB Fraud](#)

[Home Loan Calculator](#)

[Jet Airways](#)

[Income Tax](#)

[Steel Import Duty](#)

[Bank Merger Benefits](#)

[Income Tax Calculator](#)

[Yes Bank](#)

[Education Loan Calculator](#)

[BoB-Vijaya-Dena Bank Merger](#)

[IFSC Code](#)

[Bank Merger Deal](#)