

# With Aadhaar nixed, banks seek new KYC norms

PRIYANKA PANI

f t in w e 11



IBA fears lack of clarity following apex court ruling will impact operations, writes to RBI

MUMBAI, OCTOBER 12

The Indian Banks Association (IBA), the industry body representing banks and financial institutions, has written to the Reserve Bank of India (RBI) seeking revised KYC (know your customer) guidelines following the recent Supreme Court verdict on Aadhaar. The banks are worried about the impact on business due to the lack of clarity following the ruling.

In a letter dated October 10, seen by *BusinessLine*, the IBA said the Supreme Court order has far-reaching implications for the industry and for banking operations. For example, the IBA's letter pointed out, Rule 9 of the Prevention of Money Laundering Rules mandates linking of Aadhaar number with bank accounts, has been struck down, but the RBI's 2013 circular mentions Aadhaar among the list of documents acceptable as proof of identity.

One other concern for the IBA relates to the direct benefit transfer (DBT) scheme. It said that deleting Aadhaar from the database will impact DBT, and that proper guidelines should be issued in consultation with the National Payments Corporation of India, the nodal agency for all payment networks. "If the customer specifically requests for deletion of Aadhar, it is proposed that the Bank will delink the Aadhar from the customer's profile...consequently disbursement of benefits by the government agencies under DBT scheme into designated bank accounts may be impacted," the letter stated.

The IBA said there is a need for the RBI to clarify the status and that the earlier law should prevail. Doing away with the Aadhaar requirement may have a significant impact on the Government's financial inclusion and digital initiatives such as BHIM, Aadhaar-enabled Payment System and e-KYC based products, among others, which are primarily based on Aadhaar-enabled platforms, the association said. "Banks may be allowed to continue these services till revised guidelines are announced," the IBA said.

"We need a clear direction so that there is uniformity in the procedures adopted by all the banks," said a senior banker on condition of anonymity.

Experts say that banks and several fintech firms have depended wholly on Aadhaar-based e-KYC and are reworking their business strategies. Going back to the earlier mode of doing KYC physically with paper documents was not viable option, they said.

The apex court had in its September 26 ruling barred private companies, fintech firms, telecom operators and banks from asking for Aadhaar as an identification document from their customers, and stated that Aadhaar is not mandatory for opening bank accounts.

Published on October 12, 2018

---

## TOPICS

[industry association](#) [banking](#) [aadhaar](#)

---

## RELATED



UIDAI ready with masked Aadhaar cards sans number, biometric details

Can be used as an ID card, but not for welfare schemes

---

Get more of your favourite news delivered to your inbox

Subscribe

Promoted Content

Recommended by



**Luxury And Class With Škoda Rapid Onyx**  
askmen india



**Learn Analytics from top Industry Experts  
with this PG Diploma in Business...**  
[careersoftomorrow.amityonline.com](http://careersoftomorrow.amityonline.com)

**Lisbon: the new Eldorado of hipster chic**  
Air France

**More From The Hindu Business Line**



**Rahul hugs the PM, but runs away from I-T officers: Smriti Irani**



**RCom to commercially develop 133-acre IT park in Navi Mumbai**



**Akshay Kumar world's 7th highest-paid actor: Forbes**



**Ranganath's departure an irreplaceable loss for Infosys: Narayana Murthy**



**Five major river-linking projects to commence from Dec: Gadkari**



**Kerala BJP 'welcomes' Mohanlal into party**



'The current correction is a very healthy one'



Bandhan Bank plunges to all-time low



US wants "regime change" in Iran, says Rouhani

## MORE FROM BUSINESSLINE

### Your Fund Portfolio



I am 28 years old and have been investing in the following MFs through SIPs: DSP Equity Opportunities - ₹2,500, Axis Long Term Equity Fund - ₹2,000, Aditya Birla Sun Life Tax Relief '96 - ₹2,000, Para

## Weekly trading guide



Short-term outlook mixed for SBISBI (₹263.3)SBI spiked over 8 per cent intra-week and made a high of ₹279.4. However, the stock gave back most of the gains, and closed 2 per cent higher for the week.

**GMDC: Buy**



Investors with a medium-term perspective can consider buying the stock of Gujarat Mineral Development Corporation (₹93.8), a major minerals and lignite mining company. The stock encountered a key resis

---

11 comments

♥ Recommend 1

Write a comment

1000

or

Name

Email

I agree with Vuukle's [Privacy Policy](#)

POST

Sort by: Latest Best Editor's Pick More ▾



**Surinder Das** 10 points

21 hours ago

Atleast we need a card which reflects all our transactions like the one given to Canadian citizens. Our govt must promote adhaar card as the one. PAN card should be merged into adhaar card.

Like

Reply

Load more comments

## TALK OF THE TOWN



**It is difficult for public sector players to compete with private ones, says Jaitley**

7 comments



**How much did it cost RBI to collect, destroy ₹500 and ₹1000 notes?**

7 comments

 Market, Rupee slump due to external factors: FinMin

**Market, Rupee slump due to external factors: FinMin**

4 comments



**National interest prompted Re 1 roll-back: HPCL chief**

4 comments



**Rafale deal: Supreme Court asks Centre to provide details of decision making process in sealed cover**

4 comments



**The dubious record of global audit firms**

3 comments

Show more articles

1. Comments will be moderated by The Hindu Business Line editorial team.
2. Comments that are abusive, personal, incendiary or irrelevant cannot be published.
3. Please write complete sentences. Do not type comments in all capital letters, or in all lower case letters, or using abbreviated text. (example: u cannot substitute for you, d is not 'the', n is not 'and').
4. We may remove hyperlinks within comments.
5. Please use a genuine email ID and provide your name, to avoid rejection.