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# UIDAI asks banks not to discontinue Aadhaar payment system

BY PTI | NOV 30, 2018, 11.20 PM IST

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NEW DELHI: The **UIDAI** on Friday asked banks not to discontinue the Aadhaar Enabled Payment System (**AEPS**) as it may create obstruction in the delivery of welfare benefits.

The clarification came after the Unique Identification Authority of India (UIDAI) took note of a letter from the **State Bank of India** (SBI) to the National Payments Corporation of India (NPCI).

In the letter, dated November 19, 2018, SBI informed NPCI of its intention to discontinue Aadhaar enabled payment system purportedly based on the understanding that its continuation may be in violation of the recent Supreme Court judgement.

UIDAI said the matter has been carefully examined, and the apex court has upheld the constitutionality of the Aadhaar programme, specifically Section 7 of the Aadhaar Act.

"Therefore any action to discontinue such payment/receipt mechanism (AEPS, BHIM, Aadhaar Pay) or bank accounts by banks, on the ground that it is not possible to distinguish their use for delivery of welfare benefits or other purposes may be held contrary to Section 7 of Aadhaar Act and Puttaswamy-II judgment as it will result in creating obstruction in delivery of benefits and may cause denial in deserving cases," UIDAI said in a circular marked to banks, CEO of NPCI and Deputy Governor of the Reserve Bank of India (RBI).

The nodal body for Aadhaar further clarified that where a payment/ receipt mechanism using Aadhaar authentication such as AePS, BHIM, Aadhaar Pay has been established or a bank account has been opened or verified using Aadhaar eKYC for the purpose of

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correctly identifying a current or potential beneficiary of welfare scheme, there is nothing in the apex court's recent judgement that bars use of such a mechanism.



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"Instead it is obligatory on banks to continue to provide such facility to people," it said.

The Supreme Court had in a landmark verdict in September restricted the use of Aadhaar authentication by private entities in the absence of a legal provision, but allowed its mandatory use for welfare schemes, filing of Income Tax (IT) returns and allotment of [Permanent Account Number \(PAN\)](#).

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