ePayment cos want KYC norms eased for now

The digital payments industry has written to the Reserve Bank of India to delay implementation of its stringent customer verification rules until mobile wallet providers are allowed to access the Aadhaar database for user authentication, said three people aware of the matter.

"The (prepaid payments instrument) industry is in a precarious situation right now and therefore we request you to keep the (know-your-customer) regulations in abeyance till the time these concerns are resolved," Payments Council of India (PCI) wrote in a letter to RBI, which EThas reviewed.

The industry body said payment companies would be committed to the KYC guidelines once they receive global authentication agency (AUA) licences that will enable them to authenticate customers using Aadhaar.

RBI did not respond to ET's queries on if and how it plans to resolve the industry's demands.

MobiKwik, EbixCash and Oxigen Services, which are registered as authentication agencies, have been dropped into a 'Local AUA' list that prohibits them from storing data, as per a notification of the Unique Identification Authority of India, which issues digital Aadhaar numbers to Indian residents. The move also means payment companies can only ask users for their virtual Aadhaar numbers for authentication.

"The PPI industry is in a unique situation where on one hand issuers have been mandated to perform Aadhaar-based KYC and on the other they are being denied the requisite licence to do so," PCI said in its letter to RBI.

It has also sought for UIDAI to expedite the AUA licensing process for Amazon Pay, PhonePe, Balance Hero, Sodexo, PayPoint and ZipCash.

RBI's full KYC rules for mobile wallet came into effect on March 1. "Even cooperative banks and regional rural banks have been included in the list of entities that have been given access and permission to store data… there are a few cooperative banks with a single branch in a single district while we have pan-India presence, still this discrepancy," said a senior executive with a payment company that holds an AUA licence.

UIDAI, in a recent notification, said companies that did not have 'enough justification' to access the Aadhaar details of their users would be put in a 'Local AUA' list.

Further, industry insiders said that in the wake of the Supreme Court's observations on privacy concerns around Aadhaar, UIDAI has been delaying granting licences for fresh applicants.

(Economic Times)