



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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DNBS(PD).CC.No 400/03.10.42/2014-15

July 14, 2014

All Non-Banking Financial Companies

Dear Sirs,

Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) / Obligation of NBFCs under Prevention of Money Laundering Act (PMLA), 2002 Recognising E-Aadhaar as an 'Officially Valid Document' under PML Rules

Please refer to [paragraph I \(11\)](#) of Master Circular DNBS (PD) CC No. 387/03.10.42/2014-15 dated July 1, 2014 on Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT) / Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 which states that letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number, may be accepted as an 'Officially Valid Document'. Further, while opening accounts based on Aadhaar, NBFCs must satisfy themselves about the current address of the customer by obtaining required proof of the same as per extant instructions.

2. In order to reduce the risk of identity fraud, document forgery and have paperless KYC verification, UIDAI has launched its e-KYC service. Accordingly, it has been decided to accept e-KYC service as a valid process for KYC verification under Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Further, the information containing demographic details and photographs made available from UIDAI as a result of e-KYC process ("which is in an electronic form and accessible so as to be usable for a subsequent reference") may be treated as an 'Officially Valid Document' under PML Rules. In this connection, it is advised that while using e-KYC service of UIDAI, the individual user has to authorize the UIDAI, by explicit consent, to release her or his identity / address through biometric authentication to the NBFC branches. The UIDAI then transfers the data of the individual comprising name, age, gender, and photograph of the individual, electronically to the NBFCs, which may be accepted as valid process for KYC verification. The broad operational instructions to

NBFCs willing to use the UIDAI e-KYC service on Aadhaar e-KYC service are enclosed as Annex. Such NBFCs are advised to have proper infrastructure (as specified in Annex) in place to enable biometric authentication for e-KYC. Physical Aadhaar card / letter issued by UIDAI containing details of name, address and Aadhaar number received through post would continue to be accepted as an 'Officially Valid Document'.

3. Further NBFCs may accept e-Aadhaar downloaded from UIDAI website as an officially valid document subject to the following:

a) If the prospective customer knows only his / her Aadhaar number, the NBFC may print the prospective customer's e-Aadhaar letter in the NBFC directly from the UIDAI portal; or adopt e-KYC procedure as mentioned in paragraph 2 above.

b) If the prospective customer carries a copy of the e-Aadhaar downloaded elsewhere, the NBFC may print the prospective customer's e-Aadhaar letter in the NBFC directly from the UIDAI portal; or adopt e-KYC procedure as mentioned in paragraph 2 above; or confirm identity and address of the resident through simple authentication service of UIDAI.

4. Physical Aadhaar card / letter issued by UIDAI containing details of name, address and Aadhaar number received through post and e-KYC process mentioned in the circular referred in paragraph 2 above would continue to be accepted as an 'Officially Valid Document'.

5. NBFCs may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully,

(Sindhu Pancholy)
Deputy General Manager
Encl: as above

Annex

Operational Procedure to be followed by NBFCs for e-KYC exercise

The e-KYC service of the UIDAI is to be leveraged by NBFCs through a secured network. Any NBFC willing to use the UIDAI e-KYC service is required to sign an agreement with the UIDAI. The process flow to be followed is as follows :

1. Sign KYC User Agency (KUA) agreement with UIDAI to enable the NBFC to specifically access e-KYC service.
2. NBFCs to deploy hardware and software for deployment of e-KYC service across various delivery channels. These should be Standardisation Testing and Quality Certification (STQC) Institute, Department of Electronics & Information Technology, Government of India certified biometric scanners at NBFC branches as per UIDAI standards. The current list of certified biometric scanners is given in the link below :

http://www.stqc.gov.in/sites/upload_files/stqc/files/UID Auth Certlist 250613.pdf

3. Develop a software application to enable use of e-KYC across various NBFC branches, as per UIDAI defined Application Programming Interface (API) protocols. For this purpose NBFCs will have to develop their own software under the broad guidelines of UIDAI. Therefore, the software may differ from NBFC to NBFC.
4. Define a procedure for obtaining customer authorization to UIDAI for sharing e-KYC data with the NBFC. This authorization can be in **physical** (by way of a written explicit consent authorising UIDAI to share his / her Aadhaar data with the NBFC for the purpose of opening deposit account) / **electronic** form as defined by UIDAI from time to time.
5. Sample process flow would be as follows :
 - a. Customer walks into branch of NBFC with **his / her 12-digit Aadhaar number and explicit consent** and requests to open a deposit account with

Aadhaar based e-KYC.

- b. NBFC representative manning the branch enters the number into NBFC's e-KYC application software.
- c. The customer inputs his / her biometrics via a UIDAI compliant biometric reader (e.g. fingerprints on a biometric reader).
- d. The software application captures the Aadhaar number along with biometric data, encrypts this data and sends it to UIDAI's Central Identities Data Repository (CIDR).
- e. The Aadhaar KYC service authenticates customer data. If the Aadhaar number does not match with the biometrics, UIDAI server responds with an error with various reason codes depending on type of error (as defined by UIDAI).
- f. If the Aadhaar number matches with the biometrics, UIDAI responds with digitally signed and encrypted demographic information [Name, year / date of birth, Gender, Address, Phone and email (if available)] and photograph. This information is captured by NBFCs e-KYC application and processed as needed.
- g. NBFCs servers auto populate the demographic data and photograph in relevant fields. It also records the full audit trail of e-KYC viz. source of information, digital signatures, reference number, original request generation number, machine ID for device used to generate the request, date and time stamp with full trail of message routing, UIDAI encryption date and time stamp, NBFCs decryption date and time stamp, etc.
- h. The photograph and demographics of the customer can be seen on the screen of computer at NBFC branches for reference.
- i. The customer can open deposit account subject to satisfying other account opening requirements.