

NHB (ND)/DRS/Policy Circular No.72/2014-15  
April 23, 2015



To,

All Registered Housing Finance Companies

Madam/ Dear Sir,

**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 - Recognising E-Aadhaar as an officially valid Document under PML Rules**

Please refer to paragraph 2 of our Circular NHB(ND)/DRS/Pol. Circular No.60/2013-14 dated February 6, 2014 regarding Guidelines on Know Your Customer & Anti Money Laundering Measures – Obligation of HFCs under Prevention of Money Laundering Act, 2002 which states that the letter issued by the Unique identification Authority of India containing details of name, address and Aadhaar number is an officially valid documents within the meaning of Rule 2(1)(d) of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 and, therefore, can be relied upon by HFC for the purpose of Rule 9 of the Said Rules. Further in terms of paragraph 3 & 4 of the above Circular it has also been advised that if the address provided by the customer is the same on the document submitted for identity proof, the document may be accepted as a proof of both identity and address. However, if the current address mentioned by the customer is different from the address indicated on the document submitted for proof of identity, a separate proof of address should be obtained 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

भारतीय रिज़र्व बैंक के संपूर्ण स्वामित्व में  
कोर 5-ए, चतुर्थ तल, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003  
दूरभाष नं. पी. बी. एक्स-011-2464 9031-35 फ़ैक्स : 011-2464 6988, 2464 9041  
वेबसाइट : www.nhb.org.in ई-मेल : ho@nhb.org.in तार निवास बैंक

Wholly owned by Reserve Bank of India  
Core 5-A, 4th Floor, India Habitat Centre, Lodhi Road, New Delhi-110003  
Phone : PBX 011-2464 9031-35 Fax : 011-2464 6988, 2464 9041  
Website : www.nhb.org.in E-mail : ho@nhb.org.in Gram : NIWAS Bank

**"बैंक हिन्दी में पत्राचार का स्वागत करता है"**

authentication to the HFC branches/offices. The UIDAI then transfers the data of the individual comprising name, age, gender, and photograph of the individual, electronically to the HFCs, which may be accepted as valid process for KYC verification. The broad operational instructions to HFCs willing to use the UIDAI e-KYC service on Aadhaar e-KYC service are enclosed as Annex.-I. Such HFCs are advised to have proper infrastructure (as specified in Annex.-I) in place to enable biometric authentication for e-KYC.

3. Further HFCs 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 HFC may print the prospective customer's e-Aadhaar letter in the HFC branch/office 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 HFC may print the prospective customer's e-Aadhaar letter in the HFC branch/office 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. HFCs may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Please acknowledge receipt.

Yours faithfully,



(Lalit Kumar)  
General Manager  
Department of Regulation & Supervision

### Operational Procedure to be followed by HFCs for e-KYC exercise

The e-KYC service of the UIDAI is to be leveraged by HFCs through a secured network. Any HFC 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 HFC to specifically access e-KYC service.
2. HFCs 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 HFC branches/offices 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](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 HFC branches/offices, as per UIDAI defined Application Programming Interface (API) protocols. For this purpose HFCs will have to develop their own software under the broad guidelines of UIDAI. Therefore, the software may differ from HFC to HFC.
4. Define a procedure for obtaining customer authorization to UIDAI for sharing e-KYC data with the HFC. This authorization can be in **physical** (by way of a written explicit consent authorising UIDAI to share his/her Aadhaar data with the HFC for the purpose of opening bank account) / **electronic** form as defined by UIDAI from time to time.
5. Sample process flow would be as follows:
  - a. Customer walks into branch/office of HFC with **his / her 12-digit Aadhaar number and explicit consent** and requests to open a deposit account with Aadhaar based e-KYC.
  - b. HFC representative manning the branch/office enters the number into HFC'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 HFCs e-KYC application and processed as needed.
- g. HFCs 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, HFCs decryption date and time stamp, etc.
- h. The photograph and demographics of the customer can be seen on the screen of computer at HFC branches/offices for reference.
- i. The customer can open deposit account subject to satisfying other account opening requirements.

