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e-KYC Services by Central Depository Services (India) Limited

e-KYC Service & Information shared in e-KYC service:

e-KYC Services – UIDAI offers the e-KYC service, which enables a resident having an Aadhaar number to share their demographic information and photograph with a UIDAI partner organization in an online, secure, auditable manner with the residents consent. The consent of the resident can be given by a Biometric authentication or a One Time Password (OTP) authentication. The Aadhaar holders demographic information i.e. Name, Address, Date of Birth, Gender, Phone & Email (where available) & Photograph which is currently available with the resident is shared via the e-KYC service.

Use of e-KYC Service:

The e-KYC service is envisaged as a public benefit service. Any organization, authorized and approved by UIDAI to use this service can deploy the e-KYC service to serve its business interest. UIDAI envisages, initially organisations such as Banks, Telecom, Financial Services etc. who have a regulatory compliance to perform a KYC function will be the front runners in leveraging this service.

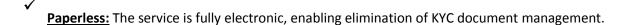**Financial Terminology:**

- ✓ **Unique Identification Authority of India (UIDAI):** UIDAI is the regulator and overseer of the 'Aadhaar' authentication system. UIDAI owns and manages the Central Identities
  Data Repository (CIDR) that contains the personal identity data of all Aadhaar-holders.

- ✓ **Authentication Service Agency (ASA):** ASAs are entities that have secure leased line connectivity with the CIDR. ASAs transmit authentication requests to CIDR on behalf of one or more AUAs.

- ✓ **KYC Service Agency (KSA):** The KSA provides connectivity to the UIDAIs CIDR. Every KSA is also an ASA.

- ✓ **Authentication User Agency (AUA):** An AUA is any entity that uses Aadhaar authentication to enable its services and connects to the CIDR through an ASA.

- ✓ **KYC User Agency (KUA) :** The resident Service Agency is called KUA. The KUA access the e-KYC service through KSA.. Every KUA is also an AUA.

- ✓ **Sub AUA :** Sub AUA is an entity desiring to use Aadhaar authentication to enable its services through an existing AUA.

- ✓ **Aadhaar holders :** Aadhaar holders are the residents who are the holders of Aadhaar no. issued by UIDAI.

Regulatory stance on the e-KYC service:

RBI, IRDA, PFRDA & SEBI have accepted UIDAI's e-KYC service as a valid KYC.

Features of e-KYC Service:

- ✓ **Paperless:** The service is fully electronic, enabling elimination of KYC document management.

- ✓ **Consent based:** Data is shared by the resident consent through Aadhaar authentication, thus protecting resident privacy.

- ✓ **Secure and compliant with the IT Act:** Data transfer are secured through the use of encryption and digital signature as per the Information Technology Act, 2000 making e-KYC document legally equivalent to paper documents.

- ✓ **Non-repudiable:** The use of resident authentication for authorization, the affixing of a digital signature by the service provider originating the e-KYC request, and the affixing of a digital signature by UIDAI when providing the e-KYC data makes the entire transaction non-repudiable by all parties involved.

- ✓ **Instantaneous:** The service is fully automated and KYC data is furnished in real-time, without any manual intervention.

- ✓ **Regulator friendly:** The service providers can provide a portal to the Ministry/Regulator for auditing all e-KYC requests.

Benefits of e-KYC Service:

- ✓ Under the electronic know-your-customer (e-KYC) process, customers can open a bank account online based on just their Aadhaar card. A lot of people in rural areas do not have the documents which would be required for KYC by financial institutions. This will be a good instrument to get new accounts opened, especially in rural and un-banked areas.

- ✓ While the physical KYC process takes five-seven working days, the time would be reduced to three days in the case of e-KYC thus saving time, money and manpower required for the verification process.

- ✓ Using this process will also mean less documentation for the companies and customers.

- ✓ Managing & tracking of documents is easier. e-KYC is highly flexible & easy to use.

Process to register as KUA/AUA to start using the e-kyc services:

CDSL, is registered with UIDAI as Authentication Service Agency (ASA) & KYC Service Agency (KSA) to provide the authentication and KYC services respectively. While, CVL is registered as Authentication User Agency (AUA).

Intermediaries, who wish to use Authentication Services can register with CVL as Sub AUA. However, to use KUA Service, an intermediary is required to first register as AUA with UIDAI and then as KUA.

Organizations interested in using the e-KYC service, will need to get approved and authorized by UIDAI to use this service. The details of the process of making an application, supporting documents required, technical integration guidelines etc. can be found at the following link: http://uidai.gov.in/authentication-2/more.html. **The brief process** flow for AUA/KUA On-Boarding process is given below:

1. **Enquiry Submission:**
   a. Submit enquiry online on https://authportal.uidai.gov.in/web/uidai/aua-onboarding
   b. Provide details like Organisation Name, Nodal person name, Phone, email, Proposed Business scope.

2. **Enquiry Acceptance:** UIDAI reviews the enquiry and:
   a. Approves, if found satisfactory
   b. Reverts in case additional information is required.
   c. Rejects if disapproved.

3. **Login credentials:** Login **details** are provided to the prospective AUA on the email id provided during enquiry.

4. **Application submission**: Submit details as per eligibility criteria with details like Organization, Nodal Contact, Management point of Contact, Technical Contact, CDSL ASA engagement, Scope Information, Readiness activity. Upload these documents through the login and send hard copy of all the documents.

5. **Application Approval:** UIDAI reviews the application and approves if found satisfactory and the documentation is complete. UIDAI sends the agreement for signature.

6. **Agreement Signing**: Agreement is signed between AUA-UIDAI as per the defined format by the Authorised Signatory of the prospective AUA and submitted to UIDAI.

7. **AUA sets up its infrastructure to avail Authentication services:** These include:
   a. Procuring and setting-up AUA server
   b. Audit trail setup
   c. Client Application Development

8. **Pre-Production Access:** Pre-Production access credentials are shared with AUA – License Key and AUA Code. AUA conducts pre-production testing.

9. **End to End Testing:** The entity is required to perform the testing of the application system, 100 test transactions, submit Go Live & Audit Compliance Checklist submission to UIDAI.

10. **Production Access:** UIDAI reviews Go Live & Audit Compliance Checklist and verifies test transactions. Shares the access credentials for Production setup.

11. **Go-Live:** AUA performs the necessary configuration changes required at its end. AUA can thereafter perform successful Authentication Transactions on Production Environment.

In order to register as KUA:

1. The intermediary should complete 3 lakh AUA transactions in 3 months
2. An addendum to the AUA agreement will be appended.
3. A form is required to be submitted to UIDAI
4. Repeat point Nos. 6 to 11 of the above procedure.

CDSL : Guide to Register as AUA/KUA

Why CDSL as ASA/KSA?

An Intermediary desiring to register for AUA/KUA Services would be required to make the following investments should it decide to develop its own software:

1) Rs.7-10 lakhs towards development of AUA/KUA software.

2) Each transaction of AUA/KUA has to be digitally signed. The Cost of procuring File Based Digital Signature is approximately Rs. 50,000 (For 2 Signatures)

3) Rs. 8-10 Lakhs towards Hardware Cost (1 Main Server + 1 DR Server + OS etc..) for deployed for AUA/KUA Services.

4) Deploy dedicated staff for managing of end to end services for AUA/KUAs.

5) Software development charges for any changes introduced in future by UIDAI, for which additional resources have to be deployed.

6) Rs. 1-3 Lakhs towards software AMC (Annual Maintenance Cost).

7) Generate Test Conditions & getting successful reports and logs from UIDAI.

Submission of the same to UIDAI. Audit of the system (separate audit by the system auditor for AUA & KUA. The cost of the same would be around Rs.1 lakh.

CDSL's Proposal:

1. CDSL is registered as a ASA/KSA with UIDAI and provides AUA/KUA to intermediaries on an ASP basis. The browser based software is provided by CDSL at a nominal cost of Rs. 50,000 for AUA & Rs. 1 lakh for KUA with AMC of Rs. 5,000/- per annum.

2. CDSL has tied up with system auditors for auditing the AUA/KUA systems and for certification of the same. The charges for certification is Rs.20, 000/- each for AUA & KUA certification.

3. License Fee Rs. 5, 00,000/- per annum.

4. CDSL as ASA levies a fee of Re. 0.15 plus UIDAI charges (if any) plus applicable taxes per record for AUA services.

5. CDSL as KSA levies a fee of Rs. 1.00 plus UIDAI charges (if any) plus applicable taxes per record for KUA services.

6. Sr.Nos. 4 & 5 are subject to a minimum of Rs. 5,000/- per month.

We look forward to your organization utilizing the services of CDSL as ASA/KSA to register as a AUA/KUA with UIDAI. Should you require any further information, please feel free to get in touch with us on Tel : (022) 2272 8453 / 8682 / 8684 or email : vikasb@cdslindia.com; tejasim@cdslindia.com or avinashs@cdslindia.com.

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