How Can RBI's New Video KYC Guideline Transform Your Business?

On 9 Jan 2020, RBI permitted Banks, NBFCs, Wallets, etc to use Video Call based KYC process (V-CIP).

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Summary

As per the current process, it is mandatory for an RBI regulated entity (RE) to conduct an in-person meeting with the customer to help him open a savings account/wallet account or to offer a loan / credit card. This process in manpower intensive, hence costly and inefficient.

As per the new guidelines, an RE can do a video call based KYC instead of an in-person check. RE's have also been encouraged to take assistance of Artificial Intelligence to automate multiple checks – Face-match, Live-ness, ID card match etc.

AI based KYC is replacing traditional KYC across the world, and in India. In Telecom, for example, Jio and Voda-fone both use OCR + facematch during onboarding for tens of millions of customers every month (both are HyperVerge clients).

Impact

This amendment helps the regulated entities as per the following points:

1. Expected 75% reduction in operational expense of in-person verification.

2. Huge boost for deeper penetration of retail banking. Places where it's costly to send a person will now be accessible.

3. Enhanced customer experience by reducing turn-around time of onboarding and providing a WOW factor. AI based KYC can reduce on-boarding time from 3-4 days to 15-30 minutes.

4. Limiting ID card fraud caused by customers and agents by making checks automated.

Details About the Regulation

Important points in the amendment are summarised as below:

1. RBI regulated entities (Banks, NBFCs, Wallets etc) can now do a customer KYC through an audio + video interaction between RE employee and the customer.

2. Video needs to be triggered from Regulated Entity's domain. So WhatsApp, Skype, Google Duo would not be allowed for video calling.

3. Live location of the customer needs to be geo-tagged to ensure that they are present in India at the time of interaction.

4. The video recording needs to be stored securely with date and time stamp.

5. RE needs to capture PAN card displayed by the customer during the interaction. The PAN needs to be validated from central database.

6. Banks can use OTP based e-KYC or Offline Aadhaar offline (Aadhaar XML or Secure QR Code) verification.

REs other than banks can only carry out Offline Aadhaar offline (Aadhaar XML or Secure QR Code) verification; It should be ensured that the XML or QR code generated should not older than 3 days from the date of carrying out the V-CIP.

7. Face-match is to be done between customer photo (captured during interaction) and that on the ID card (PAN/Aadhaar). Customer liveness checks have to be checked on customer photo.

8. Aadhaar number should be masked while being stored.

HyperVerge KYC Stack

HyperVerge has been facilitating a similar KYC process in the telecom and NBFC space for some time with clients like - Jio, Vodafone Idea, Bajaj Finserv, Aditya Birla, L&T Financial Services, etc. We have the technology ready to enable end-to-end Video KYC process with various modules automating the process significantly.

For queries, consultations and demos, reach out to Neelesh.

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