भारतीय दूरसंचार विनियामक प्राधिकरण
TELECOM REGULATORY AUTHORITY OF INDIA
भारत सरकार/Government of India

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TRAI

No.102-2/2015-NSL-II

Date: 20th January 2017

To

The Secretary,
Department of Telecommunications,
20, Ashoka Road, Sanchar Bhawan,
New Delhi-110 001.

Subject: Verification of existing mobile subscribers through Aadhaar based e-KYC services – reg.

DoT vide letter dated 16.08.2016 has permitted the use of Aadhaar based e-KYC service of Unique Identity Authority of India (UIDAI) for issuing mobile connections to subscribers as an alternative process to the existing PoI/PoA documents based process. These instructions are applicable <u>only</u> for issue of new SIM cards including swapping and replacement of SIM cards and exclude the huge existing mobile subscriber base from the ambit of e-KYC.

2.   The existing paper-based KYC process is not robust enough and the possibility of significant number of working SIMs, which may have been acquired on fake/forged identity, cannot be fully ruled out. The owner of such fake identity would not even be aware that SIM(s) are working in his/her name. The Authority has received several cases from State Police (crime branch) wherein it has been found that hundreds of SIM cards have been obtained on fake documents. The Authority has been forwarding such cases to TERM cell of DoT time to time. The existence of such SIM cards poses a real security challenge. In addition, cost involved in the PoI/PoA documents based process, physical storage/retrieval of records to meet the requirements of the license may be significantly more as compared to e-KYC process, operating cost being negligible with e-KYC.

3.   To review the progress of adoption of e-KYC services and to examine the feasibility of using e-KYC for the exiting subscribers, all the telecom service providers (TSPs) were called for a meeting on 15.12.2016. During the discussions, the TSPs informed that the subscriber response to Aadhaar based e-KYC has been quite good. Some of them informed that, after issue of afore-mentioned e-KYC instructions, about 20% to 30% of the new mobile subscriber acquisition is being done through e-KYC and this is despite the fact that only 15-20% of Point of Sale (PoS) are equipped with e-KYC devices. TSPs also informed that they are continuously making efforts to equip maximum PoS with e-KYC devices.
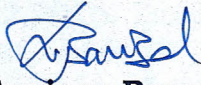
4.   Owing to declining cost of mobile devices and convenience of mobility, Internet access is being primarily done through mobile devices. Mobile phone is no longer used only for voice calls and messaging but also for accessing information through Internet, making payments, social networking etc., where possibility of cyber crime cannot be ruled out. 'Digital India' is one of the key initiatives of the Government; it has a potential to work as a catalyst for growth of the economy of the Country and bridging urban-rural divide. Further, Government is emphasizing on having 'less-cash' economy, use of mobile phone as wallet is one of the popular mode of performing digital transaction. Therefore, to make such efforts successful, it is utmost necessary that the security concerns are taken care of, which will be very difficult in case mobile/Internet subscribers are not traceable.

5.   The Authority is of the view that the use of Aadhaar based e-KYC service is beneficial for all the stakeholders, viz. the Government, the TSPs and the subscribers. It is essential that not only the new subscribers are enrolled through e-KYC process, but the existing subscriber base should also be verified through e-KYC process in a phased manner within a defined timeframe. As the e-KYC verification cannot be mandated at present, a scheme could be formulated to encourage the existing subscribers to get themselves verified through Aadhaar based e-KYC process.

6.   In view of the above discussion, the Authority recommends that DoT may work with the TSPs, to evolve a framework to verify the existing mobile subscribers through Aadhaar based e-KYC services in a phased manner and within a defined timeframe. However, this process should be optional to the service providers as well as mobile subscribers. The subscribers may have to be given some sops in terms of free talktime or data to encourage them to undergo the e-KYC process. The Authority also recommends that once a licensee completes its verification process through e-KYC, it may be permitted to remove the existing CAF/papers stored in office/warehouse, so that there is no duplication of work. This will also save the cost of storage/retrieval and avoid the possibility of physical hazards like fire.

7.   In keeping with practice, this letter is being placed on the website of TRAI www.trai.gov.in.

        This issues with the approval of the Authority.

                                                                20/01/17
                                                        (Sanjeev Banzal)
                                                        Advisor (NSL)