

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 3656

TO BE ANSWERED ON THE 16TH MARCH 2018/ PHALGUN 25, 1939 (SAKA)
New Verification Rule for Payment Banks

3656. SHRI T. RADHAKRISHNAN: SHRI NARANBHAI KACHHADIYA:
SHRI S.R. VIJAYAKUMAR: SHRI BIDYUT BARAN MAHATO:
SHRI GAJANANKIRTIKAR: SHRI A. ANWHARRAJHAA:
KUNWAR HARIBANSHINGH: SHRI ASHOK SHANKARRAOHAVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken cognizance of alleged opening of payment bank accounts without the explicit consent of users, if so, the details thereof and the action taken by the Reserve Bank of India (RBI) on these payment banks;
- (b) whether the RBI has issued new verification rule for payment banks recently, if so, the aims and objectives thereto;
- (c) whether the Government has assessed the estimated cost of current KYC on companies per customer and if so, the details thereof; and
- (d) whether such a move by the RBI has any additional operational and cost burden for payment banks and if so, the details thereof?

ANSWER

The Minister of State in the Ministry of Finance
(SHRISHIV PRATAPSHUKLA)

(a): The Reserve Bank of India (RBI) has apprised that Airtel Payments Bank Limited had opened customer accounts without clear/specific consent of customers, and after giving it an opportunity to show cause why penalty should not be imposed for non-compliance with RBI's guidelines and directions, *vide* order dated March 7, 2018, RBI imposed a monetary penalty of Rs. 5 crore on the bank.

(b): RBI has informed that, *vide* its letter dated February 20, 2018 addressed to Payment Banks, it clarified that telecom companies, not being included in 'Reporting Entities' in terms of the Prevention of Money Laundering Act, are not subject to the requirements of the said Act and, therefore, reliance on know your customer (KYC) procedure for verification done by telecom companies is not permissible. Accordingly, RBI has clarified that paragraph 8(ii) of the Operating Guidelines for Payment Banks is modified as under:

"A PB [Payments Bank] shall comply with the extant RBI Master Direction on KYC, as amended from time to time, for all its customers, including existing customers of telecom companies onboarded by the PB."

(c): Instructions relating to KYC procedure have been issued by RBI. RBI has apprised that it has not conducted any estimation of cost of current KYC procedure on Payment Banks.

(d): RBI has informed that after issuance of the letter dated February 20, 2018, no communication has been received from Payment Banks regarding any implication on their operational and cost burdens.
