

Video based Customer Identification Process (V-CIP) introduced by Reserve Bank of India



The Reserve Bank of India vide its circular dated January 09, 2020 Circular reference no. RBI/2019-20/138 DOR.AML.BC.No.27/14.01.001/2019-20 has decided to permit video-based KYC (Know Your Customer) as an option to establish a customer's identity.

For banks, non-banking financial companies, wallet service providers and other financial entities regulated by the central bank, this is expected to come as a huge relief as remote customer authentication, as opposed to physically onboarding customers, will help save costs.

The RBI notification amending the master KYC directions noted that "with a view to leverage the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the RBI has decided to permit Video-based Customer Identification Process (V-CIP) as a consent-based alternate method of establishing the customer's identity, for customer onboarding,".

Doing away with mandatory physical documentation and in-person verification, the central bank has allowed for the use of a live photo of the customer, and his or her officially valid document as a proof of identification. It has also mandated for the geo-tagging of the customer's video to ensure that they are located within the borders of the country.

The provision allows an officer of the financial institution to remotely vet a customer's identity through PAN or Aadhaar cards and a series of questions. The agent will also have to ensure that the customer is physically present within the country by capturing their geo-coordinates.

Further, the origin of the video call must be from the domain of the concerned bank and not from a third-party source such as Google Duo or WhatsApp video call. This necessitates that the RE should have its own software for the video calling and recording thereof. Banks will have to integrate their applications and website with a link to initiate the video KYC process.

The notification stated that "The audio-visual interaction shall be triggered from the domain of the RE itself, and not from third-party service provider if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log, along with the credentials of the official performing the V-CIP, shall be preserved. Before beginning the process, the bank agent will also have to ensure that the quality of the connection is adequate.

Business correspondents and other outsourced agents have not been given approval to perform video KYC and only officials from regulated entities would be able to do the remote onboarding.

The process also will not be fully automated and will use facial recognition as the sole mode to establish identity. However, the authorising agent can make use of the latest technology.

RBI stated that "REs are encouraged to take the assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the RE."

With respect to the use of Aadhaar, while banks can still use online Aadhaar verification in case of customers who agree to share their Aadhaar details, **other regulated entities would have to rely on offline Aadhaar**. This means that customers will have to either use Aadhaar XML files or Aadhaar Secure QR code for offline KYC.

The guidelines have laid out the detailed process through which the video verification will be carried out by the regulated entities. This would include randomized set of questions to prevent spoofing, liveness checks on the applicant to ensure there is no scope for use of dummies. Also, the entire process needs to be encrypted to ensure protection from fraudulent attacks. In what could be an additional boost to the startup ecosystem, the regulator has also allowed application of artificial intelligence based software to ensure the integrity of the process.

Other points to be noted are:

1. RE shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.
2. Live location of the customer (Geotagging) shall be captured to ensure that customer is physically present in India.
3. The official of the RE shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
4. The official of the RE shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.
5. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.
6. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.
7. RE shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audio-visual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. RE shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
8. To ensure security, robustness and end to end encryption, the REs shall carry out software and security audit and validation of the V-CIP application before rolling it out.
9. The audio-visual interaction shall be triggered from the domain of the RE itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.
10. REs shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.

RBI has not only allowed KYC documents to be submitted electronically, but also given the green light to accept digitally signed documents.