

UNIT 3 - Aadhaar App - A New Era In Digital Payments



Demonetisation of high denomination currency notes in Nov 2016, has paved the way in shaping Indian economy as a Cashless Economy. To ease the transactions, many efforts have been taken. A serious attempt could be Aadhaar payment app. Since 109 crore out of 120 crore are registered with Aadhaar.

Aadhaar Payment App is an initiative by the government for making cashless transactions through your multiple bank accounts. The universal app offers you to ease out your payments through any bank account without using the internet facility.

INTRODUCTION :

"This app can be used by a person to make payments without any phone. Almost 40 crore Aadhaar numbers already stand linked to bank accounts – that is half the adults in India. The aim is to link all Aadhaar numbers with bank accounts by March, 2017".

Ajay Bhushan Pandey, CEO, Unique Identification Authority of India (UIDAI)

The app has been developed by IDFC Bank along with UIDAI and National Payments Corporation of India. Finance Minister Mr. Arun Jaitley and information and Technology Minister Mr. Ravi Shankar Prasad were shown the technology on 19 December.

Objective:

The main objective of Aadhar payment app is to increase the use of digital transactions among merchants in the country. The smartphone app will be easy to use and there will be no charges for transactions as being charged by private card companies such as “Visa” and “MasterCard”.

Now there is no need to download and make payments through various digital apps. Aadhaar Payment App is an initiative by the government for making cashless transactions through your multiple bank accounts. The universal app offers you to ease out your payments through any bank account without using the internet facility. The unique 12-digit number, which carries your identity, is needed to do payments at the various merchant who is accepting payments through the Aadhaar card.

What is Aadhaar Payment Merchant’s App?

It is an application used by the merchants to take payments online from customer’s bank account to their own account using 12-digit unique Aadhaar number of the clients where clients can choose any of their bank accounts to do the transactions. Each transaction will be authenticated by the fingerprint of the customer. Transactions can be made through **Aadhaar-linked bank accounts** (AEBA) only. Also Aadhaar App uses biometric reader(available for Rs 2,000 currently) attached to a smartphone. Money would be paid instantly from Aadhaar linked account after biometric verification.

How to Download Aadhar Payment App?

Aadhar Payment app “**Aadhar Pay**” for merchants can be downloaded from the Google Play store on android smartphone. The link to download the Aadhar Payment app would be available once the app is officially launched.

Alternatively, the app can also be searched directly in the play store app in android smartphone and downloaded instantly from there.

What is the Security Concern?

It is a highly secure app which will use two main platforms –

1. Aadhaar Payment Bridge (APB).
2. Aadhaar Enabled Payment System (AEPS).

APB will act as repository between the banks and the customers to provide a smooth flow of transactions, while AEPS will help in authenticating the online process.

What are its Benefits for a Customer?

- No requirement of a debit card or credit card for payments
- No need of POS machine to swipe the card.
- No requirement of the internet connection to any app to register.
- No requirement of multiple apps like digital wallets to make any payment.
- Highly secured, as fingerprint is used as validation for payments.

How can you use it?

Android users can download the app from play store while iPhone users can download it from iTunes. Merchants can login from their Aadhaar number using the fingerprint scanner. Once the app is validated, merchants can use it to take payments.

Options like account summary, payments, etc. are available in the app where the merchant needs to click on the pay option and enter the Aadhaar number of the customer. As soon as the Aadhaar number is entered, it will show you the numbers of banks through which want to do

payments. Make sure that before using the Aadhaar number you need to register your Aadhaar number with all your bank accounts. **Validation of payment** will again require the **customer's fingerprint** to authenticate the transaction process.

Conclusion :

Over time, this would reduce the need for banking correspondents as more and more merchants use Aadhaar App on their phones for transactions. The App itself has been tested by a couple of banks and is being finalised.

In contrast, at the moment, they earn from other digital transactions. UIDAI was convincing banks that the commission must be seen in the light of existing commission structures for correspondents and the cost of transactions.