NPCI/2018-19/AePS/032   15th February, 2019

To,

Member Bank—Aadhaar Enabled Payment Systems,

Subject: Two factor authentication for Business Correspondents/ Merchants performing Aadhaar based transactions

Objective: This circular intends to mandate BC/ MERCHANTs to have two factor authentication for login purpose
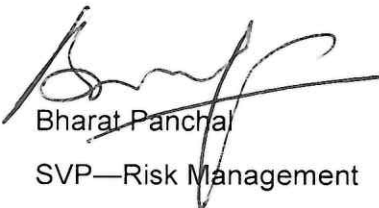
Currently acquiring banks have implemented BC/ Merchant login using biometric authentication. Under this process, BC/ Merchant provide his/her Aadhaar number along with biometric and send it to UIDAI via NPCI for authentication. Basis response to authentication request, BC/ Merchant is allowed to perform AePS transactions.

To further enhance the security of resident transactions in AePS, UIDAI through email to NPCI advised that banks should implement two factor authentication for their BC/ Merchant authorization. Hence, Banks are mandated to implement two factor authentication, i.e. Biometric authentication along with OTP authentication for BC/ Merchant log in by 31st March, 2019. Detailed process is explained in Annexure 1.

The compliance of above should be sent to NPCI at the below mentioned address.

Address: Head—Aadhaar Online, 202, 2nd Floor, Raheja Titanium, NPCI, Off Western Express Highway, Goregaon (E), Maharashtra, PIN--400063

Regards,

Bharat Panchal
SVP—Risk Management

Annexure 1

Existing process:

1. BC/ Merchant provides Aadhaar number along with biometrics which is sent to UIDAI for authentication.

2. Basis response from UIDAI, BC/ Merchant is logged in to the application to perform Aadhaar based transactions.

Proposed process:

1. Two Factor Authentication using AUTH and OTP API of UIDAI
   a. BC/ Merchant will provide Aadhaar number and initiate OTP request.
   b. Once OTP received from UIDAI on registered mobile number, BC/ Merchant will enter OTP along with biometrics which is sent to UIDAI for authentication.
   c. If the transaction is successfully authenticated, then BC/ Merchant will be logged in to the application which will enable the BC/ Merchant to perform Aadhaar based transactions.

OR

2. Two Factor Authentication using AUTH API of UIDAI and OTP implemented at acquirer bank
   a. BC/ Merchant will provide Aadhaar number along with biometrics which is sent to UIDAI for authentication.
   b. If the BC/ Merchant is successfully authenticated, BC/ Merchant again needs to be authenticated using mobile number/ e-Mail based OTP which has to be implemented at the acquirer bank end.
   c. If the BC/ Merchant is successfully authenticated using biometric and OTP based authentication, then BC/ Merchant will be logged in to the application which will enable the BC/ Merchant to perform Aadhaar based transactions.