

Bank account portability can be built on Aadhaar

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Mumbai: After mobile portability, it's time for bank account portability where customers can switch banks without having to worry about losing direct credits or missing out on payments being made against standing instructions. The RBI has said that linking bank accounts to Aadhaar will facilitate account portability.

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The move to have portability is seen as a medium-term objective by the central bank which should take a few years. "When there is realisation among people and they start linking their bank accounts to Aadhaar this will become possible. This is the direction for the future," RBI deputy governor S S Mundra said on Wednesday. Until now bank accounts were considered

the stickiest of all financial relationships because of standing instruction on payments of bills, loan installments and for regular credits of interest, dividend and salaries. If the account number portability is introduced, all the standing instruction with respect to both debit and credit will move with the account number to the new bank.

Today there are multiple numbers to identify a specific account. These include the IFSC code and the bank account number. In future a payer can send money without knowing this multiple identifiers. This can be made possible with the Aadhaar payments bridge system (APBS) developed by the Unique Identification Authority of India and National Payments Corporation of India. The APBS can route transactions to an individual based on his Aadhaar number if the bank details are linked to Aadhaar. Even today the government makes payments of subsidies and other benefits under the direct benefit transfer (DBT) scheme without account details of the beneficiary using the APBS.