Mitigating corruption through the unique potential of Aadhaar

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India has witnessed a host of initiatives to improve economic growth and boost investor confidence. Introduction of regulations and reforms such as demonetisation, income declaration scheme and increased enforcement were some measures undertaken to curb fraud, bribery and corruption.

According to the India findings of the recent EMEIA (Europe, Middle East, India, Africa) Fraud Survey 2017, Human instinct or machine logic — which do you trust most in the fight against fraud and corruption? Fifty-two per cent of respondents said that regulatory activity has had a positive impact within their company and industry. This reinforces the government's commitment to drive an ethical message when conducting business and emphasis on transparency and governance.

In 2009, the Unique Identification Authority of India (UIDAI) was launched which aimed to assign a unique number to all Indian residents, termed as 'Aadhaar'. As per recent data released by the government, 99 per cent of adults in India already have Aadhaar. The ambit of Aadhaar has widened over time, making it mandatory for the application of LPG, kerosene, pensions and scholarships.

Recently, Aadhaar was also been made compulsory for opening new bank accounts, filing IT returns, PAN cards and other specified Central schemes. This move can potentially turbocharge the government's intent to crack down on fraud and corruption in the country. Globally, countries such as United Arab Emirates, Singapore, Turkey and the US have been successful in implementing the use of a universal ID card or social security number in their regions. This may have also contributed to curbing graft and cases of fraud and identity thefts.

Aadhaar is expected to become mandatory for all identity-linked services provided to citizens. The use of biometrics to deduplicate records and then cross linking this unique card to other aspects of an individual's transactions can be a game changer in weeding out the irregular transactions, thereby bringing down corruption levels.

Media reports have highlighted that many individuals were found with more than one PAN card in an attempt to evade

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taxes. In such situations, Aadhaar can prove beneficial to track the fraudster since biometrics cannot be duplicated.

Historically, Indians have been using multiple forms of identity proof such as passport, driver's licence, voter's card and others. Today, Aadhaar could be potentially linked to all such identity proofs, with further extension to other consumer touch points such as credit card payments, immigration records, e-wallets, purchase of high value assets, rent payments, flight or train tickets, high value payments… the list could be endless.

If implemented, this centralised repository of data could facilitate unravelling of suspicious transactions, identification of disparities between income earned versus money spent by individuals, and provide early warning signals around unaccounted or black money. This would perhaps bring a tectonic shift in identifying and tracing the flow of irregular or illicit funds at multiple touch points.

With the world moving toward a digital economy, there is a greater need to ramp up technology-led initiatives, move to a cashless way of doing business and at the same time, tackle rising fraud and graft. With Aadhaar as well as its enabled payment systems seeing a noteworthy spike in enrolment post demonetisation, this initiative is well poised to bring about a "cleaner" revolution in the economy. No disruptive initiative is devoid of challenges, and this too would see some in the short term but the potential to leverage Aadhaar in driving a positive business ecosphere is exponential.

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