



PHD RESEARCH BUREAU
PHD CHAMBER OF COMMERCE AND INDUSTRY

Recent Developments by RBI and SEBI - August 2024

- 1. Draft Framework on Alternative Authentication Mechanisms for Digital Payment Transactions released**
- 2. Draft directions on Due Diligence of AePS Touchpoint Operators released**
- 3. SEBI launches chatbot “SEVA”for investors**

1. Draft Framework on Alternative Authentication Mechanisms for Digital Payment Transactions released

The Reserve Bank of India has consistently emphasized digital payment security over the years, especially the need for Additional Factor of Authentication (AFA) when completing payments. Although no particular factor was required for authentication, SMS-based one-time passwords (OTPs) have become the standard AFA throughout the digital payments ecosystem.

Although OTP functions adequately, other authentication procedures are now possible given the technology improvements. In order to facilitate the use of alternative authentication techniques, RBI released a draft "Framework on Alternative Authentication Mechanisms for Digital Payment Transactions", as announced in the Statement on Developmental and Regulatory Policies dated February 08, 2024. Users and Payment System Operators will have access to a wider range of authentication factors as a result.

The RBI has invited comments / feedback on the draft framework, which may be shared on or before September 15, 2024.

Comments / feedback on the draft framework may be shared at dpsfeedback@rbi.org.in or by post to the Chief General Manager-in-Charge, Department of Payment and Settlement Systems, Reserve Bank of India, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Mumbai-400001.

2. Draft directions on Due Diligence of AePS Touchpoint Operators released

The Statement on Developmental and Regulatory Policies dated February 08, 2024, announced that the AePS Touchpoint Operators' onboarding procedure will be streamlined in an effort to strengthen the resilience of the Aadhaar Enabled Payment System (AePS). In recent times,

there have been instances of frauds perpetuated through AePS due to identity theft or compromise of customer credentials.

Strengthening AePS is essential to safeguard bank clients from these types of frauds as well as to preserve faith in the safety and security of the system. The Reserve Bank of India consequently published the draft guidelines on AePS Touchpoint Operator Due Diligence.

The RBI has invited comments / feedback on the draft framework, which may be shared on or before August 31, 2024.

Comments / feedback on the draft framework may be shared at dpssfeedback@rbi.org.in or by post to the Chief General Manager-in-Charge, Department of Payment and Settlement Systems, Reserve Bank of India, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Mumbai-400001.

3. SEBI launches chatbot “SEVA”for investors

In line with its mandate of investor protection, SEBI has launched SEBI’s Virtual Assistant (SEVA) –an Artificial Intelligence (AI) based conversation platform for investors. The Beta version of the chatbot includes features like citations for generated response, speech-to-text and text-to-speech functionality for accessibility, follow-up questions, etc.

The chatbot is presently enabled to answer questions relating to general information on securities market, latest master circulars, grievance redressal process, etc. Based on the feedback received from the users, additional areas will be added to the chatbot. The beta version of the chatbot is available on SEBI’s investor website (<https://investor.sebi.gov.in/>) and SAARTHI mobile app (both Android and iOS).

Please contact us for any query related to this mail to Dr. Mansi Vinaik, Deputy Secretary, at mansi.vinaik@phdcci.in, Ms Reema Jain, Research Officer at reema.jain@phdcci.in, Ms. Mansi Nautiyal, Research Associate at mansi.nautiyal@phdcci.in, and Ms. Nishika Chauhan, Research Associate at nishika.chauhan@phdcci.in with a cc to Dr. S P Sharma, Chief Economist | DSG at spsharma@phdcci.in, PHD Chamber of Commerce & Industry.



Warm Regards,

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