Telecom Regulatory Authority of India

Consultation Paper

on

KYC of DTH Set Top Boxes

New Delhi: 19th July, 2019

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New Delhi- 110 002

Written comments on the consultation paper are invited from the stakeholders by 19.08.2019. Counter comments, if any, may be submitted by 02.09.2019. The comments and counter comments will be posted on TRAI's website www.trai.gov.in .

The comments and counter comments may be sent, preferably in electronic form to, Shri Arvind Kumar, Advisor (B&CS), Telecom Regulatory Authority of India, on the e-mail arvind@gov.in or cp.sharma64@gov.in

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Chapter I

Introduction

Background:

1.1 India has a large base of pay TV subscribers. Predominantly, the pay TV services are being delivered through Cable TV and Direct to Home (DTH) systems. Other modes of TV broadcasting such as Internet Protocol TV (IPTV), Head-end In the Sky (HITS) have miniscule subscriber base as compared to the Cable TV and the DTH systems. There are 5 pay DTH operators providing TV services through Addressable Systems in the country. The net active subscriber base of DTH subscribers in March 2019 is reported as 72.44 million.

1.2 DTH broadcasting service was opened in the country in 2001. On 15th March 2001, the Government issued the 'Guidelines for obtaining licence for providing Direct-to-Home (DTH) broadcasting service in India' (hereinafter referred to as 'DTH Guidelines'). These guidelines, inter alia, prescribe the eligibility criteria, the procedure for obtaining the licence to set up and operate DTH services in the country, and the basic terms and conditions/obligations reposed in the operators.

1.3 The reception of the Cable TV services and DTH services requires a Customer Premises Equipment (CPE) which is connected with the TV set. In DTH, the CPE comprises of a Set Top Box (STB), a small Dish antenna along with Low-Noise Block Converter (LNBC) and Radio Frequency (RF) cable as depicted in the Figure-I.

1.4 In general, DTH service is the one in which many channels are digitally compressed, encrypted and beamed from satellites. The programmes can be directly received at homes as depicted in the Figure-I. This mode of reception requires small dish antennas installed at convenient locations in the buildings. DTH transmission does not need any commercial intermediary, since an individual user is directly connected to the DTH

operator. However, a digital receiver (set top box) is needed to receive the multiplexed signals and view them on a TV. DTH, in sharp contrast to Cable TV, lends itself to easy monitoring and control.
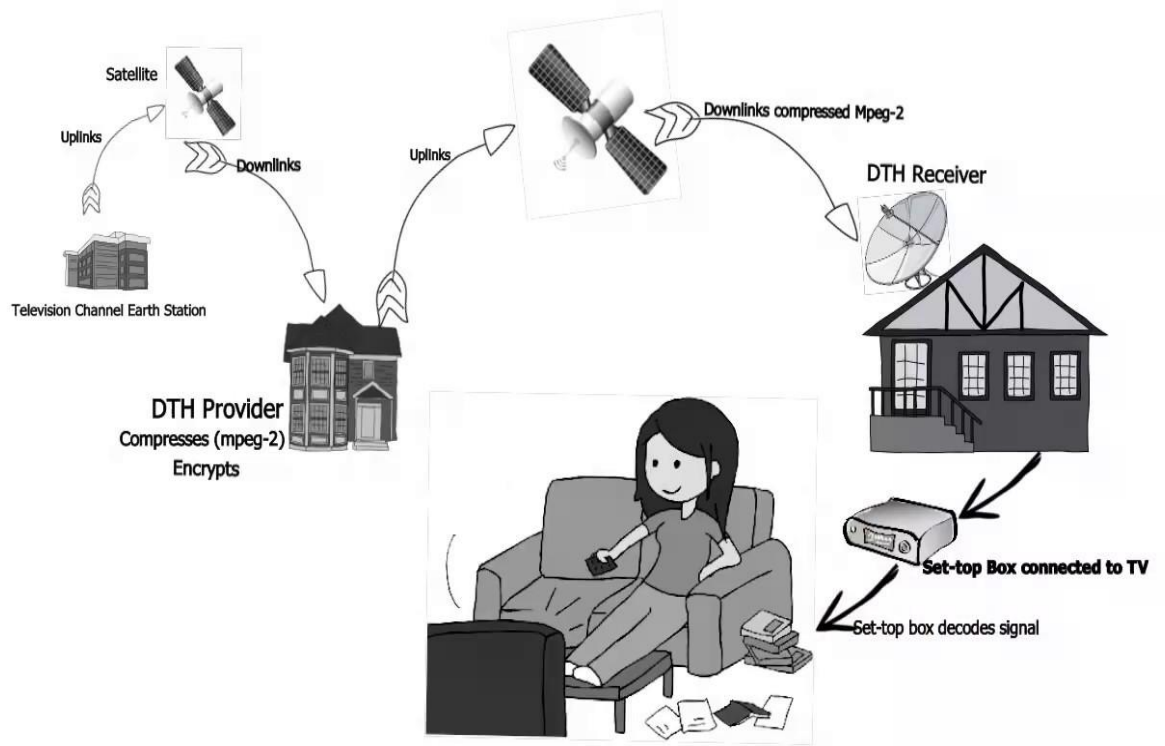

Figure-I

The present reference

1.5   TRAI has received a reference from Ministry of Information & Broadcasting (MIB) vide its letter no 8/10/2018-BP&L dated 27th December 2018 wherein TRAI has been requested to give its considered recommendations on desirability or otherwise of Know Your Customer (KYC) for Set Top Boxes, in DTH Services and, if desirable, then the process for the same. MIB has also mentioned in the said letter that the following safeguards can be applied for restricting smuggling of DTH equipment illegally to other countries: -

The DTH equipment may be sold to the customers only after filling of KYC form by them and verification done according to Aadhaar Card. As in mobiles, the location-based services (LBS) needs to be made active in DTH set top boxes to check their location in accordance with customer ID/Card ID.

In view of the above, TRAI is requested to give its recommendations on -

(i)   The desirability or otherwise of KYC for Set Top Boxes, in DTH services.

(ii)   If desirable, then the process for the same.

1.6   Further, vide letter no.8/10/2018-BP&L dated 26th March 2019, MIB has provided information regarding the safeguards that can be applied for restricting smuggling of DTH equipment illegally to other countries: -

a) Filling of KYC form and verification of Aadhar Card may be mandatory for any customer purchasing DTH equipment. In order to check location in accordance with customer ID /Card ID, location-based services need to be made active in DTH Set-Top-Boxes.

b) The DTH operators may be asked to operate on satellites having coverage in India only. They can block the services of the identified foreign customer for which checking of KYC and physical verification of DTH boxes of each subscriber may be carried out on regular interval.

c) GPS enabled Set-top-Box (STB) with geo-fencing to Indian coordinates only may be used to restrict the illegal DTH run in other countries.

d) MIB and TRAI may prepare KYC verification process to ensure that STB used by Indian DTH operators are only working in India.

e) There is a need to bring down dependence on foreign satellites.

1.7   In the past, TRAI had also received a representation from Helpful Foundation in 2017 regarding various STBs of Indian DTH service providers being smuggled from India to the neighbouring countries and those DTH STBs are issued in the name of Indian citizens Id-proof.

1.8   This consultation paper seeks the Comments of various organizations, industry bodies, DTH operators, standardization bodies, STB manufacturers, software providers, stakeholders, experts, individuals etc. so that suitable mechanism of KYC for DTH Set Top Boxes can be finalised. In this paper, Chapter II covers background, present regulatory position, need of KYC and the process of KYC being followed in telecom sector in India. Chapter-III summarises various issues for consultation.

Chapter II

Desirability of KYC for DTH STBs

2.1 TRAI in its Standards of Quality of Service and Consumer Protection Regulations, 2017 has mandated Consumer Application Form (CAF) in Schedule-I (Annexure-I) under sub-regulation (5) of regulation 3 which reads as under:

> *(5) Every distributor of television channels or its linked local cable operator, as the case may be, offering broadcasting services related to television, shall devise a Consumer Application Form, either in electronic format or print format or both, for initial subscription to such services containing the information as provided in the Schedule I of these regulations.*

2.2 CAF is a document that contains all the information pertaining to the consumer which is provided to the DPO whenever a request is made by the consumer for the provisioning of services. It further contains the information pertaining to the services to be availed and the cost thereof. CAF, therefore, is an agreement between the DPO and the consumer, which sets out the terms and conditions for the purpose of services being asked for by the consumer and thereafter, to be provided by the DPO. CAF is necessary for availing TV broadcasting services from the DPOs and the services to a subscriber shall be activated only after entering the details of relevant information obtained through CAF in the Subscriber Management System (SMS).

2.3 As is clear from the above, CAF contains information such as subscriber name, address contact number etc but they are not mandated to collect documents related to Proof of address (POA) and Proof of Identity (POI) of the subscribers.

2.4   Know your customer (KYC) is the process of identifying and verifying the identity of Customers. KYC is a client identification program that verifies and maintains records of the identity and address of customers.

2.5   A KYC Verification form inter-alia includes Proof of Identity (PoI) – (Passport, Voter ID Card, PAN Card, Driving Licence and any other document notified by Government of India) and Proof of Address (PoA) – (Passport, Voter ID Card, Driving Licence, Telephone Bill & Electricity Bill (not older than last three months) etc and any other document notified by Government of India)

2.6   The identification of a customer is vital with a view to protect the customer interests by preventing fraudsters who may use the name, address and forge signature to undertake benami/illegal business activities. Identification of customers also helps to control financial frauds, identify money laundering and suspicious activities, and for scrutiny/monitoring of large value cash transactions.

2.7   Some services such as banking service, telecom service are critical from KYC point of view as Consumer has to be identified to catch fraud or for security breach. These are very critical services and can not be given to any one without POI and POA verification. In case of mobile services there have always been requirement of proper verification of documents and KYC process. However, in case of land line connection, KYC norms was never so stringent as connection has to be installed at the premises only and address of the subscriber is verified by provision of service itself.

2.8   Some people argue that KYC requirements for non critical services will unnecessarily burden service providers with substantial administrative obligations. The verification of POI and POA places a financial burden on service providers due to the cost involved. However, now technologies have enabled low cost solution for KYC i.e e-KYC.

2.9   Department of Telecommunication (DoT) earlier issued an Order dated 12.06.2018 to all Unified Licenses(having access service authorization)/

Unified access services licensees (UASL)/Cellular Mobile Telephone Services (CMTS) Licensees regarding use of "Adhaar" e-KYC service of Unique Identity Authority of India (UIDAI) for issuing new mobile connections and re-verification of existing subscribers. Subsequently, pursuant to the judgment of Hon'ble Supreme Court, to discontinue the use of 'Aadhaar' e-KYC service of UIDAI for re-verification of existing subscribers, DoT has issued Order dated 26.10.2018 regarding Discontinuation of Use of 'Aadhaar' e-KYC service of Unique Identification Authority of India (UIDAI) for issuing new mobile connections and re-verification of existing subscribers.

2.10 DoT has now issued an Order dated 03.04.2019 for Alternate Digital KYC Process for issuing new mobile connections to subscribers. After successful completion of Proof of Concept (PoC) and based on the suggestions received from stakeholders, some changes have been introduced in the process and it has been decided to adopt the Digital KYC process for issuing new mobile connections to subscribers. The above process uses APP hosted by the Licensee. The APP is to be installed on those POS devices which are having SIM card (mobile number) registered with the Licensees. POS and consumers are to be verified with one-time password (OTP) which is sent to mobile number of both consumer and POS representative. Detailed steps are placed at Annexure-II.

2.13 At present, for DTH, there is no verification process in place to cross-check whether the address filled in the Customer Relationship Management (CRM) software and the actual address where the STB is installed is the same or changed by the consumer since not in all cases, whenever the subscriber changes his address, gets captured and updated in the CRM.

2.14 DTH operators are following a physical CAF process to be filled by subscribers before subscribing TV services. Use of CAF in paper format is prevalent and manual process is followed for updating information in the SMS. The process of millions of physical CAFs and their storage creates storage difficulties. However, TRAI has issued an advisory to all the DPOs for

use of electronic Customer Application Form(e-CAF) (Annexure-III) on 5th February 2016 to bring efficiencies in the process of providing and managing services to the subscribers and easier storage of millions of CAFs resulting in less operational costs. QoS Regulation 2017 also allows DPOs to collect the CAF form electronically.

2.15 As mentioned in Chapter I, TRAI has now received a reference from Ministry of Information & Broadcasting (MIB) on 27th December 2018 wherein TRAI has been requested to give its considered recommendations on desirability or otherwise of Know Your Customer (KYC) for Set Top Boxes, in DTH Services and if desirable, then the process for the same.

2.16 Now the moot questions arise that - can smuggling of illegal DTH equipment from India to other countries be stopped by KYC for DTH Set Top Boxes? Could there be other solution to the problem? Whether making Location based service active in the DTH set up Box can resolve this problem?

2.17 After receiving reference from Ministry of Information and Broadcasting, a committee was formed with all the DTH operators and inputs were sought on the issue of KYC for DTH Set Top Boxes. As reported by the DTH operators, whenever a subscriber books any new DTH subscription account, he provides his Name, Address and Mobile Number. These details are captured in the CRM software. Once the details are captured in CRM, the same is provided to the engineer over Message/Call on his mobile for installation purpose. The team which installs the DTH connection captures exact location of installation. Hence, location of installation of a DTH connection is accurately captured. In majority of cases, mobile number of subscribers is also captured during the installation. Therefore, consumer of DTH service is identifiable even in present situation. Most of the DTH operators have also commented that conducting physical inspection for each and every STB installed throughout the country will not be a feasible exercise as it would require massive efforts, man-power, resources and

would lead to a poor subscriber experience and will also lead to several disputes. The cost of such an exercise would invariably be passed onto the subscribers.

2.18 It has also been informed by the DTH operators that in almost all cases mobile number is used by subscribers for login into their account and even reaching to their help line centre etc. During the discussion, some of the DTH operators also stated that as of now OTP has become norm for authentication for so many services including critical services such as banking etc. Therefore, same can be used for DTH set up boxes also. Since mobile connection is provided with PoI and POA verification only, this can work to fulfil the purpose of suggested KYC. They also argued that if subscription is verified through OTP and Set Top Boxes is being installed at the address provided by the subscriber in the CAF form, it should be sufficient, and no additional measure may be required for traceability of the user.

2.19 One may argue that DTH is not a critical service and moreover it is only one-way transmission and therefore, there is no need to prescribe any KYC norms for this. However, on the other hand, as Set Top Boxes are being smuggled to other countries; it may be necessary to keep check on this practice. It is also very important to note that verification through OTP or e-KYC will not have much cost to the DTH operators.

2.20 Comments of various organizations, industry bodies, DTH operators, standardization bodies, STB manufacturers, software providers, stakeholders, experts, individuals etc are solicited so that various issues can be identified and suitable solutions to devise a KYC mechanism for DTH Set Top Boxes can be worked out.

Issues for Consultation:

1) Is there a need for KYC or e-KYC of DTH Set Top Boxes to address the concern raised by MIB in their letter mentioned in paragraph 1.5 of this consultation paper? Give your answer with justification.

2) If your answer to Q1 is in affirmative, then what process is to be followed?

3) Whether one-time KYC is enough at the time of installation or verification is required to be done on periodic basis to ensure its actual location? If yes, what should be the periodicity of such verification?

4) Whether KYC of the existing DTH STBs is also required to be done along with the new DTH STBs? If yes, how much time should be given for verifying the existing STBs for DTH?

5) Whether the location-based services (LBS) needs to be incorporated in the DTH set top boxes to track its location? Will there be any cost implication? Give your response with supporting data and justification.

6) Any other relevant issue with KYC of DTH Set Top Boxes?

Chapter III

Summary of Issues for Consultation

1) Is there a need for KYC or e-KYC of DTH Set Top Boxes to address the concern raised by MIB in their letter mentioned in paragraph 1.5 of this consultation paper? Give your answer with justification.

2) If your answer to Q1 is in the affirmative, then what process is to be followed?

3) Whether one-time KYC is enough at the time of installation or verification is required to be done on periodic basis to ensure its actual location? If yes, what should be the periodicity of such verification?

4) Whether KYC of the existing DTH STBs is also required to be done along with the new DTH STBs? If yes, how much time should be given for verifying the existing STBs for DTH?

5) Whether the location-based services (LBS) needs to be incorporated in the DTH set top boxes to track its location? Will there be any cost implication? Give your response with supporting data and justification.

6) Any other issue relevant to KYC of DTH Set Top Boxes?

Glossary

Abbreviation	Description
AML	Anti Money Laundering
CAF	Customer Application Form
CMTS	Cellular Mobile Telephone Services
CPE	Customer Premises Equipment
CRM	Customer Relationship Management
DoT	Department of Telecommunications
DPO	Distribution Platform Operator
DTH	Direct to Home
FMC	Forward Markets and Commission
GPS	Global Positioning System
HITS	Head-end In the Sky
IPTV	Internet Protocol TV
IRDA	Insurance Regulatory Development Authority
KYC	Know Your Customer
LBS	Location Based Services
LNBC	Low Noise Block Converters
MIB	Ministry of Information and Broadcasting
PMLA	Prevention of Money Laundering Act
POA	Proof of Address
PoC	Proof of Concept
POI	Proof of Identity
RBI	Reserve Bank of India
RF	Radio Frequency
SEBI	Securities and Exchange Board of India
SMS	Short Message Service
STB	Set Top Box
TRAI	Telecom Regulatory Authority of India
UASL	Unified Access Services Licensees
UIDAI	Unique Identification Authority of India

SCHEDULE – I

(under sub-regulation (5) of regulation 3)

CONSUMER APPLICATION FORM

The consumer application form may be devised in Hindi, English and the regional language of the area of operation of the distributor of television channels or its linked local cable operator, as the case may be, and shall contain the following information-

Part A: Consumer information

1.   Name
2.   Address
3.   Contact Numbers (Mobile/ landline)
4.   E-mail (optional)
5.   Aadhaar Number (Optional)

Part B: Service Subscription related information

6.   Details of service subscribed:
   (a) name of a-la-carte pay channels/bouquets of pay channels and their distributor retail prices
   (b) bouquets of FTA channels
   (c) lock in period, if any
7.   Network capacity fee—
   (a) for up to100 SD channels
   (b) additional channel capacity in the slab of 25 SD channels each
8.   Mode of payment (pre-paid or post paid)
9.   Subscription amount to be paid (monthly/half yearly/yearly/etc.)

Part C: CPE related information

10.   Scheme opted (Outright purchase/rental/other schemes)
11.   Monthly rental for CPE if it is under rental scheme
12.   Refundable security deposit for CPE if any
13.   Retail price of CPE if it is under outright purchase scheme/other scheme

14. VC number

15. Type of set top box (MPEG2/MPEG4)

16. Guarantee/Warrantee/AMC details

Part D: Customer care centre related information

17. Toll free customer care centre number

18. Any other customer care centre numbers

19. Customer care centre e-mail

Part E: Distributor of television channel/Local Cable Operator related information

20. Name of the distributor of television channels/LCO

21. Address

22. Contact numbers

23. Website

Part F: Details of payment made

24. Total Amount paid

25. Refundable security deposit, if applicable

26. Monthly rental for CPE and period of rent if applicable

27. Retail price of CPE in case of outright purchase scheme or other scheme

28. Installation charges

29. Activation fee

(Note: In case of printed CAF, Part D, Part E and Part F may be provided in the form of detachable acknowledgement receipt.)

17

Steps for Digital KYC Process

a. *The entire process shall only be used through the authenticated applications (App) hosted by the Licensees.*

b. *The access of the App shall be controlled by the Licensees and it should be ensured that the same is not used by unauthorized persons. The App shall be accessed only through login-id & password controlled mechanism given by Licensees to its authorized Point of Sale (POS). If there are multiple agents working in PoS, then each PoS agent shall be registered with Licensee and be given a separate login-id & password for accessing the App.*

c. *The App shall be installed only on those POS device which are having SIM card (mobile number) registered with the Licensees.*

d. *The customer desirous of obtaining a new mobile connection shall visit the authorized POS location of the Licensee or vice-versa. The original Proof of Identity/Proof of Address (PoI/PoA) documents shall be in possession of the customer.*

e. *The Licensee must ensure that the Live photograph of the customer is taken at POS terminal and the same photograph is embedded in the CAF. Further, the system application of the Licensee shall put a water-mark in readable form having CAF number, GPS coordinates, POS name, unique POS Code (assigned by licensees) and Date (DD:MM:YYYY) & time stamp (HH:MM:SS) on the captured live photograph of the customer.*

f. *The App of the licensees shall have the feature that only live photograph of the customer is captured and no printed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white color and no other person shall come into the frame while capturing the live photograph of the customer.*

g. *Similarly, the live photograph of the original POI/POA documents (placed horizontally) shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.*

h. *The live photograph of the customer and his/her original documents shall be captured in proper light so that they are clearly readable and identifiable.*

i. *Thereafter, all the entries in the CAF shall be filled as per the POI/POA documents and information furnished by the customer. In those POI/POA documents where QR code is available, such details can be auto-populated by scanning the QR code instead of manual filling the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.*

j. *Once the above mentioned process is completed, an One Time Password (OTP) message containing the text that 'please verify the details filled in form before sharing OTP' shall be sent to customer's own alternate mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have any own alternate mobile number, then mobile number of his/her family members/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of POS registered with the Licensee shall not be used for customer signature. The Licensee must check that the mobile number used in customer signature shall not be the mobile number of the POS.*

k. *The POS shall provide a declaration about the capturing of the live photograph of customer and the original POI/POA documents. For this purpose, the POS shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Licensee. Upon successful OTP validation, it shall be treated as POS signature on the declaration. The live photograph of the POS agent shall also be captured in this POS declaration.*

l. *Subsequent to all these activities, the application shall give information about the completion of the process and submission of activation request to activation officer of the Licensee, and also generate the transaction-id/reference-id number of the process. POS shall intimate the details regarding transaction-id/reference-id number to customer for future reference.*

m. *The authorized representative of the Licensee shall check and verify that:*

   (i) *Information available in the pictures of POI/POA documents is matching with the information entered by POS in CAF.*

   (ii) *live photograph of the customer matches with the photo available in the POI/POA documents.*

   (iii) *All of the necessary details in CAF including mandatory fields are filled properly.*

n. *On successful verification, the CAF shall be digitally signed by authorized representative of the Licensee. Only after this activity, the SIM card shall be activated and tele-verification as per the prevailing guidelines shall be done before final activation of the services. However, if the customer has given his own alternate mobile number, then tele- verification through the use of 5-digit OTP pin shall be done for activation of final services.*

No.4-420/2015-B&CS
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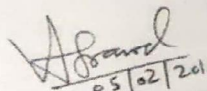**New Delhi-11002**

Dated: 05.02.2016

Advisory to Distribution Platform Operators
(DTH/MSOs/LCOs/HITS/IPTV) for use of Electronic Customer
Application Form (e-CAF)

It is mandatory for all Distribution Platform Operators (DPOs) to have Customer Application Form (CAF) filled up before providing services to the subscribers. Presently, the customers fill up the CAF manually in paper format. There are millions of subscribers whose CAF are being stored by the DPOs in physical format which is increasingly becoming unmanageable.

2.   Concerns have been raised by DPOs as to whether e-CAF can be used in place of physical CAF as there is no specific mention about format of CAF in the present QoS Regulations viz. The Direct to Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulations, 2007 and The Standards of Quality of Service (Digital Addressable Cable TV Systems) Regulations, 2012.

3.   The use of e-CAF will bring efficiencies in the process of providing and managing services to the subscribers. It will also make easier storage of millions of CAFs. The adoption of e-CAF is environment friendly and also likely to result in savings to the stakeholders. Use of digital technologies by customers is increasing day by day.

4.   In view of above, the Authority is of the view that the DPOs may make use of e-CAF as an alternative to the physical CAF. A Guidelines for implementing e-CAF by DPOs is Annexed herewith.

05/02/2016

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