



Response to the -

**“Consultation Paper on USSD-based Mobile Banking Services for
Financial Inclusion”**

Issued by TRAI on 20th Sep 2013

RPSL-Reg/TRAI/2013-14/

04th October, 2013

To,

Advisor (F&EA),

Telecom Regulatory Authority of India,

Mahanagar Door Sanchar Bhawan,

Jawahar Lal Nehru Marg (old Minto Road),

New Delhi-110002

Sub: Consultation Paper on USSD-based Mobile Banking Services for Financial Inclusion

Dear Sir,

This is with reference to the Consultation Paper on USSD-based Mobile Banking Services for Financial Inclusion. Please find attached comments of Reliance Payment Solutions Limited (RPSL) on the issues.

Thanking you,

Yours Sincerely,

For Reliance Payment Solutions Ltd.

Sudipto Ghosh

Authorized Signatory

ISSUES FOR CONSULTATION

Q1: DO YOU AGREE THAT USSD IS ONE OF THE MOST APPROPRIATE MODES FOR MOBILE BANKING FOR FINANCIAL INCLUSION? IF NOT, WHICH MODE DO YOU THINK IS MORE APPROPRIATE? PLEASE SUPPORT YOUR VIEWPOINT WITH REASONS.

RESPONSE:

Yes, given the current penetration of basic mobile phones in the country, USSD is the most appropriate channel for mobile banking for financial inclusion. A mobile banking solution that is served via an app on a smartphone will be unavailable to a vast chunk of the population due to non affordability. We are in agreement with the reasons in the Table 2.2. Additional work and user design innovation will be required to improve the user experience, which currently is not very good, due to multiple key typing and difficult menu navigations.

Q2: DO YOU AGREE THAT THE MOBILE BANKING (QUALITY OF SERVICE) REGULATIONS, 2012 SHOULD BE AMENDED FOR MANDATING EVERY TSP, ACTING AS BEARER, TO FACILITATE NOT ONLY THE BANKS BUT ALSO THE AGENTS OF BANKS ACTING AS THE AGGREGATION PLATFORM PROVIDERS TO USE SMS, USSD AND IVR TO PROVIDE BANKING SERVICES TO ITS CUSTOMERS? PLEASE SUPPORT YOUR VIEWPOINT WITH REASONS.

RESPONSE:

Yes, agents play a very important role in expanding the network of the Bank and reaching the customers in flexible hours/locations. In addition, other Payment companies are developing capabilities to provide micro payments to the masses. This is being under the open loop and semi-closed loop pre-paid payments guidelines of RBI. The cooperation of TSP to develop and provide appropriate USSD based access plans for their subscribers to be able to operate their Banking and prepaid accounts, is essential for the country to move towards a less cash society as per the vision of RBI.

A unified USSD channel should be provided – for mobile banking customers, we can provide a single USSD number, irrespective of which TSP the customer is using. We also need to keep this point into consideration to include USSD as another channel like SMS and IVR that in the country there are multiple TSPs and no aggregator is available to provide USSD as a channel unlike SMS and IVR.

Q3: DO YOU AGREE THAT IN THE CASE OF USSD TRANSACTIONS FOR MOBILE BANKING, TSPS SHOULD COLLECT CHARGES FROM THEIR SUBSCRIBERS AS THEY DO IN THE CASE OF SMS-BASED AND APPLICATION (APP) BASED MOBILE BANKING? PLEASE SUPPORT YOUR VIEWPOINT WITH REASONS.

RESPONSE:

Yes, customers usage of a mobile phone and all channels of communication are based on the relationship with the TSPs. TSPs have been very dynamic and innovative in developing packages and pricing plans for all customer segments. USSD channel should be treated in similar manner.

In case the Financial services provider (Bank or Payment company) want to provide a toll-free USSD Access and absorb the cost of the USSD sessions (like IVR toll-free numbers), then they can negotiate an appropriate arrangement with the TSP/Aggregators.

The pricing of USSD usage can be on similar lines as of data usage and not as of SMS usage. E.g. in data usage, TSPs charge 10 paisa per 10 Kb. In order to make USSD as a preferred channel, the pricing should be very nominal.

Q4: DO YOU AGREE THAT RECORDS FOR USSD TRANSACTIONS MUST BE GENERATED BY THE TSPS TO PROVIDE AN AUDIT TRAIL FOR AMOUNTS DEDUCTED FROM PREPAID SUBSCRIBERS AND BILLS RAISED TO POSTPAID SUBSCRIBERS? PLEASE SUPPORT YOUR VIEWPOINT WITH REASONS.

RESPONSE:

Yes, we agree that TSP should maintain the records and generate audit trails for USSD sessions similar to the manner in which they maintain the records for SMS/Calls etc. Usage of the USSD channel is based on the relationship and arrangement between the subscriber and the TSP.

Q5: WOULD IT BE APPROPRIATE TO FIX A CEILING OF RS. 1.50 PER USSD SESSION FOR MOBILE BANKING? PLEASE SUPPORT YOUR VIEWPOINT WITH REASONS.

RESPONSE:

Yes, we support the concept of 'ceiling charge' rather than 'mandatory charge' for any service. The ceiling charge will bring in customer protection and also encourage innovation to enable scale and volume of transactions on this channel. As with any other channel, the chicken and egg cycle can be broken by providing a ceiling charge and then leaving it to market forces to reduce the charges to encourage higher volumes. We donot support a mandatory charge, as this may curtail innovation and restrict freedom of the TSP to offer appropriate solutions to their subscribers

Q6: IN CASE YOUR RESPONSE TO Q5 IS IN THE NEGATIVE, PLEASE SUGGEST AN ALTERNATIVE METHODOLOGY TO FIX A CEILING TARIFF FOR A USSD SESSION FOR MOBILE BANKING. YOU MAY ALSO SUPPORT YOUR VIEWPOINT WITH A FULLY DEVELOPED MODEL WITH ASSOCIATED ASSUMPTIONS, IF ANY.

N/A

Q7: IS THERE ANY OTHER RELEVANT ISSUE WHICH SHOULD BE CONSIDERED IN THE PRESENT CONSULTATION ON THE USE OF USSD AS A BEARER FOR MOBILE BANKING SERVICES?

RESPONSE:

We must also examine the definitions of 'proof of transaction', 'proof of executor', and treatment of 'member present/not present' and associated transfer of risk to issuer/acquirer bank, and the role of the intermediary in that frame. This will include the framework for chargebacks, if any, and the nature of the transaction record to support the chargeback – including missing debits and/or multiple credits due to system generated flaws (repeat sending due to lost acknowledgement leading to double debit for example). We would like these issues to be sufficiently covered in this consultation process.

We must also get clarity on the definition of "per USSD session", since in a typical USSD scenario each transaction would mean multiple sessions. For e.g. if a customer does P2P transaction then he would be performing the following sessions

1. Enter mobile number of the recipient
2. Confirm mobile number of the recipient
3. Enter amount to be transferred
4. Enter TPIN/Transaction Password
5. Confirm the details

Would the charge be Rs. 1.50 for all the above 5 sessions put together or will it be Rs. 1.50 for each of the above 5 sessions (i.e. Rs. 7.50 for the transaction)

In addition, non-availability of USSD aggregators in the country is also an issue. Otherwise, Financial Service provider will have to integrate with multiple TSPs to provide USSD as a channel.