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Issues for Consultation

It may please be noted that answers/ comments to the issues given below should be supported with justification. The stakeholders may also comment on any other issues related to the review of regulatory framework for the use of Unstructured Supplementary Service Data (USSD) for mobile financial services along with all necessary details.

Q1: In your opinion, what should be the maximum number of stages per USSD session for mobile banking service?
(i) Five
(ii) Eight
(iii) Unlimited
(iv) Any other (please specify)
(Please provide justification in support of your response).

Evolute(spirituspay): we recommend <u>eight stages</u> minimum.

Q2: Which of the following methods is appropriate for prescribing the tariff for USSDbased mobile banking?
(i) Cost-based tariff for outgoing USSD session for mobile banking; or
(ii) Monthly (or periodic) subscription fee for the use of USSD for mobile banking services; or
(iii) Any other method

Evolute(spirituspay): any other method (resulting in much cheaper cost mechanism then existing)

Q3: What methodology should be used for estimating the cost per USSD session for mobile banking service?

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Evolute(spirituspay): in the Absence of no authentic & adequate data, the methodology for charges can be applied based on the duration of the transactions performed. The bank preferably should absorb this cost.

Q4: If your response to the Q2 is 'Any other Method', please provide full details of the method.

Evolute (Spirituspay): all <u>member banks should POOL</u>equally or proportionately for creating the fund for compensating telecom operators.

2) Charging customers/users monthly subscription fee for unlimited transactions after <u>first 15 free transactions</u>. Banks keeping discretion of opting a service with the user can offer subscription.

Q5: Whether it would be appropriate to mandate the service providers to levy charges for USSD session for mobile banking only if the customer is able to complete his/her transaction? If yes, please describe the method to implement such an arrangement technically?

Evolute (Spirituspay): –Yes.

Transactions fees should be applicable only for the successful transactions. Option should be made available to reverse the charges in case of failed transactions. This can be implemented by having a proper response handling from the NPCI to Telecom operator. As of now Telco's are not able to identify whether the transaction is successful or failure as the data is getting transmitted in secure USSD channel. <u>We feel that there has to be another encrypted channel opened between Telco's and NPCI to identify the transaction status.</u>

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Q6: Whether the present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should continue?

Evolute (spirituspay): for <u>first 15 transactions free</u> and afterwards as a monthly or per transaction fee offered by bank to user.

Q7: In case your response to the Q6 is in the negative, what should be alternative pricing models? Please provide justification in support of your response.

Evolute(spirituspay): consumers should be encouraged to use these services first to make it popular and successful. Everyone knows how ATM first 5 free transactions initiatives and mandates by regulator. Similarly first free 15 transactions will make all rural and under banked customers to avail financial services at real affordable means and the initiative will come out as a true game changer for meaningful financial inclusion covering the section of society where no/low INTERNET CONNECTIVITY limits the usage of mobile banking.

Q8: Keeping in view the concerns raised by the TSPs, whether there is a need for allowing USSD push sessions when customer-initiated USSD session is dropped due to some reason so that the customer can complete his/her unfinished transaction? Please support your response with justifications.

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Evolute(spirituspay) : No.

With the help of technology it is possible to bring huge improvement on success rate based on present pull sessions. Regulator should come forward to encourage new breed of <u>third party PISP (payment initiation service providers)</u> who will initiate a payment sessions on receiving consent or permission by USERS in most seamless, secured and user friendly way.

Q9: Whether it would be appropriate to allow all variety of mobile payment services apart from the mobile baking services on the existing USSD Aggregation platform(s)?Please support your response with justification.

Evolute(spirituspay) : Yes.

it is utmost important to develop acceptance infrastructure in the country and also extend the reach of lending . That is possible only by making <u>digital inclusion over 25 million retail and MSME merchants</u>, where most transactions takes place is in CASH. Merchants are in digital wilderness and also not so sophisticated and profitable and

large enough to pay very high <u>MDR, CAPEX AND OPEX fees</u> to banks and card/POS network operators.

Merchant payments SERVICES with USSD Aggregation platform would be a game changer which can be made CASH LESS/CARD LESS / MDR LESS AND INTERNET LESS driving consumer behavior to move to digital /electronic payments via merchants acceptance and promotion.

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Lending: Digital trail and transaction history would be established for merchants as well as USERS &create ample opportunity for large as well as small Financial institutions/NBFC'S to enter into micro/Nanolending and consumer finance space with completely new category of borrowers and credit data for carrying out risk assessmentprocess . Huge possibility of 5x growth in consumer lending in the country from 600 billion USD to 3 trillion in next 10 years – source: creditSuisse

Bill payments – No other affordable means are possible for bill

payments in the country. This would bring a revolution having BBPS product of NPCI mandated to use USSD channel for payment of 1 electronic/digital means for bill payments.

Q10: Is there any other relevant issue which should be considered in the present consultation on the review of regulatory framework for the use of USSD for mobile financial services?

Evolute(spirituspay):

1) Dispute resolution desk for quick assistance to consumers
2) Increase merchant payments limit to 10000/- per transaction and 25000/- per day.
3) Independent dispute settlement cell to protect users.
4) Handhold all banks to create user-friendly MPIN generation and activation process. Present scenario is highly complicated for even highly educated class where our objective is to take popularize among different class of users. As of now the MMID and MPIN generation process is not seamless and it has to be made as simple as possible.

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Option to generate to generate MPIN and MMID using USSD channels should be supported by all banks.

5) We have observed the no of transaction count per day per account is limited to 25, which should be made unlimited.

6) Telco's network and backhand infra for USSD response should be made more robust and seamless.

7) If the transaction is broken or time-out at any stage of the USSD session. User should have option to restart from that point in the same session.

Evolute Systems has well positioned themselves as a leading FIN-TECH player offering niche last mile products &services spanning across various payment and non-payment verticals.Evolute has emerged as a leading & marquee INDIAN B2B brand.
Withour ingeniously designed products (in our DSIR recognized r& d lab) & local manufacturing capabilities,we have commercialized various products for local and global markets. Evolute is passionate in providing innovative, intelligent, differentiated, and integrated electronic embedded solutions year on year spanning various segments of BFSI, Financial inclusion, Microfinance, Sales force automation, eGovernance & Retail domains.

Evolute Systems associates with multiple stakeholders in the payment domain to build a comprehensive ecosystem for effective and efficient last mile delivery of solutions and services. Evolute Systems aims to achieve a milestone by crossing 1 million devices within next 5 years with 20% market share for microATM'S,Hand held devices ,Mobile POS biometric authentication devices .

Evolute also aim's to roll out most affordable payment services in the name of "SPIRITUSPAY " by end of 2016 with innovative and patent pending technologies to trigger proliferation of digital payment acceptance infrastructure across INDIA .