

**ADITYA BIRLA**



**IDEA Cellular**

18<sup>th</sup> Feb, 2011

**The Telecom Regulatory Authority of India**

Mahanagar Doorsanchar Bhawan  
Jawahar Lal Nehru Marg (Old Minto Road)  
Next to Zakir Hussain College  
New Delhi – 110 002

**Kind Attention: Advisor (ER)**

**Re: Comments sought by TRAI on “Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers”**

Dear Sir,

At the outset, we apologize for the delay in our response. Reference the above-mentioned subject, In addition to the response provided by COAI, we would like to submit as follows:

- We believe that provisioning of financial services through mobile is still in the developmental phase in our Country.
- There are uncertainties about the pace and scale of customer adoption, exacerbated by the fact that low end models require higher volumes of transactions to be viable.
- If m-banking is to realize the potential of massively extending access to safe, convenient and affordable financial services to those who today lack it, then enablement is likely to be required by way of creating conditions favorable to the emergence of sufficient appropriate models to be tried, more time for understanding the market and building the value proposition and business case.
- In the absence of such an enabling environment, m-banking may simply amount to adding another convenient channel for already banked customers. The consequence will be a market trajectory with much lower ultimate levels of usage and access,
- Hence it is our firm belief that the Authority should allow the service to move through its normal evolutionary cycle without any restrictions on pricing and allow the free-play of market forces to decide the appropriate price for the service.
- It is also submitted that with around 10-12 operators per Circle, there is already enough competition in the market and hence the customer is likely to get only the most competitive price for the services at every stage of market development.
- Further, it is already acknowledged that the policy of “tariff forbearance” followed by the Authority has enabled transform our country into the fastest growing telecom market across the World with one of the lowest tariffs.
- It is also our view that the final cost of delivering the service to the customer shall in addition to a host of factors also depend on the technology bearer used and the QoS requirements against each of these bearers. For example, in order to prioritize message delivery, a separate, dedicated end-to-end network optimized



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link on origination and termination (including radio, gateway, core etc) legs need to be created which entails additional investments and planning to understand the requirements. It is therefore likely to have an impact on the cost of providing the service.

- Similarly, in order to ensure encryption of messages exchanged, the infrastructure required shall vary with the technology bearer used. For example, messaging through GPRS / Data Application download has a client and server component and its encryption is relatively easier to implement. SMS messages are normally clear text and encryption is achieved by a similar client-server model that involves embedding an application within the SIM. However, such an approach shall require usage of a higher capacity and higher priced SIM and therefore there may also be an additional need for the SIM to be replaced for existing customers to enable them use the service.
- Last but not the least we feel that while the IMG has recommended that a sub-agent of a BC shall represent and provide banking services of only one bank, the same should be reconsidered for change and sub-agents should be allowed to be associated with multiple Banks / Business Correspondents. This we feel would be essential to building volumes faster, and facilitate expansion of competitive services to masses with minimum inconvenience. It shall also enable customers make more meaningful choice while deciding on the use of services.

We earnestly believe that the Authority will give due-consideration to our aforementioned comments before formalizing any guidelines on the issue.

Yours faithfully,

**For IDEA Cellular Limited.**



**Rahul Vatts**

**Assistant Vice President – Regulatory**