



Association of Unified Telecom Service Providers of India

AUSPI/12/2012/088

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Sub: AUSPI's Response to the TRAI Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion'.

Dear Sir,

Attached please find AUSPI's Response to the TRAI Consultation Paper on 'USSD-based Mobile Banking Services for Financial Inclusion'.

We request the Authority to kindly take AUSPI's views into consideration while issuing recommendations on the subject.

Thanking you,

Yours faithfully,

Ashok Sud
Secretary General
Mob: 9312941515

Encl: As above

Copy to :

- (i) Shri Rahul Khullar, Chairperson,
- (ii) Shri R K Arnold, Member, TRAI
- (iii) Smt. Vijayalakshmi K Gupta, Member, TRAI
- (iv) Prof Pankaj Chandra, Member, TRAI
- (v) Shri Rajeev Agrawal, Secretary, TRAI



AUSPI's Response to the TRAI Consultation Paper on USSD based Mobile Banking Services for Financial Inclusion

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.

Unstructured Supplementary Service Data (USSD) is not the only appropriate method for mobile banking for facilitating financial inclusion. We feel that banking services to the entire population without discrimination is one of the most important criteria for financial inclusion. IVR has distinct advantage over USSD and would prove to be a major platform to provide financial services to people hitherto not served for banking services. Some of IVR advantages are given below:

- The option is available to customize IVR interaction in any vernacular language and thus would be a catalyst for mass adoption of mobile banking services.
- IVR is a simple mode of communication which can be accessed through any of the handsets. Financially excluded population generally uses basic phones and IVR medium would be most feasible option to access mobile banking services.
- IVR based banking transaction are secure. There are solutions like Dual-Tone Multi-Frequency (DTMF) signaling masking which fully ensure enhanced IVR transaction security. The secure transaction occurring through DTMF ensures that no third-party source gains access to the inputs provided by customers for any misuse. With the help of DTMF technology, customers' confidential information is protected from being tampered with.
- IVR even in current scenario is being used by banks while making secure transactions like generation of passwords, making payments through debit/credit card etc.
- In India voice calls are much cheaper compared to USSD or SMS. Thus IVR could prove to be more affordable medium for mobile banking.
- Also, USSD is not reliable due to session based timeouts and lower transaction success rate.

The Authority is aware that presently 75 million people of our country are CDMA subscribers and the numbers are going up day by day. The current trend shows that due the affordability factor of CDMA service, growth rate of CDMA will be much faster in the near future. CMDA will be the preferred technology to the poor section of the society due to its affordability and voice clarity. In addition to our members, PSUs are also offering CDMA services to its customers. **Government of India plans to give 12 million CDMA handsets to poor section of the society.** In view of that the Authority should explore the possibility of adoption of other appropriate and competent mode for mobile banking which support both CDMA and GSM simultaneously. It will not be advisable that one



section of the society is deprived of such services which actually there for their empowerment through financial inclusion.

In view of the above, AUSPI strongly suggests that the Authority should not consider USSD as the only appropriate mode for mobile banking and **consider IVR based mobile banking services which support both CDMA and GSM technologies which is more appropriate and robust as compared to USSD which is not supportive of CDMA technology.**

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.

Yes, the mobile banking (QoS) Regulation 2012 should be amended because as per the regulation, the three customer centric parameters which are -

- a) Time taken to deliver error and success confirmation message
- b) Transaction update on the system
- c) Success of delivery of financial transaction messages

would utilise access provider, aggregator as well as terminating bank's network. Thus the aggregator (aggregation platform provider) and the bank must also be mandated with QoS regulation to deliver customer satisfaction, secure transaction and desired level of service.

Q3: Do you agree that in case of USSD transactions for mobile banking, the 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 view point with reasons.

In the present environment B2B mode is important rather than B2C model as it is the bank's customer using the services and may not be a customer of particular telecom service provider. Chances of a customer having a Bank account and a mobile connection from a TSP are less and it is therefore difficult for TSP to charge a customer since the bank account and customers mobile connections are not interlinked. **In view of that, we suggest that bank should charge their customers and do the reconciliation with TSPs.**

Q4: Do you agree that the 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 post paid subscribers? Please support your viewpoint with reasons.

As far as the audit trail is concerned, there is a mention in the consultation paper that transaction records can be generated. This trail required for the amount deducted from the prepaid subscribers as well as bill raised for the post paid customers. We understand that most of the service providers do not have the reconciliation system in place. In addition, we also understand that the volume of mobile banking transaction is also very low. In some statistics, it has been mentioned that there will be only 13 million transactions in the coming 3 years which is a very low business volume for the entire telecom industry. In



view of that to justify the reconciliation system for the service providers does not make any commercial sense.

We, therefore, feel that establishing a system for generating records for transactions by the TSPs to provide an audit trail from amounts deducted from prepaid subscribers and bills raised to post paid subscribers in failing to strike a feasibility balance between the investment and returns.

- 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.***
- Q6: *In case your response to Q5 is in the negative, please suggest an alternative methodology to fix a ceiling tariff for USSD session for mobile banking. You may also support your viewpoint with a fully developed model with associated assumptions, if any.***

No Sir. Fixing a ceiling would only discourage TSPs to come forward with such services. We believe that forbearance in tariff should be granted to the TSPs for charging as per the prevailing market conditions. India being a fairly competitive market for telecom services, the competition will definitely fix a price to competitive levels based upon the volumes of expected transactions. We, therefore, suggest forbearance of tariff for mobile banking.

- 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?***

USSD is not the only or most appropriate mode for mobile banking as it is not supportive of CDMA technology and according to our view, it is not suitable for 'financial inclusion' prospective. **In any case M-Banking through IVR is a more interactive, simpler and robust option capable of supporting both CDMA and GSM and facilitates financial inclusion.**

Also, when the Government is planning to give 12 million CDMA mobile handsets to the poor section of the society, they could not be left deprived of a service which is under the aegis of financial inclusion as envisaged in the National Telecom Policy 2012.

We would also like to submit that for those school children to whom scholarships are being awarded through various central and respective state government schemes can also make use of mobile banking service easily through IVR based M-Banking to manage their accounts efficiently and keep themselves informed.

Mobile Banking being regulated by RBI as well as TRAI, i.e. multiple regulatory bodies are involved, hence, there should be clear demarcation of role of respective regulatory bodies especially on QoS, pricing, network security, consumer grievances related issues etc.
