

Comments from HDFC Bank

Dear MrSinha ,

Please find our views on the questions raised in the Consultation paper.

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.

Yes, since USSD can be accessed from any low end mobile phone to make Mobile payments and Fund transfer , which can be used by lower end customer segments also. Also a USSD based solution, since it is Menu driven, can be used to give a multi language experience to these customers.

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, addition of aggregators is a welcome step since most of the Banks deal with Aggregators to provide SMS/ USSD services to their customers since a 'connection" is required to be established with each TSP. Keeping aggregation service providers out will negatively impact roll out of USSD services by Banks.

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 viewpoint with reasons.

Yes, collection of charges from customers is the best option since USSD service is provided and handled by TSPs and the service provider has a direct relationship with the user for the Mobile Service. In the current scenario, not just for SMS but also for Data connection, the charging is directly between the customer and TSP and it is governed by the tariff plans opted for by the customer.

This will also allow the customer to choose his preferred method of transaction - SMS, USSD, Data - based on his tariff plan.

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 postpaid subscribers? Please support your viewpoint with reasons.

Yes, we agree with the above stated viewpoint , since USSD service is provided by TSPs and customers touchpoint is TSPs for any dispute in Billing/Charges.

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.

From the experience of usage of Shortcodes - In a Banking scenario, since TSPs charge Rs 3 per SMS, the usage has not picked up in the lower end of the customer segment. If a ceiling is not fixed for USSD, it might meet a similar fate as the shortcode service.

The Ceiling should be fixed at a minimum of Re 1, since customers might not use this service at first if it is charged for every USSD transaction. Over a period of time, once the user gets used to this service, the ceiling can be increased to Rs 1.50

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.

We recommend that the price per session be capped at Re1. This will help make this service popular for financial inclusion.

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?

No.

regards ,

rajeeb