

**Spice Digital's Response to
TRAI- consultation paper for MOBILE BANKING:**

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 use of Unstructured Supplementary Service Data (USSD) as a bearer for mobile banking services, along with all necessary details.

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, we think that USSD is one of the proffered modes for mobile banking and financial inclusion.

Let's first understand the needs of mobile banking and financial inclusion

1. High Reach

Services should be available for masses – bottom of the pyramid segment who use low cost feature phone

2. Low Cost

Services should be available without any monthly charges which are needed in case of data channel

3. Ease of Use

Service should be easy to use as most of the target customers shall be illiterate or semi-literate

4. Secure

Service must be secure and should not reveal user-credentials in the event of mobile theft.

USSD offers various advantages to address above needs viz-a-viz other channels as listed below:

1. USSD works on every GSM phone including low cost feature phones
2. USSD provisioning doesn't need any special services or data channel. Service can be made available to any dialling user on pay-per-use model
3. As USSD is session oriented and offers a menu-driven approach, it can be easily used by any subscriber. (Its important to note that USSD is by far most common channel for customer care by operators – we manage Customer Care over USSD for one of India's largest Telco and services have more than 40% penetration)
4. As USSD is session-oriented, no information about the user credentials gets stored on device. Use of network initiated USSD session (so as to avoid IMSI fraud) makes it even more secure.

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, TSP's must be mandated to facilitate bearer connectivity for all payment service providers and not just banks.

As per Payment and Settlement Systems Act 2007, Reserve Bank of India authorizes companies registered under Companies Act, 1956 to work as Banking Correspondents or to operate as independent Prepaid Payment Instruments Providers. This is in line with RBI's Payment Vision 2012 -15 which aims at improving financial inclusion and move India towards less-cash economy.

In order to provide a level-playing field for the players who are working on improving mobile banking and financial inclusion, they must be facilitated with bearer connectivity by TSP's.

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, TSP's should be allowed to charge their subscribers for USSD transactions initiated by subscriber.

TSP's and their partner technology providers would need to invest good amount for infrastructure, security and availability of the channels for end-subscribers and hence they should be allowed to recover this cost along with justified profit margins from their subscribers.

Also as subscriber benefits both in terms of cost and convenience by using mobile banking over USSD, so she is willing to shell a justified amount in lie of these benefits

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, this is required for

1. Transparency of the system to handle any potential customer complaints
2. This can help in legal interception to handle any AML / Fraud issues.

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.

A price-point of Rs. 1.50 – Rs. 3.00 should be appropriate to offer USSD services as SMS services also operate with same price point and it allows a win-win situation for TSP as well as subscriber.

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.

Another option can be providing a fixed charge for unlimited (finite) usage for the customer. This would allow high usage and no heart burn in case information fails to come to customer (much like ATM access with no cash to withdraw, there would be cases due to various legs, though not more than 10-15% cases, where result might not come)

Since its going to multiple to-fro Menu based session with inputs from customer, many times, customer may not be able to input data in desired time, thus rather than feeling of getting charged / cheated, unlimited access model would make lot of sense for customer.

(It's the same for mobile customer checking balance almost 100 times a month, adoption and usage would be high enough for charges applied)

So say a yearly fixed fee model (in addition to pay per use model) of say Rs 100

Or

Fixed monthly rental of Rs 15

Or

1.5 Rs per successful Tx

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?

Any other suggestions: