

To
Shri Manish Sinha,
Advisor (F&EA)
Telecom Regulatory Authority of India,
New Delhi-110002

Subject: USSD-based Mobile Banking Services for Financial Inclusion – 20th September 2013

Dear Sir:

Find responses to the issues raised in the paper.

1. **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.**

USSD is definitely one of the most appropriate modes for mobile banking. However, with the rising [penetration of SmartPhones & Feature Phones with Data Capabilities](#), I strongly advocate that the **TRAI must consider Secured Mobile Banking Applications for Financial Inclusion. A Roadmap** [Stage -1 Person to Bank vice-versa , Stage -2 Person to Person, Stage-3 Person to PoS Machine, etc] on the Mobile Banking Interface [USSD, App, etc] should evolve now with the following broad guidelines

- Development of the Mobile App for Financial Inclusion should be under the guidance of Distinguished Engineers / Scientists from premier institute like the TEC, IIT, C-DAC, etc
 - India severely lacks on the Standardization front across verticals. Hence, for Mobile Banking App **Standards & Guidelines** [Standardization] must evolve now under the Leadership of a Scientist / Software Architect employed with one of the above institutes
 - App must be **Localized** for all Indian Languages and should have uniform User Interface across the board for convenience of operation
 - App should have the capability to be used on 2G, 3G, 4G, EVDO data networks
 - Fixed bandwidth cost should be reimbursed to the TSP for carrying out Mobile Banking Transaction from the Universal Service Obligation Fund-**USOF** [This can happen if you can Standardize which implies the cost of Carrying Data will be Uniform for a designated transaction across platforms and networks]
2. **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**



RBI and Appropriate Policy Makers Views will suffice

3. **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**

The TSP shall not collect any charge from the consumer / customer. TSP should be given a fixed cost re-imbursement from the Universal Service Obligation Fund for carrying out transaction using USSD / Mobile App.

4. **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**
5. **Would it be appropriate to fix a ceiling of Rs. 1.50 per USSD session for mobile banking? Please support your viewpoint with reasons.**
6. **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.**

Response to 4, 5 & 6 as below

Since I am a strong Advocate of Mobile Banking for Financial Inclusion to eliminate the huge burden of printing currency on the RBI and bring down the large parallel economy of Black Money in India, **Mobile Banking Interface [USSD, Apps, etc] must be FREE to the consumer** and TSPs can be compensated from the USOF. TRAI must immediately recommend the Government to carry out a pilot project on the cost involved in Mobile Banking Transactions and then appropriately decide the feasibility of providing it for FREE or not. If the estimated cost cannot be recovered from the USOF, only then part of the cost could be passed on to the consumer. If consumer is paying for mobile banking service then AUDIT of the accounts is a must.

7. **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?**

- In case of Internet Transaction, we have commonly seen that Money has been deducted from the Bank / Credit Card but not received by the Vendor / Merchant and the Approval [reference code given to the consumer by the Bank is not available with the merchant](#). To avoid such issues, with utmost importance, TRAI must mandate a Uniform Transaction Code (UTC) that shall be made available to the Consumer, TSP and Bank for Complaints and Grievance Redressal. On querying any of the repositories either Bank / TSP using the UTC, state of the transaction should be reflected to resolve consumer complaints and disputes.
- TRAI must also think on the issue that some TSPs do not offer Customer Care services on Mobile and are asked to go to the nearest relationship center; **TRAI must give a thought on Consumer Complaints Redressal.**



- **Mobile Banking for Financial Inclusion must Be Network Independent** – If a Mobile subscriber from Mumbai visits remote corner of Bihar which is his native village and is unable to get / catch signals of his Mumbai service provider in his village then the user should be able to switch to whatever available mobile network and conduct mobile banking transaction. Wireless Service Provider sufficing the consumer request in this case shall be compensated.

Should TRAI require any further inputs in this regard, please feel free to touch base with me.

Sincerely,

Chetan S Patil

