

To,

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TRAI Consultation Paper on USSD-based Mobile Banking Services for Financial Inclusion dated 20th September, 2013

We at VOICE as part of our advocacy initiative in Telecommunications & Broadcasting continuously raise different issues with Policy makers impacting consumers based on the knowledge through Consumer feedbacks.

As registered CAG with TRAI we are in forefront of providing inputs to TRAI related to consumer concerns and interests.

In continuation of this effort on behalf of Broadcasting consumers we at VOICE have following response to the questions posed in the consultation paper:

VOICE comments are as under:-

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.

A1:Yes, USSD Technology is menu driven technology which can be effectively utilised for the purpose of Financial Inclusion in India.

There is no doubt that this is most appropriate technology but there are some factors need to be considered from the point of view of Target Consumers:

1) Processes should be easy and simpler and consumer should know how to use services.

2) Sub processes should be well defined and structured for an e.g. one of the facility is Interbank Mobile Payment Service (IMPS) available with ICICI Bank and SBI Bank for USSD .IMPS is used to receive and send money instantly using mobile but multiple steps are required such as generating Mobile Money Identifier (MMID) and Mobile Pin (MPIN) in both cases for payer and receiver to avail services. How many customers actually know about such useful services in rural area and actually how many can actually able to use them? Also how many

people in banks itself are aware of such services to impart education on the same to rural and non technical people.

Considering level of education and awareness regarding such technology focus should be on simpler steps and clarity on the same to user.

Can we expect our target group to go on internet and explore how to use the technology or whom to approach in case of difficulty? Even urban customers are not aware of such technology in today's scenario. We need systematic approach with easy to use accessible services.

Some of Requirements to use USSD:

1) Short code is required to send to bank in order start the process in case of SBI /while with ICICI bank only with registered mobile number this service can be used.

2) User ID and MPIN both are essential to access the services.

3) Services are not accessible without registration at bank branch or ATM in case of SBI.

Different codes are required for accessing USSD services such as at present SBI is providing mobile banking services over USSD through *595# and for ICICI same is *525#.

In case of SBI USSD only customers not using mobile banking through wireless application protocol (WAP)/Mobile application can only avail services from USSD. There has to be uniformity of standards for all banks to follow this protocol of availability of services to different segments of customers.

Q2) Do you agree that the Mobile Banking (Quality of Service) Regulations, 2012 should be amended 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 customer? Please support your viewpoint with reasons.

A2:Yes, It needs to be mandated as all the stake holders have equal responsibility towards achieving national goals of economic upliftment/inclusion for all.

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.

A3:No, the banks should provide the services free to account holders as part of minimum offering for a Savings Account. All TSPs should be paid an annual usage fee by yhre banks collectively based on their subscriber base related to their costs. As explained it is a Nation building process and all have to contribute.

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.

A4:Since we propose no charges to be taken from subscribers, it is not applicable.

However, Records are still need to be generated by TSPs for audit trail and Consumer Grievance redressal but it should be a very clear process whether TSPs will provide the information to subscribers or the Banks.

Again It should no happen that to get transaction information the subscriber has to pay more transaction charges for contacting Customer Care either for using paid calls or SMS.

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.

A5:Once again we reiterate no charges.

A consumer is interested in a completed transaction and not a session and making session as a unit, we are leaving it to the TSPs to charge whatever they like since a session may be subdivided by them as per their convenience by disconnecting after every query etc.

Q6) In case your response to Q5 is in 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.

A6:As there are steps involved in each USSD session for each service but there is no clarity that how many steps are required to get that service. In such sessions where multiple steps are required customer should know the total charges. Charging an amount of Rs1.50 per session would actually end up in how much amount for that service this needs to be clarified. Moreover at present SBI is charging Rs1 being public service bank but ICICI is charging 1.50 being a private bank. Now a ceiling of Rs.1.50 will create burden on existing users who

are already using that service. Moreover there is huge difference in the portfolio of services offered by SBI and ICICI bank.

In our viewpoint before fixing the ceiling following should be clear to Consumers:

- 1) Total Steps involved in using each service
- 2) Overall charges in case of multiple steps required
- 3) Clarity on Grievance Redressal Mechanism in case amount of services deducted but services not completed /provided.
- 4) Turnaround time for each service to be completed.
- 5) When charges are applicable

Charge per session can be feasible only if session is totally controlled by the subscriber like a browser based session.

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?

A7:Once we have recognised that-

1. Easy access to public goods and services is essential in an open and just society.
2. Banking services have characteristics of a public good. This is why availability of banking services to the entire population without discrimination is a major objective of public policy.
3. significantly large regions and populations are still unbanked/ under-banked
4. it is essential that financial services are made available at an affordable cost to those who are presently excluded from the formal financial system
5. In a larger perspective, the expansion of banking and reach of financial services is vital for the long-term sustainable development of the country.
6. Without outreach to large regions and segments of our populace, the economy is deprived of capital that can create value and increase the output of goods and services

It is but obvious that M-banking has to be enabled especially for our large un-banked populace without unnecessarily burdening the banking system

(to open more branches in these un-banked areas-a very costly proposition) or the Telecom sector but at the same time both the Indian Banking Sector as well as the Telecom Sector needs to realise their responsibility towards nation building and contribute their bits towards this financial inclusion.

To achieve this VOICE proposes following 2 alternative solutions-

A. BANKS to hire USSD services at fixed annual costs:

- a. All banks to work through a NPCI gateway for USSD transactions where all the TSP are required to be connected.
- b. The TSPs should be paid a fixed annual charge by Banks collectively based upon TSPs active subscriber base.
- c. USSD services to the Bank's account holders will be free-part of minimum service offering for opening a Savings Account.
- d. This arrangement to be included in the Licensing conditions for TSPs as well.

B. BANKS to auction the services to TSPs: In this alternative Banks should be allowed to choose the most cost effective TSP and then offer USSD services for free to all subscribers of that TSP. This has the advantage that-

- a. There will be an healthy competition among TSPs to gain subscribers
- b. Banks with better TSP contracts will be able to gain more customers
- c. Consumer will have the option of choosing the Banks + TSP offering most cost effective USSD services.

We are always available in case any clarification is needed.

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