

From: **Shahbaz Khan** <shahbazkhan185@gmail.com>

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Subject: Fwd: Response to the Consultation Paper on Review of regulatory framework for the use of USSD for mobile financial services

To: advfea1@traf.gov.in

To,
RS Sharma,
Chairman, TRAI

CC: Vinod Kotwal, Advisor (F&EA), TRAI

Dear Sir,

I would like to thank the TRAI for introducing the Consultation Paper on 'Review of regulatory framework for the use of USSD for mobile financial services'

USSD is the simplest method for bringing in Financial Inclusion and would have a far-reaching effect, since majority of Indians including semi-literates and illiterates, are using Mobile phones with Telecom Services.

So, there is a need to improve the success rate of USSD.

I hope the TRAI considers my answers to the present consultation in forming its opinion.

Question 1: In your opinion, what should be the maximum number of stages per USSD session for mobile banking service ?

The maximum number of stages per USSD session for mobile banking service should be increased to Eight.

This would ensure that in one session, the consumer can complete at least 1 long transaction, such as Fund Transfer.

This should not be made Unlimited as it will lead to unnecessary load on TSP's signal infrastructure, because people will use the service more often than required. When there is a restriction on number of stages, we will use it only when we need to, not just to play with it.

Also, I agree with a TSP that services should be restricted to Financial inclusion and only basic Banking operations should be allowed, and not other Financial services.

Question 2: Which of the following methods is appropriate for prescribing the tariff for USSD based mobile banking ?

Cost-based tariff for outgoing USSD session for mobile banking is the appropriate method for prescribing the tariff for USSD-based mobile banking.

Question 3: What methodology should be used for estimating the cost per USSD session for mobile banking service?

The cost per USSD session for mobile banking service should initially be set to a lower fixed price (say Re. 0.5), with a motive to encourage more and more people to use USSD based mobile banking. If this is not economical for TSPs, then certain compensations should be paid to the respective Telcos by the government based on no. of USSD service users on each TSP.

When number of sessions per month reaches a suitable number (say a million/month), then a suitable method should be developed to estimate the cost per USSD session, so that it protects interests of both consumers as well as TSPs.

Question 5: Whether it would be appropriate to mandate the service providers to levy charges for USSD session for mobile banking only if the customer is able to complete his/her transaction?

Yes, the service providers should levy charges for the session only on successful transactions, because since the USSD travels on inexpensive signal channels, it should not be a problem for TSPs to waive off session charges for unsuccessful transactions. Because ultimately for failure of transaction, the TSPs/Banks should be held responsible and consumers should not be charged for their failures.

Question 6: Whether the present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should continue?

No, The present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should not continue.

Question 7: In case your response to the Q6 is in the negative, what should be alternative pricing models?

The B2B model should be followed in which Banks pay to TSPs because as contended by TSPs, the USSD channel saves lot of costs of the Banks as in a way, It acts as the Banks outlet.

A nominal USSD fee could be recovered by the banks from the customers, just like they charge for SMS updates every Quarter.

Question 8: Keeping in view the concerns raised by the TSPs, whether there is a need for allowing USSD push sessions when customer-initiated USSD session is dropped due to some reason so that the customer can complete his/her unfinished transaction?

No, there is no need to allow USSD push sessions when customer-initiated USSD session is dropped due to any reason so that the customer can complete his/her unfinished transaction. Rather, the TSP should not levy charge for the unfinished transaction, so that the consumer can initiate another USSD transaction.

Since there could be security issues, this should not be allowed

Question 9: Whether it would be appropriate to allow all variety of mobile payment services apart from the mobile banking services on the existing USSD Aggregation platform(s)?

Currently, the focus should be on 'Financial Inclusion' by providing Basic Banking Services to largest number of people. So for now there is no need to allow all variety of mobile

payment services apart from the mobile banking services on the existing USSD Aggregation platform.

However, such services like DTH, Utility payment, Merchant Payment, etc. would lead to more cashless society, thereby benefitting the poor indirectly, such services should be made a part of the USSD platform later on, when significant number of sessions are active on USSD every month.

In addition to considering above opinions for review of regulatory framework for the use of USSD for mobile financial services,

The Authority/RBI/NPCI as well as the government should focus on promoting the use of USSD based banking services highlighting it's benefits and ease of use, in order to bring a large number of uninformed people on this platform.