TRAI's Consultation Paper on the review of regulatory framework for the use of USSD for mobile financial services

RBI Response to specific queries in the paper

Q1: In your opinion, what should be the maximum number of stages per USSD session for mobile banking service:

(i) Five
(ii) Eight
(iii) Unlimited
(iv) Any other (please specify)
(Please provide justification in support of your response).

Response of RBI :(ii)

The USSD channel is primarily used by the number-literate banking customers. While non-financial transactionsare successfullycompleted in 3 stages per USSD session, it is not possible to complete financial transactionslike Send Money (Remittances) in 5 stages / steps. The number of inputs to be given by the customers are many, including entry of long account numbers and branch identifiers etc. which they find it difficult to enter in a short span of time. This becomes a deterrent in promoting the USSD facility. Users wouldalso like to have facility of going back and correcting the IFSC code or account number, in case of wrong input. Hence,it is recommended to have at least 8 number of stages per USSD session.

Q2: Which of the following methods is appropriate for prescribing the tariff for USSD based mobile banking?

(i) Cost-based tariff for outgoing USSD session for mobile banking; or
(ii) Monthly (or periodic) subscription fee for the use of USSD for mobile banking services; or
(iii) Any other method

Response of RBI:(Both i & ii methods)

The choice for tariff would vary across mobile subscribers – those who use USSD exclusively and extensively may prefer to have a periodic subscription fee whereas customers who use the USSD platform once in a while may prefer to pay per transaction / session.

Hence, both options should be kept open so that customers may choose according to their requirements. This is similar to SMS tariffs also – either pay per message or have a SMS pack.

It is also recommended that 25p can be charged per successful transaction and if customer intends to subscribe to a bulk service pack then cost can be Rs. 5 for 50 transactions and Rs. 10 for 100 transactions or something similar.

Q3: What methodology should be used for estimating the cost per USSD session for mobile banking service?

Response of RBI:

Since USSD is the session based service, ideally the charges should be transaction based.

Q4: If your response to the Q2 is 'Any other Method', please provide full details of the method.

Response of RBI: Not Applicable

Q5: 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? If yes, please describe the method to implement such an arrangement technically?

Response of RBI:

Yes. Customer should be only charged for a transaction which has been successfully completed (i.e. with no break in USSD session)

Taking into account the financial inclusion aspects of customers using this platform, the connectivity issues across different parts of the country and the awareness levels of the users, levy of tariff for a transaction that has not been completed may disincentivise the customers from using this platform. Hence, customers should not be charged for sessions / transactions that are not completed.

In order to facilitate this, NPCI may pass on the flag in the transaction response basis which Telco's can decide to charge the customer. If already customer has already been charged, telcos can reverse the charges based on this flag.

Q6: Whether the present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should continue?

Response of RBI: Yes

Q7: In case your response to the Q6 is in the negative, what should be alternative pricing models? Please provide justification in support of your response.

Response of RBI: Not Applicable

Q8: 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? Please support your response with justifications.

Response of RBI:

Yes, allowing USSD push session will greatly help in improving the customer convenience. Here too, taking into account the financial inclusion aspects of customers using this platform, the connectivity issues across different parts of the country and the awareness levels of the users, transactions dropping or getting terminated due to network related issues etc. will disincentivise the customers from adopting this platform.

In scenarios, where the user's transactions are declined owing to network related issues, NPCI, the aggregation platform provider, can initiate a customer-terminating USSD session to such customers and help them to complete their unfinished transactions.

Q9: 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)?Please support your response with justification.

Response of RBI:

The Vision-2018 for payment and settlement systems in the country as well as the Cabinet decision on promoting payments by digital means necessitate enabling / facilitating the migration from cash payments to electronic payments.

Given the ubiquitous presence of mobile phones in the country coupled with the Jan Dhan accounts opened recently in large numbers need to be harnessed in driving greater adoption of electronic payments.

The role of different entities and different products in enabling this migration is important to move forward quickly. As such, it is recommended that offering payment services on the *99# interoperable USSD platform should be enabled for all authorized entities regulated under Payment and Settlement Systems Act, 2007 by the RBI.

Similarly, merchant payments should also be enabled under the USSD platform. Very soon the Bharat Bill Payments System, enabling interoperable bill payments across the country, will become operational. Hence, bill payments under the BBPS should also be enabled through USSD platform.

Q10: Is there any other relevant issue which should be considered in the present consultation on the review of regulatory framework for the use of USSD for mobile financial services?

Response of RBI:

As indicated above, the USSD platform should be made accessible by all authorized RBI regulated entities under the PSS Act, 2007 as and when permitted by regulations to join such systems.

Merchant payments, beginning with bill payments under Bharat Bill Payments System, may be considered.