

Consumer Guidance Society of India

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Chapter-III

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.

Ans.: USSD is the best. Though initially there will be teething problems, it would help all Mobile Owners (800+ million at last count) to be included in financial services.

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.

Ans.: All agents who now carry on Banking Services should be given the facility of acting as aggregators. To that extent amending of the Mobile Banking (Quality of Service) Regulations, 2012, if necessary, should be carried out.

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.

Ans: Yes, subscribers should pay a reasonable fee not exceeding Re. 1/- per USSD Transaction. This will encourage proper use of the service.

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.

Ans.: Not only should records be generated for audit purposes, but they must be transmitted back to the consumer by the TSP on conclusion of each transaction – this will prevent misuse and fraudulent activity while using USSD.

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.

Ans.: Ideally this should not exceed Re. 1/-. Banks will benefit tremendously from this service as they will reduce Paperwork, ATMs, Staff to disburse cash, cheque books etc. Any costs in excess of Re. 1/- should be paid by the Banks.

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.

Ans.: Already answered in Q. 6

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?

Ans.: There will always be people who will misuse any technology when it hits the market. It would certainly be helpful if aggregators are given the exclusive domain of carrying out USSD Transactions, as it would fix the work as well as the responsibility on one agency only. It may be a good idea to think of having Aggregators as an independent body carrying out USSD Transactions just like a Stock Exchange or the

system used for Telecom Number Portability. There would then be more transparency and accountability in the entire system.

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