

## Aircel response to

### TRAI Consultation Paper on

#### Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers

**Ques. 1:** The customer would approach a Business Correspondent or its agent for opening of a non-frills account. Would there be any provisioning requirements at the service provider's end in any of the methods/options listed under para 2.9?

#### **Aircel Response:**

- a) We believe that for all the bearers, it is important to ensure higher degree of efficiency & system robustness in delivery of messages pertaining to financial transactions as compared to the current norms of mobile services. This will require changes in current network and IT infrastructure and can only be detailed when standards are laid down by TRAI / RBI. Thus, we believe that in most of the methods/options as listed in para 2.9 of the Consultation Paper, there would be provisioning requirements at telecom service provider's end.
- b) The provisioning requirements for each of the methods/options are as given below:

<b>S.No</b>	<b>Method</b>	<b>Provisioning Requirements</b>
1)	IVR (Interactive Voice Response)	1) Creation of extra menu of service option
2)	SMS	1) If these services have to be prioritized then, operators have to put in place appropriate infrastructure including encryption & decryption mechanism as per standards laid down for security.
3)	Operator WAP sites	1) Operators may be required to ensure no delivery failure & proper security as per the standards defined by TRAI/RBI and also to enable the service of the subscriber eg. GPRS. Operators will also have to provision for additional public IPs from a already diminishing global pool.
4)	USSD (Unstructured Supplementary Service Data)	Secured channel to be built & deployed by service providers as per the standards laid down by TRAI/RBI.
5)	Mobile Application Client	1) Client to be downloaded on the subscriber's phone eg. Java based clients & GPRS to be provisioned, which should be able to encrypt /decrypt messages at handset level and in sync with the bank server and also should be able to reflect the sms/ussd/data service for financial transaction

		with pre- defined parameters. Operators will also have to provision for Public IPs (IPV4) from the already diminishing global pool, for subscribers to download the application from WAP & use services.
6)	SIM based Application (STK)	For STK, it should be able to reflect the SMS/USSD service for financial transaction with pre- defined parameters. Moreover, 1) SIM would be required to be programmed 2) Existing SIM may be required to be replaced

**Ques. 2:** Please correlate and comment on the recommended compensation for mobile service providers reproduced under para 2.3, with various options for carrying messages for financial services as described in para 2.9.

**Aircel Response:**

- a) As per the indicative compensation matrix for each stakeholder recommended in IMG Report the mobile service provider is to be compensated as below:  
“Prioritized secure communication charges not exceeding Re 1 per transaction (a transaction may contain multiple messages)”
- b) We believe that the role of the mobile service providers is not only to provide connectivity & secure mobile based communication but also the prioritized communication. The prioritized communication would require an additional cost to be incurred by the service providers. This may require setting up dedicated infra like SMSC etc. Therefore operator must be compensated.
- c) Further, the cost of the provisioning vis-à-vis the method/options as highlighted above also add to the cost for mobile service providers.

**Keeping above in view, we recommend that the applicable charges for carrying messages for financial services should be mutually decided between the bank / mobile service provider & other stake holders and should not be capped to INR 1 per transaction. In addition to the carriage charges the MSP should be permitted to enter into revenue share agreements with various stake holders.**

**Ques. 3:** There may be requirements of prioritization and encryption of the messages exchanged for financial transactions. In your opinion what effect would these have on the provisioning and pricing of services?

**Aircel response:**

- a) As highlighted in the IMG report the role of the mobile service provider is to provide a secured network wherein a prioritized message is exchanged for financial transaction.

- b) Encryption and prioritization will definitely increase costs for the operators not only for implementation as it will require dedicated network & IT resources but also from a backend & end mile bandwidth perspective. This will in turn lead to increase in the cost of operations.

**Keeping above in view, encryption & prioritization would not only increase the cost of provisioning of services but also in some cases would require an additional infrastructure to be created & utilized. This will also have to take into account an additional processing time for delivery of the message for catering to the security requirements.**

- c) The various cost elements involved in order to provide prioritized and secured mode for financial transactions are as given below:

S.No	Method	Cost elements
1)	IVR (Interactive Voice Response)	1) Hosting of the IVR Dial Plans
2)	SMS	1) Addition of extra application at the SMSC level with the prioritization facility or maybe even setting up of dedicated SMSC to cater to prioritization & security standards etc.
3)	Operator WAP sites	1) Opening the facility, extra utilization of the bandwidth, Public IPs.
4)	USSD (Unstructured Supplementary Service Data)	1) Development of USSD menus 2) Configuration on the USSD gateways 3) Incorporation of security standards, as applicable.
5)	Mobile Application Client	Cost involved in building the application & putting it on portal and ensuring it sync with operator's network infrastructure etc.
6)	SIM based Application (STK)	1) Cost involved in upgrading current network/IT infrastructure to cater for new STK or its standards thereof. 2) Cost involved in changing the SIM 3) Cost required in programming of SIM

- d) Further, as highlighted in the consultation paper in addition to above mentioned cost some methods may require additional resources like IP addresses, short codes or toll free numbers thus increasing the cost of the services.
- e) The cost estimation for the various methods/options would have to be worked out based on the anticipated business volume, application and customer adoption/uptake of different options as given in para 2.9 of Consultation paper.

**Ques.4: Whether tariff for telecom services for providing basic financial services using mobile phone should be under forbearance or should be brought under regulation? If they should be regulated, whether a ceiling should be prescribed TRAI? Please explain your answer/suggestions.**

**Aircel response:**

- a) We are of the opinion that tariffs for telecom services for providing basic financial services using mobile phone should be kept under forbearance initially and should be left to the market forces.

- b) As the different methods/options for providing the basic financial services through mobile phones have different provisioning requirements and the cost involved for providing the same also varies significantly, the mobile service providers should be allowed to have mutual agreement with the BC's/subscriber as per the method /option opted by the them for availing the financial services using mobile phones.
- c) **Currently, Mobile Banking is in nascent stage and with huge rural population, uptake of any 1-2 specific channel/methods (ref clause 2.9 of CP) for mobile banking is not known, therefore, it would be prudent not to regulate the tariffs at this stage. The high number of telecom operators in India, would ensure that tariff for customer is competitive. Forbearance should be allowed with market forces to play their role in expanding the banking services to the unreached segments and after observing the commercial services for 2-3 years, same may be regulated, if required.**

**Ques.5: Any other comments relating to provisioning and pricing of mobile services for financial transactions.**

**Aircel Response:**

- a) **Mobile operator needs to invest and manage the service and there shall be different investments which are required to be done. Therefore, it should be left to the operator & bank to decide the pricing of services.**
- b) It has been mentioned in the Consultation paper & recommendation of IMG that “while a BC can be a BC for more than one bank, at the customer interface, a retail outlet or a sub-agent of a BC shall represent & provide banking services of only one bank.” This shall only support bigger players who have wider reach of retail outlets, would create monopolistic regime and pose non level playing field for players with relatively less retail outlets. In rural areas it may not be possible to have separate sub-agents for separate banks, and this would derail the objective of financial inclusion especially in rural areas.

Moreover, retail outlets (sub-agents) with multiple options (BC's) would be convenient to customers who would definitely like to analyze relative offers of Banks/BC's at a single premises and shall build trust towards the mobile banking service; thus effectively increase in financial inclusion.

**Therefore, sub-agents should be allowed to be associated to as many Banks / BC's as they want. This has been in place for telecom operations also like “Multi-brand retails outlets” and has efficiently helped expansion of competitive services to masses with minimum inconvenience.**