



Subject: Consultation paper on USSD-based Mobile Banking Services for Financial Inclusion.

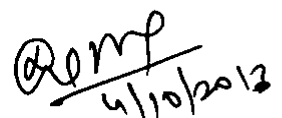
The comments of VAS cell, BSNL on the issues raised by TRAI in the consultation paper are as given below:

Sr. No.	Issue	Comments
1.	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.	No, SMS is better access mode due to following: i. SMS is the most appropriate mode for mobile banking and financial inclusion as most people are familiar with it. ii. One of the major issues in rural area is of inconsistent mobile coverage. SMS as store and forward technology can cope up with this situation but not USSD.
2.	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.	May be decided by TRAI keeping in view of existing TRAI, RBI and TSP's Licensing Guidelines.
3.	Do you agree that in the case of USSD transactions for mobile banking, 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.	The TSP should not collect the charges due to following reasons: i. There is huge cost on part of BSNL for adopting B2C model. Major up gradation of Billing Systems are required. Also there will be huge storage cost for keeping the CDRs for resolution of complaints/auditing etc along with the cost of providing Detailed Bill. ii. In addition to above BSNL have to make investments for procuring USSD gateway and integrating the same with existing

		<p>Billing system.</p> <p>iii. As caller is customer of Bank (in contrast to other VASP services where customer has no such relationship with content provider/VASP) also, therefore Banks can recover the charges from customers directly. Moreover many banks are already charging the customers (e.g. Axis bank charges Rs. 5/ month) for SMS alerts (push SMSs for debit/ credit in the account) and sharing it with their aggregator/ Telco i.e. already working with B2B model. Therefore the same model can be adopted in case of Pull USSD services also</p> <p>iv. As Banks are already working with B2B model, in case of Push SMS, there is no cost for them in adopting same model for Pull based USSD services also. Whereas for BSNL huge investment is required to be done, due to which, it would not be possible for BSNL to provide services (especially the m-governance) in cost effective manner.</p> <p>v. If charging is done by BSNL and there is failure of transaction due to any reason, customers will be more inclined to contact BSNL's Call center ,especially in rural areas where customers are less educated, as Bank's presence, in such areas is very little. This will put huge burden on BSNL's Call Center Infrastructure and may affect disposal of other genuine complaints.</p> <p>vi. Up-gradation of network (in case B2C model is adopted) will require considerable time which may delay the launch of services.</p>
4.	<p>Do you agree that 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.</p>	<p>This requirement can be done away with if B2B model of charging i.e. bank charging the customer and paying the Telco's share is adopted. Such model will require only the reconciliation between Telco and aggregator/ bank. However if B2C model is pushed then Telcos will have give to provide call details to customers. To meet this requirement the BSNL have to generate store and process the records for USSD transactions.</p>
5.	<p>Would it be appropriate to fix a ceiling of Rs. 1.50 per USSD</p>	<p>The ceiling of Rs. 1.50 per USSD session is not appropriate due to following reasons:</p>

	<p>session for mobile banking? Please support your viewpoint with reasons.</p>	<p>i. It may be noted that for charging the SMS every network element is already in place and Telcos need not invest any money. However in case of USSD there is huge investment as already detailed in above Para's.</p> <p>ii. The cost of SMS considered in the Consultation Paper is market cost of P2P SMS while the USSD charges under consideration are A2P.</p> <p>iii. CAPEX involved to enable USSD CDR based charging will be huge and volume of business is not known. It is not possible to assess cost per USSD transaction.</p>
6.	<p>In case your response to Q5 is in the negative, please suggest an alternative methodology to fix a ceiling tariff for a USSD session for mobile banking. You may also support your viewpoint with a fully developed model with associated assumptions, if any.</p>	<p>As mentioned above the USSD transactions under consideration in the Consultation Paper are A2P therefore the SMS rate of A2P MO SMSs should be considered instead of P2P SMS i.e. Rs. 3/ session appears to be appropriate if B2B model is adopted. However, if B2C model is adopted the charges commensurate with additional investment required by BSNL may be prescribed.</p>
7.	<p>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?</p>	<p>i. It is suggested that the agreement which should be signed for providing this service should be between Telco and aggregator and not between Telco and Banks. Individual Agreements with large number of Banks will create a lot of operational difficulties for BSNL.</p> <p>ii. If USSD access mode along with B2C model is pushed by the authorities then it is essential to give financial support for the requisite up-gradation of the network elements of Telcos which is essential for USSD services</p>

This is for further action at your end please.


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