

MTNL's response on the consultation paper on "Review of regulatory framework for the use of USSD for mobile financial services"

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.

Comment:

Considering very slow / sub-optimal growth in usage of USSD based mobile banking for financial inclusion despite several efforts being made so far by various stake holders, it is important to make the USSD sessions user friendly for its large scale adoption by the Indian mobile users. It can be said to be still at nascent stage & hence to increase its large scale acceptability, in our opinion there should not be any restriction on the number of stages per USSD session at this stage. Any restriction in this regard at this stage may act as a hindrance to its growth path. Hence, for next 1-2 years, there may not be any ceiling on the number of stages per USSD for mobile banking services. However, depending upon its success / growth in next 1-2 years, ceiling limit may be fixed as five or eight.

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**

Comment:

We feel that the monthly (or periodic) subscription fee for the use of USSD for mobile banking services may act as a psychological barrier for the new users who occasionally perform USSD transaction and may only be useful for the frequent users of USSD based transactions. This may hamper the growth of USSD based transactions. Accordingly, we feel that the charges should be levied on usage basis per outgoing USSD session appear to be a better option & may be implemented.

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

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Comment:

Today's telecom market is highly competitive and the charges per USSD session for mobile banking services may be left onto the market forces to decide.

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

Comment: Pl refer our reply to Q2 above.

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?

Comment:

Since the telecom network resources of the TSP(s) are used by the mobile customer / banks during any USSD session, it would be unjust on part of the TSPs if the Govt. mandates exemption of levy of charges for unsuccessful / incomplete USSD transactions. However, to take care of charging i.r.o. unsuccessful USSD transactions, USSD push sessions may be allowed from the aggregation platform so that the customer can complete his/her unfinished transaction without any hassle. However, the concerns of TSPs like involvement of security issues in exposing TSPs switching system to the aggregation platform providers / Bank(s) may be addressed suitably.

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

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

Comment:

Mobile banking acts as another outlet for the banks and saves lots of direct & indirect costs of the banks which the bank would have otherwise incurred in physically serving those customers at their branch / ATM premises etc. Moreover, we consider the mobile banking as an extension of banking services. Accordingly, in our opinion, the banks can be roped in to bear the partial cost of USSD for successful transaction. pay for the use of USSD transactions performed by its customers to the TSPs. For doing so, an arrangement may be made between the banks & TSPs either on per USSD transaction basis or fixed monthly charges basis. This will help the TSPs to keep the charges low for customers.

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

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dropped due to any reason so that the customer can complete his/her unfinished transaction? Please support your response with justifications.

Comment:

Yes, to take care of the unnecessary charging of mobile users for each incomplete / unsuccessful USSD session , USSD push sessions may be allowed from the aggregation platform so that the customer can complete his/her unfinished transaction without any hassle. However, the concerns of TSPs like involvement of security issues in exposing TSPs switching system to the aggregation platform providers / Bank(s) may be addressed suitably.

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.

Comment:

Yes, it may be allowed. However, as suggested by the TSPs, it should be on a bilateral basis between a TSP & USSD aggregator at mutually agreed terms & conditions.

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?

Comment:

We feel that for any service to pick up / gain popularity / large scale adoption, in addition to the charges for the service, its customer friendliness i.e. ease of use etc. one of the key element is customer education. All the stakeholders like Govt./RBI/USSD aggregator / Banks & TSPs etc. should make sincere & collective efforts to educate the mobile users for usage of USSD based financial services.