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Subject: Consultation Paper on the review of regulatory framework for the use of USSD for Mobile Financial Services

Dear Sir,

We invite reference to the captioned matter and would like to submit the following -

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).

Reply) iii) Unlimited. If the same is not feasible then we propose Eight or more.

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

Reply) iii) It should be both with a maximum outgo for users is 50 paise per session / transaction or less.

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

Reply) USSD is a session based service and ideally the charges should be on the basis of time taken for doing the transaction. The charges can be benchmarked with voice calls. Considering that usual time taken for doing transaction is less than 1 minute, customer should not be charged more than 25 to 50 paise per transaction.

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

Reply) The cost based tariff should be applicable where user is charged on transaction basis. TSPs should also be allowed to offer subscription based model, in line with data or sms pack say TSP can offer unlimited USSD transaction pack for Rs. 10, Rs. 20 & so on.

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?

Reply) Yes but if the existing charges are reduced to less than 50 paise than charging for

only successful transaction is not required.

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

Reply) Yes, this is the best option available but the charges should be reduced to 25 to 50 paise. TSPs should directly charge the customers and the same should be after the completion of transaction unlike current pricing model.

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.

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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.

Reply) Yes, allowing USSD push session will help improving customer convenience.

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.

Reply) Yes, *99# is launched for providing financial inclusion. Basic merchant transactions such as mobile top-up, DTH recharge, electricity payment etc. are important services that are currently not available on *99#. Inclusion of these services will help in increasing the financial inclusion reach. Also, since USSD is not dependent of data/Internet , it is an important alternative for mobile banking especially in scenarios where no data is available or customer does not have data plan or has only basic phone.

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?

Reply) PPIs are important players in payment system ecosystem. However, these are not part of *99#. Their inclusion will help expansion of *99#.

Please let us know in case any clarification/additional information is required in the matter.

Thanks & regards,
Sanjay Mudaliar
DGM & In-charge
(Digital Banking)