

ICICI Bank Response

Shri Manish Sinha, Advisor (F&EA)

Dear Sir,

This has reference to the aforementioned Consultation Paper dated 20th September, 2013 put up on your site for comments by various stake holders. ICICI Bank would like to take this opportunity to post our comments vide this mail as below.

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.

ICICI Bank Response : Yes. Considering it is a menu driven process it offers better user experience and is relatively more secure than SMS

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.

ICICI Bank Response : Yes. Mobile phones are an obvious choice for enabling financial services and as such TSPs should be encouraged to provide all available access channels such as USSD, SMS, GPRS etc. Banks may independently or through any aggregation platform providers, provide basic financial services to their customers through any or all of these channels.

Q3: 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.

ICICI Bank Response : As a matter of principle it is natural to expect user of a service pays to provider of the service. Here the TSPs are providing service of “air time” through multiple access channels (such as SMS, USSD, GPRS etc.) to their customers. Customers of these TSPs may use these access channels (including USSD) for availing multiple services over their mobile phones from various content providers.

It will set a wrong precedent if third party content providers were to pay for the services ('air time') consumed by individual customers from the TSPs. On the contrary, content providers help increase traffic and consumption of “air time” of the TSPs which turn helps increase revenue of the latter.

Banks are like any other content provider. And hence no exception should be made to alter the basic tenet of chargeability by the service providers to the users for consumption of services by them. Moreover banks do not pay to the TSPs when customers use their mobile phones to access banks' websites or check their account balances etc. over SMS. Similarly, USSD is one more access channel.

Q4: 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.

ICICI Bank Response : Yes. Customers would need to know the “air time” they consume for each of the access channel such as SMS, USSD, GPRS. Any way current bills generated by TSPs clearly show the itemized charges for Voice, SMS and GPRS wherever such detailed bill is opted by the customers.

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.

ICICI Bank Response : Rs 1.50 per USSD session is exorbitant. TSPs need to price the service appropriately to increase usage. The real growth in revenue will come out of large volume small value charges rather than high value and smaller number of transactions. Anyway TSPs also provide several pre paid packages where charges for SMS for a customer can be as low as 10 paise per SMS.

Q6: 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.

ICICI Bank Response : TSPs should price the USSD service appropriately. in order to unlock a huge latent potential of this service.

TSPs may look at charging the customers based on number of iterations. Each response from the server to a customer’s handset can be considered as one iteration. TSPs can then charge say about 10 paise per iteration. A typical financial transaction may involve on an average 5 iterations resulting in about 50 paise cost to the customer per transaction.

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?

ICICI Bank Response : With falling ARPUs, TSPs should continuously look at ways of providing contents and increasing avenues of growth in the billable “air time”. TSPs must have already seen significant growth in their SMS usage on account of banking services. Banking over USSD fits well in this approach which will let TSPs open up new avenues of revenue.

We thank you for soliciting views of all the stake holders.

Yours sincerely,
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