

From: "ho.it" <ho.it@psb.co.in>

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Subject: Consultation paper of TRAI on the review of regulatory framework for the use of USSD for mobile financial services

To: "advfea1@tra.gov.in"

Sh. Ram Rastogi
Head Product Development
National Payment Corporation of India

Dear Sir,

Sub: Consultation paper of TRAI on the review of regulatory framework for the use of USSD for mobile financial services.

This is with reference to your email dated 03/08/2016 on the captioned subject, in this regard we may submit views on Issues for Consultation enclosed.

This is for your information please.

Yours faithfully,

General Manager (IT)

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Issues for Consultation

It may please be noted that answers/ comments to the issues given below should be supported with justification. The stakeholders may also comment on any other issues related to the review of regulatory framework for the use of Unstructured Supplementary Service Data (USSD) for mobile financial services along with all necessary details.

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).

Ans: ii) Eight . Unlimited shall not be feasible as this may generate too much unnecessary traffic towards Bank Systems making it vulnerable to overloads as well as hacking attacks . 5 steps will leave no room for future developments and their implementation. Currently 5 steps are being used but that limits the capabilities of USSD system as such there is no room for correction if incorrect Account details are entered by the user. With the steps being raised to Eight, the room for error correction and better enhanced functionalities would be made available.

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

Ans : (i) Cost-based tariff for outgoing USSD session for mobile banking .

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

Ans : The cost per USSD session should be estimated on Business to Customer methodology .

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

Ans : Not Applicable.

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?

Ans : The charges should be levied by TSP on transaction completion by Customer or on exhausting maximum allowed steps .

One method can be an Acknowledgement generated after receipt of response message from last Menu of USSD Menu stages . For example last MENU in USSD may contain options such as Balance enquiry, Transfer etc. If a successful response is generated for options on such a Menu, the Acknowledgement may be released Aggregator authorizing TSP to deduct the charges .

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

Ans : Yes, the present pricing Model i.e Business to Customer should continue .

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.

Ans : Not Applicable .

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.

Ans : While USSD Push sessions offer great facilities, they are actually not needed . The Mobile Phones are connected wirelessly and due to interferences or Network Handovers, connections may be dropped midway a transaction, leading to drop in sessions . Now the Customer may initiate multiple sessions for the same transaction while the previous Push sessions are stuck in Network. This may create some operational issues such as duplicate transactions being initiated from Customer. If a session fails, the Customer may initiate a Fresh transaction once again with no relation to the previous sessions. The same methodology is being used in Internet Banking transactions as well .

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.

Ans : All variety of Mobile Banking Services may be allowed in future but as of now the focus should be on Mobile Banking Services. As a part of Financial Inclusion initiative , a large Customer base can be tapped with USSD platform whose main requirement is Basic Banking Services. For full fledged services Internet Banking Platform well as Mobile Banking Platform with better security and authentication facilities is already available.

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?

Ans : In case of Transactions initiated with erroneous beneficiary details , a proper mechanism for Recall/cancellation of transaction may be formulated.