

VTL/Reg/TRAI/1102/1951

14<sup>th</sup> February, 2011

**Shri Raj Pal**  
**Advisor (ER)**  
**Telecom Regulatory Authority of India**  
Mahanagar Doorsanchar Bhawan  
Jawahar Lal Nehru Marg (Old Minto Road)  
New Delhi — 110 002

**Subject: Consultation Paper on Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers**

Dear Sir

At the outset we appreciate and welcome the Authority's consultation paper on 'Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers.

We hope that the Authority will consider our comments, enclosed herewith, before framing guidelines on Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers.

Thanking You

With regards

for **Videocon Telecommunications Limited**



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## ***Videocon Telecommunications Limited***

### ***Response to TRAI Consultation Paper on "Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers" dated 25<sup>th</sup> January 2011***

#### **Issues for consultation**

- 1. The customer would approach a Business Correspondent or its agent for opening of a non-frills account. Would there be any provisioning requirements at the service provider's end in any of the methods/options listed under para 2.9?**

The available modes for carrying messages for mobile banking services are IVR (Interactive Voice Response), SMS (Short Messaging Service), STK (SIM application Tool Kit), WAP (Wireless Access Protocol), Standalone Mobile Application Clients, USSD (Unstructured Supplementary Service Data)

To provide financial services to the citizens of the country by riding on mobile infrastructure and in view of the confines and security reasons/ concerns of the aforesaid modes for carrying messages, we recommend pursuing SMS and IVR, being user friendly applications should be used for low transaction amounts, i.e. upto Rs.1000/- and for high transactions USSD, STK, WAP and JAVA applications should be used.

To circumvent the scenario of heavy network congestion dedicated accounts on SMSC for financial transactions with implicit retry option in case of default will have to be established. The dedicated Standard protocol accounts like SMPP, UCP, CIMD etc on SMSC to be configured to prioritize the transactional messages over the other messages on the network.

Moreover to ensure the success of mobile banking in India it is imperative that Security Requirements are dealt with prime importance and the gaps in the security are plugged comprehensively.

- 2. Please correlate and comment on the recommended compensation for mobile service providers reproduced under para 2.3, with various options for carrying messages for financial services as described in para 2.9.**

The Telecom sector has witnessed huge growth and owes its success to innovative and value for money tariffs offered by the Service Providers at more than competitive rates.

To ensure the success of mobile banking in India, we strongly believe that the tariff should be under forbearance and market forces should be allowed to continue to determine the tariffs for basic financial services using mobile phone as well.

## ***Videocon Telecommunications Limited***

Regulating tariff for providing basic financial services using mobile phones will be adverse to the ever increasing competition in the telecom market thereby hindering the growth and evolution of basic financial services using mobile phones.

- 3. There may be requirements of prioritization and encryption of the messages exchanged for financial transactions. In your opinion what effect would these have on the provisioning and pricing of services?**

The dedicated Standard protocol accounts like SMPP, UCP, CIMD etc on SMSC can be configured to prioritize the transactional messages over the other messages on the network. However, prioritizing the transactional SMS would definitely incur additional cost.

To ensure the success of mobile banking in India it is imperative that Security Requirements are dealt with prime importance and the gaps in the security are plugged comprehensively. The pre-requisites for secured and reliable transaction should inter alia include and ensure Authorization and Authenticity, Data Integrity, confidentiality viz. end to end encryption, non repudiation and efficient and timely communication. Further, while using the modes of communication provided herein for m-pin/ payment/ transactions risks of hacking and spoofing should be accounted for and heavy transactions for Cash in, Cash out and/or P2P transactions should be done utilizing STK/IVR. A two factor authentication should be mandatory for all banking transactions.

Furthermore, mode of communication via alternate means, if not on an alternate number altogether, acknowledging and providing brief details of transaction should be explored. An immediate notification for all banking transactions should be initiated to alternate number & email. However in ensuring the aforesaid would definitely incur additional cost.

- 4. Whether tariff for telecom services for providing basic financial services using mobile phone should be under forbearance or should be brought under regulation? If they should be regulated, whether a ceiling should be prescribed TRAI? Please explain your answer/suggestions.**

The brisk pace at which the Telecom sector has boomed in India largely owes its success to innovative and value for money tariffs offered by the Service Providers at more than competitive rates.

To ensure the success of mobile banking in India, we strongly believe that the tariff should be under forbearance and market forces should be allowed to continue to determine the tariffs for basic financial services using mobile phone as well.

Regulating tariff for providing basic financial services using mobile phones will be adverse to the ever increasing competition in the telecom market thereby hindering the growth and evolution of basic financial services using mobile phones.

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**5. Any other comments relating to provisioning and pricing of mobile services for financial transactions.**

Presently, network operators have to abide by the procedures, policy and guidelines laid by different departments of Govt. of India like RBI, DoT, IT etc. However, we urge the Authority to bring all the concerned departments and Network operators on a uniform platform to finalise all the policies pertaining to establishment of networks/ procedural clearances to formalize a single window clearance which may be accorded in timely manner to promote the use of mobile banking for financial transactions.