

**Information Note to the Press (Press Release No. 82/2013)**

**For Immediate Release**


**Telecom Regulatory Authority of India**

**To facilitate mobile banking for financial inclusion, TRAI prescribes ceiling tariff for use of USSD for USSD-based mobile banking service and establishes a framework to facilitate the agents of the banks to interface with the access service providers for use of SMS, USSD and IVR channels to provide mobile banking services.**

**New Delhi, the 26<sup>th</sup> November, 2013:** Telecom Regulatory Authority of India (TRAI) has today released the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013 prescribing a ceiling tariff for the use of USSD for USSD-based mobile banking services and the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013. Together, these establish a framework to facilitate the agents of the banks to interface with the access service providers for use of SMS, USSD and IVR channels to provide mobile banking services.

The availability of and easy access to banking services for all our citizens is a major objective of public policy. However, the harsh reality is that a large section of our population is still unbanked/ under-banked. With a significant penetration of mobile telephony in rural India, the mobile phone can be leveraged to achieve the goal of financial inclusion.

In April 2010, the Government accepted the framework for 'delivery of basic financial services using mobile phones' proposed by an Inter-Ministerial Group (IMG). The IMG framework envisaged the opening of mobile linked 'no-frills' accounts, which would be operated using mobile phones. The customers would be able to perform five basic transactions - cash deposit, cash withdrawal, balance enquiry, transfer of money from one mobile-linked account to another, and transfer of money to a mobile-linked account from a

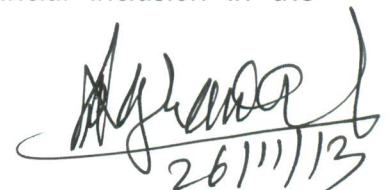
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regular bank account. In the IMG framework, TRAI was requested to ensure that telecom services of adequate quality are provided for mobile banking at reasonable charges.

In this context, TRAI initiated a comprehensive consultation process in July 2012 with all stakeholders. Based on the comments of the stakeholders and further analysis, the Authority has concluded the following:

- (i) Being a ubiquitous, inexpensive, secure and convenient channel, the Unstructured Supplementary Service Data (USSD) is an appropriate channel for mobile banking service for financial inclusion.
- (ii) The telecom service providers should collect charges from their subscribers for providing the USSD channel to deliver mobile banking services.
- (iii) The ceiling tariff for an outgoing USSD session for USSD-based mobile banking service shall be Rs. 1.50 per USSD session.
- (iv) Every telecom service provider, acting as bearer, should facilitate not only the banks but also the authorized agents of the banks to use SMS, USSD and IVR to provide banking services to the banks' customers.
- (v) The maximum number of stages for completion of a mobile banking transaction has been increased from two to five.

The Mobile Banking (Quality of Service) (Amendment) Regulations, 2013 came into force with immediate effect and the Telecommunication Tariff (Fifty Sixth Amendment) Order, 2013 shall come into force on 1<sup>st</sup> January, 2014. The Authority is of the view that these Amendments will pave the way for achieving greater financial inclusion in the country.



26/11/13

(Rajeev Agrawal)

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