

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,

PART III, SECTION 4

TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 26th November, 2013

**THE MOBILE BANKING (QUALITY OF SERVICE) (AMENDMENT)
REGULATIONS, 2013 (13 OF 2013)**

No. 305-27/2010-QoS - In exercise of the powers conferred by section 36, read with sub-clauses (i) and (v) of clause (b) of sub-section (1), of section 11 of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), the Telecom Regulatory Authority of India hereby makes the following regulations to amend the Mobile Banking (Quality of Service) Regulations, 2012 (8 of 2012), namely:-

1. (1) These regulations may be called the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013.

(2) These regulations shall come into force from the date of their publication in the Official Gazette.

2. In regulation 2 of the Mobile Banking (Quality of Service) Regulations, 2012 (hereinafter referred to as the principal regulations), after clause (b), the following clause shall be inserted, namely:-

“(ba) “agent” means a person authorized by the bank to provide banking services through mobile phone;

3. In regulation 3 of the principal regulations, ----

(a) in sub-regulation (1), for the words “shall facilitate the banks”, the words “shall facilitate the banks and its agent” and for the words “generated by the bank or the customer”, the words “generated by the bank or its agent, or, the customer” shall be substituted;


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(b) in sub-regulation (2), for the words “the customer or the bank”, the words “the customer, or, the bank or its agent” shall be substituted;

(c) for sub-regulation (3), the following sub-regulation shall be substituted, namely:----

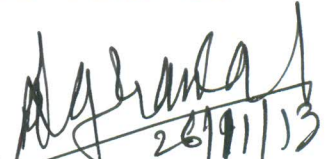
“(3) An access Provider may permit the bank and its agent to use WAP or STK to provide banking services to the customer of the bank and a message generated by the customer, or, the bank or its agent shall be delivered within the time frame specified in sub-regulation (5);”

(d) in sub-regulation (4), for the words “two”, wherever it occur, the word “five” shall be substituted;

(e) in sub-regulation (5), for the words “the customer or the bank”, the words “the customer, or, the bank or its agent” shall be substituted;

(f) in sub-regulation (6), for the words “sent by the bank” the words “sent by the bank or its agent” shall be substituted;

4. In regulation 7 of the principal regulations, in sub-regulation (2), for the words “the customer or the bank”, wherever they occur, the words “the customer, or, the bank or its agent”, shall be substituted;


26/11/13
(Rajeev Agrawal)

Secretary

Note.1.—The principal regulations were published in the Gazette of India, Extraordinary, Part III, Section 4 dated the 17th April, 2012 vide notification number No. 305-27/2011-QoS dated the 17th April, 2012.

Note.2.—The explanatory Memorandum explains the objects and reasons of the Mobile Banking (Quality of Service) (Amendment) Regulations, 2013.


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EXPLANATORY MEMORANDUM

1. The purpose of this amendment is to establish a framework to facilitate the aggregation platform providers as agents of the banks to interface with the access service providers for use of SMS, USSD and IVR channels to provide mobile banking services.
2. TRAI had issued the Mobile Banking (Quality of Service) Regulations, 2012. These regulations, *inter-alia*, mandate that every Access Provider, acting as bearer, shall facilitate the banks to use Short Messaging Service (SMS), Unstructured Supplementary Service Data (USSD), Inter-Active Voice Response (IVR), Wireless Access Protocol (WAP) and SIM Tool Kit (STK) to provide banking services to its customers and deliver the message generated by the bank or the customer within a stipulated time frame.
3. In some of the mobile banking solutions already deployed in the market, banks are utilising the services of their aggregation platform providers for channelling and processing the banking transactions, and interfacing with the Access Service Providers. The issue of facilitating authorized agents of banks acting as the aggregation platform providers to use SMS, USSD and IVR to provide banking services' was raised in the Consultation Paper on USSD-based Mobile Banking Services for Financial Inclusion, issued by TRAI on 20.09.2013.
4. On this subject, stakeholders have said that allowing the aggregation platform providers of banks to use SMS, USSD and IVR channels will reduce technology and transactions costs. These agents could play an important role in expanding the network of banks and reaching the customers. Such agents would play a vital role in the creation of common platform to connect banks and Access Service Providers and in provision of innovative solutions for mobile banking. The participation of aggregation platform providers of banks in the eco-system would foster the development of new products and enhance the quality of user experience. The Authority is of view that every access service provider, acting as bearer, should


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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 bank's customers. The access service providers should also provide to the banks or their agents, appropriate interface with their network. For providing banking services through USSD channel, the access provider should at least provide a Hypertext Transfer Protocol Secure (HTTPS) connection. However, if the bank or its agent requires dedicated telecom resources like leased line connectivity, the same could be through a separate demand on the Access Providers viz. the bank or its agent should bear the cost of such resources.

5. The service provider's associations had raised its concern about the provision in the Mobile Banking (Quality of Service) Regulations, 2012, which mandates the Access Service Providers should ensure that the transaction of mobile banking is completed in not more than two-stage transmission of message in the case of SMS or not more than two-stage entry of options in the case of USSD and IVR. The completion of transaction in two stages may not be possible for every kind of transaction on a mobile banking menu. It will become more difficult to complete transactions in two stages as more facilities are provided on a mobile banking menu. The matter was checked with banks and their agents who are implementing the payment gateway for mobile banking. They have also expressed that it is difficult to capture multiple parameters in two stages. The Authority has examined the matter and increased the completion stages for completing the transaction to five stages.


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