

16th November 2010
Thane, Maharashtra

Response to Consultation Paper On Quality of Service requirements for delivery of basic financial services using mobile phones

ISSUES FOR CONSULTATION

2.1 What method(s) of communication on mobile network (GSM and CDMA) would be suitable for enabling financial transactions using mobile phones? Please explain your answer

Response:

SMS (Short Message Service) would be the most appropriate method of communication for enabling financial transactions using mobile phones in India. It is a service supported by all operators and available on handsets of all makes and types. Besides users have attained a level of comfort with the method, which is mostly self-teachable and does not require complex/specialised training for using in the hands of end-user. There are no/minimal software upgrades etc. required to operate through this method.

2.2 What in your view would be appropriate time frames for delivery of messages and responses with respect to the method(s) suggested by you? What parameters need to be defined to ensure timely delivery of information to support financial transactions using mobile?

Response:

SMS is a store and forward system and under normal un-congested conditions operates like a real-time system, which is a well established fact. The problem arises only under special conditions (festival season, network failure or roaming areas etc.)

If the 'real-time response record' of SMS delivery has been above 90% in India over past 5 years then this medium should be certainly tried without any modifications. It would instantly serve the basic needs of a vast majority of customers.

The SMS based application could be deployed with simple add-ons like 'delivery-confirmation-SMS' etc., which should deliver for over 95% of cases under normal circumstances.

For the minority 5% of transactions, under stressed circumstances, which might have high-chances of failing in delivery – 'transaction time-out' kind of mechanisms can be deployed. The transaction could thereafter be re-tried, which should be acceptable to the end-user. This would be very similar to the failed transactions that happen on ATM or Internet Banking or even at Branch due to network errors. If ATM is not working or branch-network is down – people return later or go elsewhere. Mobile network would be no different in that matter.

Further, State Bank of India uses a system for its Mobile Banking platform (SB Freedom) that uses only one SMS per transaction. It uses 'transaction time-out' mechanism and provides confirmation for every successful & failed transaction. This system should be studied and may be used for creating a standardized technology to be used by the country. (Other banks might be using similar methods as well)

2.3 In the method suggested by you would it be possible to prioritize the transaction messages over other messages on the network? If yes what would be the cost implications? Please also reply this with reference to SMS as means for financial transactions.

Response:

Telecom Technology experts would be better people to answer this question, however, thinking from the experiences of a pure technology-user, creating prioritized SMSs should be very much possible. (F-SMS – Financial SMS as a category)

Now a days SMS is being used as a marketing channel by a host of agencies (and not all desirable). Bulk SMSs are becoming a way of life for businesses. There are services that allow anyone to send free-SMSs to anyone and as many. SMS based voting in reality shows on television is a big industry by itself. Junk & Promotional-SMSs are jamming our phones on a daily basis and if observed carefully, one can notice that certain promotional-SMSs never fail to reach us or anybody. How?

When people in the Telecom Industry say the SMSs cannot be prioritized.... I am sorry..... It is difficult for me to believe with what's going on around us and over our mobile.

The telecom industry of the country must answer this question, at least once, for the national good.

2.4 What do you think would be the security requirement using the method proposed by you for the five basic transactions ie no-frills account opening, cash in, cash out, checking balance, and money transfer?

Response:

As far as transactions are concerned (cash in, cash out, checking balance, and money transfer) Encrypted-SMS as the medium of transactions has been an acceptable channel for many banks in India like State Bank of India. These systems should be studied and may be, if needed, standardizations evolved.

The recent IMPS pilot by MPFI & NPCI allows secured transaction over mobile wherein the sender & receiver might be having accounts in different banks. There are other models of secured financial transactions using mobile running in the country, most using SMS as a medium. Thus there are sufficient existing proof-of-concepts for further improvisation.

For KYC & account opening activities the country would do well standardizing the UIDAI process or the process as defined by the IMG document. Standardization would be the key in this case.

2.5 What would be measurable QoS parameters for such networks? Please specify both network and customer centric parameters.

Response:

Customer expectation would be of secured and simplified transaction mechanism in a reasonable amount of time (up to 2 min.) at affordable cost.

In some remote areas, where financial viability/network connectivity might be constraining factor following two options would be acceptable to end-users:

A) Service availability during specific hours only – early morning/late evening (outside day-working hours)

B) Batch processing & stepped confirmation of transactions – Apply for transaction now.... confirmation from remote-host after few hours (morning-evening cycle / evening-morning cycle)

There would be better experts to provide details of network centric parameters.

2.6 Please list any other issue that you think is important and your comment thereon to finalise QoS parameters for facilitating financial transactions on mobile network?

Response:

Three essentials:

- Standardization of service delivery process across the country by all institutions – something as already laid down in IMG Document.
- Training & Mentoring support to BCs/Agents
- Awareness building among end-users

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