



4th October 2013

Mr. Manish Sinha,
Advisor (F & EA),
Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg, Old Minto Road,
New Delhi – 110 002

Subject: Tata Teleservices Response to Consultation Paper on USSD- based Mobile Banking Services for Financial Inclusion.

Dear Sir,

With reference to above mentioned subject, the following is our response:

Q1: Do you agree that USSD is one of the most appropriate modes for mobile banking for financial inclusion? If not, which mode do you think is more appropriate? Please support your viewpoint with reasons

TTL:

TTL would like to submit that USSD is not the most appropriate method for mobile banking for financial inclusion due to the following reasons:

- i. From a financial inclusion perspective, the target groups are those who currently do not have access to banking services.
- ii. Such groups are illiterate/ semi-literate, have low income and limited technical knowledge. Such customers/ groups cannot save or forward/ store their transaction details, which are generally required to track the transaction and for future references like in case of transaction failure, etc,
- iii. In India, USSD is still not developed in vernacular languages.
- iv. USSD codes are not as memorable as other Common Short Codes (CSC).
- v. Another important challenge is that USSD is not always reliable as there can be session-based timeouts.

We believe that IVR is more appropriate and robust, as compared to USSD which is not supportive of CDMA technology. Please note that IVR has distinct advantages over USSD and would prove to be a major platform to provide financial services to people who are not served for banking services. Some of IVR advantages are:

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- a. The option is available to customize IVR interaction in any vernacular language and thus would be a catalyst for mass adoption of mobile banking services.
- b. IVR is a simple mode of communication which can be accessed through any of the handsets (both GSM and CDMA based). Financially excluded population generally uses basic low cost phones/ handsets and IVR medium would be most feasible option to access mobile banking services.
- c. **IVR based banking transaction are secure.** There are solutions like DTMF signaling masking which fully ensure the enhanced IVR transaction security. The secure transaction occurring through DTMF ensures that no third-party source gains access to the inputs provided by customers for any misuse. With the help of DTMF technology, customers' confidential information is protected from being tampered with.
- d. IVR even today is being used by banks while making secure transactions like generation of passwords, making payments through debit/ credit cards, etc.
- e. In India voice calls are much cheaper compared to USSD or SMS. Thus, IVR could prove to be more affordable medium for mobile banking.

In view of the above submissions, TTL strongly supports that IVR is the most appropriate mode for mobile banking for financial inclusion.

Q2: Do you agree that the Mobile Banking (Quality of Service) Regulations, 2012 should be amended for mandating every TSP, acting as bearer, to facilitate not only the banks but also the agents of banks acting as the aggregation platform providers to use SMS, USSD and IVR to provide banking services to its customers? Please support your viewpoint with reasons.

TTL:

We are of the strong view that the mobile banking (QoS) Regulation 2012 needs to be amended for facilitating by and not mandating every TSP acting as bearer, to facilitate not only the banks but also the agents of banks acting as the aggregation platform providers to use SMS, USSD and IVR to provide banking services to its customers. In other words, the aggregator (aggregation platform provider) and the bank must also be mandated with the QoS regulation to deliver and address customer satisfaction, secure transaction and desired level of service.

Q3. Do you agree that in case of USSD transactions for mobile banking, the TSPs should collect charges from their subscribers as they do in the case of SMS based and Application (App) based mobile banking? Please support your view point with reasons.

TTL:

We recommend B2B model rather than a B2C model, because it is the bank's customer who is using the service and he may not be a particular TSP's customer at all, hence the chances of



customer having a Bank account and a mobile connection from a TSP are less thus, it is difficult for TSP to charge a customer because bank account and customers mobile connections are not interlinked. Thus, we are of the view that bank should charge their customers and do the reconciliation with the TSPs.

Q4: Do you agree that the records for USSD transactions must be generated by the TSPs to provide an audit trail for amounts deducted from prepaid subscribers and bills raised to post paid subscribers? Please support your viewpoint with reasons

TTL:

It would be possible to generate auditable records for USSD transactions. However, currently most of the Telecom operators do not have reconciliation systems for USSD based transactions. Also, the gap between the cost of installing such systems and expected volume of mobile banking transactions (as per NPCI statistics) is very low.

Based on above, we do not agree for USSD transactions to be generated by the TSPs to provide an audit trail for amounts deducted from prepaid subscribers and bills raised to post paid subscribers.

Q5: Would it be appropriate to fix a ceiling of Rs. 1.50 per USSD session for mobile banking? Please support your viewpoint with reasons.

And

Q6: In case your response to Q5 is in the negative, please suggest an alternative methodology to fix a ceiling tariff for USSD session for mobile banking. You may also support your viewpoint with a fully developed model with associated assumptions, if any.

TTL:

TRAI has always been facilitating the growth of new markets by issuing soft regulations by way of allowing forbearance and allowing the market forces to decide the market stability. Fixing a ceiling would only discourage TSPs to come forward with such services.

We are of the strong view that forbearance in tariff should be granted to the TSP for charging as per the sessions. India being a fairly competitive market for telecom services, the competition will definitely fix a price to competitive levels based upon the volumes of expected transactions.



Q7: Is there any other relevant issue which should be considered in the present consultation on the use of USSD as a bearer for mobile banking services?

TTL:

We would like to suggest that USSD is not the most appropriate mode for mobile banking as it does not technically supported the CDMA technology. We would like to once again suggest that IVR is a more interactive, simpler, secure and robust option and hence, should be adopted as an appropriate method for mobile banking for financial inclusion.

We sincerely hope that our views expressed will be given due cognizance.

**Thanking you,
Yours sincerely,**

A handwritten signature in blue ink, appearing to be 'AD' with a flourish.

**Anand Dalal
Senior Vice President – Corporate Regulatory Affairs
Tata Teleservices Limited
And
Authorized Signatory
For Tata Teleservices (Maharashtra) Limited**