

IMI Mobile's view regarding usage of USSD in Mobile Banking

- 1 We agree that USSD is a good channel for interactive transactions. However we think that this has to be supported through some type of confirmation on SMS which acts as a record of the transaction for the user. The interaction has to be carefully designed with double confirmations and the fact that the USSD browser is phone dependent and might display differently. Further many phones don't support regional languages in USSD.

IMIMobile suggests that dedicated USSD center housed in a TSP or multi bank/multi operator aggregation platform with required financial/security compliance should be considered.

- 2 An aggregator functions in tandem with the banks and the TSP. Aggregator connects to both TSPs and banks, manage service logic, and create CDRs for the transactions.

An Aggregator should be allowed to install and manage dedicated USSD centers inside the TSP network for mobile banking that can be audited by TRAI and RBI while being PCI-DSS compliant. This will save the TSP from additional investment and can charge the Aggregator on a bulk basis. Only the command strings related to mobile banking can be passed to the dedicated USSD center. This would also save the effort required by TSP in managing a USSD center.

Alternatively an aggregator should be allowed to install and manage a multi- bank/multi - operator platform independent of banks and TSPs with necessary security compliance , dedicated /secured connectivity etc. Further banks may choose to use a dedicated USSD center with multi operator connectivity. This may not be as cost efficient as a multibank/multi operator platform. But this is likely to give the flexibility to a bank with regards to the service orchestration.

- 3 TSP can provide a bulk USSD account to the aggregator while the aggregator could develop the required user billing .TSP would have to invest additional cost towards USSD upgrades, billing system upgrades etc,. Revenue share with TSP can also be discussed in addition to using customer information like location, handset etc from TSP.
- 4 The Aggregator would generate a CDR for an' aggregator deployed USSD center' and an EDR in other cases. The TSP should be able to generate logs from the USSD center that can be used for correlation and audit purposes.
- 5 A ceiling of INR 1.5 seems appropriate. What would be more relevant is that this amount should form a small percentage of average value of the transaction. This may further be split as certain charges for financial transaction, while balance query could be made free. There should also be a ceiling on the number of transactions per time period, say a day.

We think that the banks should absorb these charges until the adoption attains critical mass.

Response to various questions posed in the consultative paper:

Q1: USSD is a good channel for interactive services like Mobile Banking. As a relatively inexpensive channel, USSD could play a vital role in mobile banking service.

Q2: Agree. Every TSP should be mandated to provide banking services through various interfaces. Mechanism for identification, authorization, administration of agents needs to be worked out. Banks would be expected to manage this.

Q3: Don't agree. Entire paper is focused on bringing unbanked into banking fold. It is also expected that the average volume of transaction to be very low. Hence burdening the end user with any charges would be detrimental to the adoption of the services.

Further, it is RBI and the banks who are taking efforts to bring this unbanked population into banking fold. Hence it is imperative that they need to absorb this cost until the adoption gathers critical mass. Alternatively, they could make the 'no frill account' free of charge, while charging for the rest.

Q4: Partially Agree. These CDRs would be required to have the records of the transactions. However, the Aggregators may generate these CDRs as they would install and manage the dedicated USSD center.

Q5: The charges may be split into information based usage and transaction based usage. Information based transaction such as balance query could be made free of charge, while Transaction based charges may carry an affordable level of charge.

Q6: covered above. In our opinion, preferably USSD transactions should be made free at the hands of end user. However a limit for these usage per day could be fixed (like it exists in other banking options) to avoid misuse.

Q7: Security, browser dependency, vernacular usage need to be considered in detail. End to end security, including device end, application, and transmission security needs to be studied. It is vital that a reliable cross operator, cross bank platform is developed for seamless adoption of this service. Reliability of service across operators needs to be established, while mechanism for handling ported numbers needs to be established. Further, inability of CDMA phones to support USSD needs to be looked into.