

From: **Sandeep Hial** <[sandeepshane@gmail.com](mailto:sandeepshane@gmail.com)>  
Date: Aug 26, 2016 5:26:33 PM  
Subject: Response to USSD Mobile Banking Consultation Paper  
To: [advfea1@traf.gov.in](mailto:advfea1@traf.gov.in)

Dear Madam/sir,

Please find below my response for the issued consultation paper on USSD Mobile Banking.

Q1: In your opinion, what should be the maximum number of stages per USSD session for mobile banking service:

- (i) Five
  - (ii) Eight
  - (iii) Unlimited
  - (iv) Any other (please specify)
- (Please provide justification in support of your response).

Ans ): iii) Unlimited ,

In USSD transaction each services need different stages to complete. User should not be restricted for number of stages. For example for Balance Enquiry and Mini Statement 2-3 stages are sufficient but in case of Financial transaction like Fund Transfer to beneficiary Account Number and BANK IFSC more than 5 stages are required to do successful transaction with minimum timeout issues.

Therefore Unlimited stages should be provided for optimal use of USSD in mobile banking.

Q2: Which of the following methods is appropriate for prescribing the tariff for USSD based mobile banking?

- (i) Cost-based tariff for outgoing USSD session for mobile banking; or
  - (ii) Monthly (or periodic) subscription fee for the use of USSD for mobile banking services;
- or
- (iii) Any other method

Ans ): iii) It should be both

To make USSD mobile banking, main stream and inclusive to general banking need of people, it has to accessible to people in multiple commercial way. Cost per USSD session and also monthly subscription package should be available to people for greater adaption of USSD mobile baking among Indians.

Q3: What methodology should be used for estimating the cost per USSD session for mobile banking service?

Ans ) : Since USSD is the session based service , ideally the charges should be basis the time taken for doing the transactions. The charges can be benchmarked with the voice calls. Considering that the time taken for doing transaction is less than 1 minute , so customer should not be charged more than 25 to 50 Paisa per transaction.

It should also be considered about the target population and their basic banking need before finalising on cost per USSD session. This could be only real time medium for their

financial inclusion. Please note the network issues, pretty prevalent in India are major issue for many failure during USSD transaction.

Q4: If your response to the Q2 is 'Any other Method', please provide full details of the method.

Ans ) The cost based tariff should be there wherein a user should be charged per transaction . Also , TSPs should be allowed to offer subscription based model also , in line with the data or sms package that they offer . For e.g. TSPs can offer unlimited USSD transaction for Rs. 20 .

Q5: Whether it would be appropriate to mandate the service providers to levy charges for USSD session for mobile banking only if the customer is able to complete his/her transaction? If yes, please describe the method to implement such an arrangement technically?

Ans ) No , if the existing charges are reduced to less than 50 paisa then charging for successful transactions is not required.

Q6: Whether the present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should continue?

Ans ) Yes , this is the best option but the charges should be reduced to 25 to 50 paisa. TSPs should directly charge the customers and should charge post completion of transaction unlike current pricing model.

Q7: In case your response to the Q6 is in the negative, what should be alternative pricing models? Please provide justification in support of your response.

Q8: Keeping in view the concerns raised by the TSPs, whether there is a need for allowing USSD push sessions when customer-initiated USSD session is dropped due to some reason so that the customer can complete his/her unfinished transaction? Please support your response with justifications.

Ans) Yes, allowing USSD push session will help in improving the customer convenience.

Q9: Whether it would be appropriate to allow all variety of mobile payment services apart from the mobile banking services on the existing USSD Aggregation platform(s)? Please support your response with justification.

Ans) Yes, \*99# is launched for providing financial inclusion. Basic merchant transactions such as mobile top-up , DTH recharge , electricity payment are important services that are currently not available on \*99#. Inclusion of these services will help in increasing the financial inclusion reach. Also , since USSD is not dependent of data/Internet , it is an important alternative for mobile banking especially in scenarios where no data is available or customer does not have data plan or has only basic phone.

Q10: Is there any other relevant issue which should be considered in the present consultation on the review of regulatory framework for the use of USSD for mobile financial services?

Ans) PPIs are important players in the payment system ecosystem. However, these are not part of \*99#. Their inclusion will not only help the expansion of \*99# ( main objective of all ecosystem players including TSPs) , but also offer their existing customer the option of using the interoperable \*99# service.

Please note above response are from my industry experience in both Payment and Telecom domain

Kind Regards,  
Sandeep