

NPCI/2016-17/PD/103

August 31, 2016

The Principal Advisor (F&EA)
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru Marg
Old Minto Road
New Delhi -110002

Madam,

NPCI's Response to TRAI's Consultation Paper on the review of regulatory framework for the use of USSD for mobile financial services

We would like to thank TRAI for initiating a consultation exercise on the issues of USSD based mobile financial services.

Financial inclusion has always been the key priority of all the stakeholders and with the launch of PMJDY on 28th August, 2014, it has gained the necessary momentum. However achieving this goal will require both conventional as well as non-conventional approach. Mobile banking is certainly one such non-conventional approach that could make a big difference to the way financial services is delivered to the customers in India. With over 900 million mobile phone subscribers in India, mobile phones can be used for providing banking and financial services considering its unparalleled reach across the length and breadth of the country.

NPCI's *99# service is a unique Unified USSD platform in the world which brings together Banks and TSPs in a collaborative manner for facilitating the banking and financial services for the bank account holders in the country. With this service customers can transact from the comfort of their homes without having to visit the bank branches. This service will go a long way and will prove to be a game changer in the field of financial inclusion.

Currently apart from the issues raised there are 2 restrictions in the current program and we are hereby requesting the relaxation as follows,

1. The entities regulated by RBI for payment systems may be allowed to use this platform
2. The merchant transactions should be permitted to promote less cash economy vision of GOI and RBI.

Our detailed response to the specific queries is as under:

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).



Response of NPCI :(ii)

This service is primarily used by the number literate banking customers. Non-Financial transactions are successfully completed in 3 stages per USSD session while in case of Financial Transactions like Send Money (Remittances) , it is not possible to complete the transactions in even 5 stages . This becomes a deterrent in promoting this facility. Users would like to have facility of going back and correct the IFSC code or account number, in case of wrong input. Hence, we would like to recommend having at least 8 numbers of stages per USSD session.

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

Response of NPCI :(Combination of i& ii)

Both the options i.e. lower Cost based tariff per USSD customer transaction as well as periodic subscription fee should be made available. Customers can choose either option depending on their requirement. Our recommendation is 25p can be charge per successful transaction and if customers intend to adopt a bulk service pack then it can be Rs. 5 for 50 transactions and Rs. 10 for 100 transactions

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

Response of NPCI :

Since USSD is the session based service, ideally the charges should be transaction based.

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

Response of NPCI: Same as Q2

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?

Response of NPCI:

Yes. Customer should be only charged for successful transaction. NPCI may pass on the flag in the transaction response basis which Telco's can decide to charge the customer. If already charged, telco's can reversed the charges based on this flag.

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

Response of NPCI :

Yes, this is the best option. TSPs should directly charge the customers.

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.



Response of NPCI : NA

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.

Response of NPCI:

Yes, allowing USSD push session will help in improving the customer convenience. In scenarios, where the user's transactions are declined owing to network related issues, NPCI, the aggregation platform provider, can initiate a customer-terminating USSD session to such customers and help them to complete their unfinished transactions.

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.

Response of NPCI:

Basic merchant payments of small values but periodical in nature such as mobile/DTH recharge, electricity payment, unreserved railway ticketing/platform tickets, insurance premium payments etc. are important services which everyone avails but are not currently available on *99# . NPCI is also implementing BBPS (Bharat Bill payment System) network for these payments. Inclusion of these services on *99# platform, along with using *99# in BBPS network will help in increasing the financial inclusion reach and help in creating a less cash society.

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?

Response of NPCI:

Currently only banks are allowed access to *99# platform. However, besides banks, there are other entities that are regulated by RBI for payment systems but are not part of this platform. Inclusion of these entities on *99# will help the expansion of mobile banking (main objective of all ecosystem players including TSPs) through addition of new customers and usage by their existing customers.

We further request the Authority to kindly consider our response favorably and accord us time in person to explain our submission.

Yours faithfully



Dilip Asbe
Chief Operating Officer