

From: **RAJIV RANJAN** <RAJIV.RANJAN9@sbi.co.in>
Date: Aug 29, 2016 7:19:51 PM
Subject: FW: Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services
To: advfea1@traigov.in

Dear Sir,

With reference to the trial mail, Please find the attached feed back/views on **Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services_**

Regards

Mobile Banking Team,
State Bank of India,
New Businesses Department,
Corporate Centre
9TH Floor, Air India Building,
Nariman Point,
MUMBAI-400021

From: cgm.newbusiness@sbi.co.in [<mailto:cgm.newbusiness@sbi.co.in>]

Sent: 19 August 2016 19:46

To: deepak.lalla@sbi.co.in; gm.digicomm@sbi.co.in

Cc: compliance@sbi.co.in

Subject: Fw: Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

----- Forwarded by CGM NEW BUSINESS SBI CC MUMBAI/CORP/SBI/ SBG on 19-08-2016 19:48 -----

From: SBI COMPLIANCE DEPARTMENT CC MUMBAI/LHO/SBI/SBG
To: CGM NEW BUSINESS SBI CC MUMBAI/CORP/SBI/SBG@STATEBANK,
Cc: DGM NB/CORP/SBI/SBG@STATEBANK
Date: 19-08-2016 19:14
Subject: Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

महोदय/महोदया ,

GOVT. OF INDIA MAILS/LETTERS/ RESERVE BANK OF INDIA
INSTRUCTIONS
RECEIVED THROUGH THE CHAIRMAN'S SECRETARIAT

We forward herewith the trailing mail received through the Chairman's Secretariat and in this connection, we request:

अध्यक्ष के अनुदेशानुसार कृपया इसमामले में आवश्यक कार्रवाई करें। कार्रवाई के बारे में हमें जानकारी दें ताकि हम अध्यक्ष महोदया को जानकारी दे सकें।

To initiate necessary action in the matter as per the Chairman's instruction. We may please be apprised of the action taken in the matter to enable us to put up the status to the Chairman.

With regards,

General Manager (Compliance) &
Compliance Officer
State Bank of India
Compliance Department
Corporate Centre, 3rd Floor, State Bank Bhavan
Madame Cama Road, Mumbai - 400 021
Intercom: 40390

 *Please consider the environment before printing this e-mail*

-----Forwarded by SBI COMPLIANCE DEPARTMENT CC MUMBAI/LHO/SBI/SBG on 08/19/2016 07:14PM -----

To: Executive Secretary MD NBG/CORP/SBI/SBG@STATEBANK, GM
COORDNBG/CORP/SBI/SBG@STATEBANK, CGM GCO/CORP/SBI/SBG@STATEBANK
From: CHAIRMAN STATE BANK OF INDIA/CORP/SBI/SBG
Date: 08/19/2016 05:06PM
Cc: ASSISTANT GENERAL MANAGER COORDINATION - NBG/CORP/SBI/SBG@STATEBANK, SBI COMPLIANCE DEPARTMENT CC MUMBAI/LHO/SBI/SBG@STATEBANK
Subject: Fw: Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

----- Forwarded by CHAIRMAN STATE BANK OF INDIA/CORP/SBI/SBG on 08/19/2016 05:08 PM -----

From: Vikash Srivastava <vikash@iba.org.in>
To: public.memberbanks@iba.org.in, private.memberbanks@iba.org.in, foreign.memberbanks@iba.org.in
Cc: unni@iba.org.in, k.ramachandran@iba.org.in, ashish@iba.org.in, ram.rastogi@npci.org.in
Date: 08/19/2016 12:02 PM
Subject: Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

Dear Sir,

Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

We want to bring this to kind information that Telecom Regulatory Authority of India has issued the captioned consultation paper .

The copy of consultation paper and issues for consultation is enclosed for your reference.

You are requested to kindly arrange to submit your feedback/views on the same under copy to email id ashish@iba.org.in latest by 26/08/2016.

With Regards

Vikash Srivastava

Vice President

Payment System & Banking Technology

Indian Banks' Association

Ph: +91-22-22174041

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(See attached file: TRAI Consultation Paper.pdf) (See attached file: Issues for consultation.docx.docx)(See attached file: ATTOHOGP.pdf)(See attached file: ATTEYLOC.docx)

Consultation paper on the review of regulatory framework for the use of USSD for mobile financial services

Issues for Consultation:

It may please be noted that answers/ comments to the issues given below should be supported with justification. The stakeholders may also comment on any other issues related to the review of regulatory framework for the use of Unstructured Supplementary Service Data (USSD) for mobile financial services along with all necessary details.

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).

SBI's response: ii) Eight.

Current sessions are limited to five stages only, we propose that it should be eight stages per USSD session for mobile banking service. Due to limitation of five stages per USSD session, customer has to input multiple entries in a single screen for few types of transactions (such as Fund transfer etc). This increases the chances of wrong inputs and transaction failures.

If we increase the number of stages per session to eight, the number of multiple entries per screen will be reduced, increasing ease of use and making it more user friendly.

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**

SBI's response: (iii) Any other method (rationale explained in Q4).

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

SBI's response:

The benchmark for USSD pricing should be at par with call, SMS and data tariff, a customer should be charged on successful transactions only. We propose to reduce present charge of Rs.1.50 per transaction to Rs. 0.50.

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

SBI's response:

Currently, a customer is charged on cost-based tariff for outgoing USSD session for mobile banking. In our view, customer should be given the choice between Monthly (or periodic) subscription fee and current cost-based tariff for outgoing USSD session. Monthly (or periodic) subscription fee will increase convenience to frequent users and promote usage of USSD service, while existing tariff plan will be beneficial for occasional users. We propose TSPs may charge customers Rs.10/- as monthly subscription for the use of USSD for mobile banking services.

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?

SBI's response: Yes

In the current scenario the customer while using *99# service is charged per transaction, irrespective of it being a success or a failure. This leads to customer dissatisfaction and adversely affects the usage of service. Therefore, we propose to charge for successful USSD sessions only.

The encrypted body which contains customer's data is transmitted by bank's server to NPCI's switch to TSPs. If TSPs are able to get the transaction-status flag for successful or failure along with that encrypted body, charges can be levied to the customer according to transaction-status flag.

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

SBI's response: Yes

Currently the TSPs directly charge the customers for the transactions initiated on *99#. It is a B2C model (service provider to customer). The other alternative is where charges are paid to TSPs by customer's bank and then it is recovered from the end customer by the bank. This method of pricing opens up its own set of challenges at operational level. As per our view, present pricing model in which customer pays for the USSD directly to the TSPs should continue.

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.

SBI's response: 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.

SBI's response: Yes

In such cases where the user is unable to complete the transactions owing to drop related to technical/network reasons (time-outs or wrong input entries) using USSD push facility, NPCI/TSPs may retrieve the session with the customer and help them to complete the transaction. This will improve user experience.

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.

SBI's response: Yes

Currently *99# allows only basic banking transactions. Other transactions such as Mobile Top-up, DTH recharge and small value merchant transactions etc are not available. Considering the role of *99# in financial inclusion, presence of such transactions will help last mile customers to also access these transactions and become truly financially inclusive.

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?

SBI's response: NA.