

Bharti Airtel response to TRAI Consultation Paper on “Issues arising out of Provisioning and Delivery of Basic Financial Services using Mobile Phones in the context of Pricing of Services by Mobile Service Providers”

- 1. The customer would approach a Business Correspondent or its agent for opening of a non-frills account. Would there be any provisioning requirements at the service provider’s end in any of the methods/options listed under para 2.9?**

Bharti Airtel Response:

There would be provisioning requirements at the service provider’s end. The provisioning of the service would entitle customers to access the product/service on the various channel interfaces as mentioned by the Authority in Para 2.9 and subject to subscriber acceptance as well as willingness to pay for the services availed.

There would be configuration of services required at network level for facilitating transactions through any of these channels. Besides, there would also be a need to create a separate infrastructure for providing basic financial services.

- 2. Please correlate and comment on the recommended compensation for mobile service providers reproduced under para 2.3, with various options for carrying messages for financial services as described in para 2.9.**

AND

- 4. Whether tariff for telecom services for providing basic financial services using mobile phone should be under forbearance or should be brought under regulation? If they should be regulated, whether a ceiling should be prescribed by TRAI? Please explain your answer/suggestions.**

Bharti Airtel Response:

- We believe that the convergence of the mobile technologies and financial services has a wide potential to expand the financial services among masses. Service providers with their wide network will have to work hand in hand with the bank to make these services available quickly around nook and corner of the Country. However, financial services through mobile phone is at a very nascent stage , thus we recommend that the

ecosystem should aim towards deploying pilots on ground with various pricing models, gauge customer's acceptance and more importantly demonstrate efficiency in the processing and delivery of the services

- Therefore, it would be too premature to put up a ceiling/floor or to decide on any charges until the entire ecosystem, infrastructure requirement and the business model clarity is obtained.
- Authority would appreciate that any wrong/irrational determination of charges may lead to supernormal profit to one stakeholder or may make the business case of other stakeholders unviable. This may result in de-motivating the concerned stakeholders to even put up the services in place. Thus, we would request that charges for providing basic financial services may left to market determined prices.
- Further, we believe that the charges for all the stakeholders such as REMIT, Account Mapper, INFAST, and BC involved in basic financial transaction and defined in Table 2.3 of the consultation paper may not be mandated at this point of time. With regards the charges for MSP (Mobile Service Provider), it is submitted that with around 12-14 operators per circle, there is already a hyper competition in the market, thus there is no doubt that the customer will enjoy the fruit of the market lead competition.
- In light of the above, it is recommended that the **Authority should:**
 - **Follow a light touch approach and should keep the tariff for basic financial services under forbearance.**

3. There may be requirements of prioritization and encryption of the messages exchanged for financial transactions. In your opinion what effect would these have on the provisioning and pricing of services?

Bharti Airtel Response:

- As on date, message prioritization is not available. This can be considered with modification in the network infrastructure and becomes viable at large scale with dedicated network in place. However, the same would also be based on the customer adoption (in terms of volume) and business requirements It would also have an effect on the provisioning and pricing of services depending upon the application, anticipated volumes, geographical coverage and the business case.

- The Mobile Operators would have to play an active role in facilitating and ensuring end to end transaction encryption and security. As of now, the SMS messages routed on the network infrastructure is encrypted with basic encrypted parameters as defined by GSM standard. However, for financial transactions it is felt that the basic encryption standards shall not hold good and **shall require higher levels of encryption protocols** to be followed by the MSPs to enable completion of end to end transaction in a secure manner. **This could in turn impact the pricing of the services, as the same will require significant investment at the service providers' end.**

5. Any other comments relating to provisioning and pricing of mobile services for financial transactions.

We would like to thank the Authority to float a consultation paper on such an important matter. It is believed that the financial services through mobile phone would bring a revolution in the financial sector and would also facilitate/provide the banking services among the unconnected masses. In this regard, it is imperative that all stakeholders should work together to formulate processes and guidelines that shall ensure better quality and quick/smooth deployment of the services. Moreover, the banks should be encouraged to have more dialogues with the Mobile Service Providers, so as to have a smooth and early implementation of the process.

Further, we would urge the Authority that considering the major role of the MSPs in making these services a reality, TRAI should follow a light touch approach and should keep the tariff of these services under forbearance. This would be in line with the other telecom tariff wherein TRAI has adopted the policy of forbearance leading to the lowest tariff in the world and a win win situation to all the stake holders including Government.