

NPCI/IMPS/OC No. 73/2016-17  
August 3, 2016

To all Banks using our Unified USSD Platform (\*99#)

**Consultation Paper of Telecom Regulatory Authority of India (TRAI) on the review of regulatory framework for the use of USSD for Mobile Financial Services**

With more than 22.50 crore Jan-dhan accounts under (PMJDY) in the country, more than 100 crore Aadhaar card issued to the citizens and around 100 crore mobile connections in the country (of which about 45 crore are in rural areas), it was expected that the USSD-based mobile banking service would gain popularity amongst the unbanked/ under-banked population (the target masses of financial inclusion) with passage of time and would soon achieve a critical mass.

However, even after two years since August 2014, when it became available to all GSM subscribers in the country, the progress of USSD-based mobile banking is below expectations. In May 2016, only about 37 lakh mobile banking transaction attempts (over USSD channel) reached NPCI's unified USSD aggregation platform (\*99#). Clearly, something is amiss.

RBI, Department of Financial Services (DFS) and NPCI had various rounds of discussions with TRAI on comprehensive review to ensure that the service which has successfully delivered in other countries does not fall short of expectations in India. These authorities requested TRAI to take the following steps to help in reaching the goal of financial inclusion:

- (i) Reduce the ceiling tariff per USSD session to Re. 0.50 and ensure that charges are levied only on successful transactions so that it may help in greater consumer acceptance especially since the service is meant for poor customers and for financial inclusion;
- (ii) Increase the upper limit on no. of stages per USSD session from 5 to 8 as the current ceiling for number of stages poses a challenge in creating a customer friendly menu for USSD-based mobile banking, which results in input error or time delay and eventually leads to transaction decline.
- (iii) Enable USSD push messages for dropped USSD sessions so that NPCI, the aggregation platform provider, can initiate a customer-terminating USSD session to such customers and help them to complete their unfinished transactions.
- (iv) Allow all variety of mobile payment services such as merchant payment, utility bill payment, mobile/ DTH recharge etc. so that payment through digital means may be promoted in the country and the vision of 'less cash' can be achieved with the existing infrastructure.
- (v) Allow the authorized pre-paid issuers connected to IMPS system also to make use of \*99# who are widely spread across the country and use this facility when data grade connectivity is not available or patchy.

Department of Economic Affairs (DEA) (through Cabinet approved Guidelines dated 29<sup>th</sup> Feb.2016) also considered the present levels of tariff per USSD session levied by the TSPs as a major impediment in the growth of USSD-based mobile banking service in the country.

On abovementioned issues, TRAI has released a consultation paper on Review of regulatory framework for the use of USSD for Mobile Financial Services, on 2<sup>nd</sup> August 2016 which is available on their website:

[http://www.traai.gov.in/WriteReaddata/ConsultationPaper/Document/CP\\_on\\_USSD\\_based\\_Mobile\\_Banking.pdf](http://www.traai.gov.in/WriteReaddata/ConsultationPaper/Document/CP_on_USSD_based_Mobile_Banking.pdf)

Banks are requested to furnish their written comments by 31st August, 2016 on various USSD services including reduction of charges which are summarized in the annexure of this circular, to the Advisor (F&EA), TRAI. Your recommendations on these issues will certainly help TRAI to take an informed decision which will inter -alia help in popularizing banking services amongst the unbanked/ under-banked population.

The comments may also be sent by e-mail to [advfea1@traigov.in](mailto:advfea1@traigov.in). Comments and counter-comments would be posted on TRAI's website [www.traigov.in](http://www.traigov.in). For any clarification/ information, Smt. Vinod Kotwal, Advisor (F&EA), TRAI, New Delhi may be contacted at Tel. No. +91-11- 23230752, Fax: +91-11-23236650.

Yours Faithfully

SD/-

Dilip Asbe  
Chief Operating Officer

### 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).*

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

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

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

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?

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

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.

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.

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?