

Mobile commerce gets a new code

Mayur Shetty | TNN

Mumbai: There has been a major breakthrough in mobile commerce with telecom companies (telcos) and banks, led by National Payments Corporation of India (NPCI), agreeing on most conditions for launching USSD-based mobile banking. USSD, which stands for unstructured supplementary service data, is the numeric code preceded by a '*' and followed by a '#' (*111#, for instance). Soon customers, regardless of their banking institution, can send a *99# to receive a menu of options on their handsets. The options will include services such as remittances and balance enquiry which can be operated using a mobile id and password.

Following a stalemate last year, talks resumed after Trai nudged telcos, and banks agreed to pay Rs 1.50 per transaction. The only hitch is that telcos are holding back on bill payment option, which banks are pushing for.

"Banks want telcos to enable all electronic banking ser-

DIAL *99# FOR BANKING

WHAT IS USSD?

It's a unique number (preceded by a * and followed by a #) dialled from any handset that lets the user access his/her bank account. For banking, customers can dial *99# to receive a menu of options on their handsets

How is it different from mobile banking?

Most mobile banking services are app-based, requiring the account holder to own a smartphone. However, any mobile handset can be used for USSD banking

HOW IT WORKS...

- > Customer keys in *99#
- > Mobile operator connects session to NPCI gateway
- > Message displayed: 'Welcome to NUUP' (National Unified USSD Platform)
- > If banking menu is chosen,

- customer is asked for 7-digit MMID provided by the bank
- > Customer enters 7 digit MMID code
- > Customer chooses from menu of numbered options
- > SMS confirmation sent to customer

vices under USSD banking. But telcos are under the opinion that since the government has asked them to provide their facilities to enable financial inclusion, only those services needed for that segment would be made available," said a bank

official. He added that this would be only for low-value transactions since RBI has placed a ceiling of Rs 5,000 per transaction.

Almost all banks offer mobile banking services under the IMPS (Immediate Payment

Services) platform and 5.84 crore account holders have been issued an MMID (mobile banking ID). Unlike net banking, which requires a security-compliant browser and logging into a bank's website, USSD-based banking requires a very basic mobile phone. At Rs 1.50 per transaction, this is more than 10 times cheaper than an ATM transaction.

The other advantage is that unlike the app-based banking, which is being promoted by banks at present, USSD-banking requires largely numeric literacy and can be operated by anyone who can follow an ATM menu. At present, despite the high level of registrations for mobile banking, the number of transactions is very low. The month of March 2014 witnessed a total of 31.66 lakh transactions for a total value of Rs 2,154 crore. Bankers said that telcos had been hoping to cash in on the float funds available during remittances. However, RBI has made it clear that telcos will only provide the platform for mobile banking and funds will not be at their disposal.

