

**Minutes of the Fourth General Body Meeting of the
Mobile Payment Forum of India (MPFI) held on August 22, 2008
at Royal Orchid Resort, Bangalore**

The meeting was held from 9.30 a.m. to 3.30 p.m and 112 members (list attached) attended the meeting. The following are the Proceedings of the meeting as per the agenda:

1. Welcome Address:

The Heads of the local hosts of the meeting Mr.Sourabh Jain (CEO, ngpay), Mr.Sanjay Swamy (CEO, mChek) and Mr.Aditya Menon (CEO, Obopay) have welcomed all the delegates. In the welcome address, Dr.R.B.Barman, Co-Chairman mentioned about the RBI policy on Payment System and its convergence towards standardization and interoperability as level player. He told that Payment and Settlement Systems Act has become operational from August 12, 2008 and RBI Board will take up the Mobile Payment Guidelines for Banks on September 02, 2008. He asked to apply the minds collectively for the success of mobile payments in India and to build customer confidence in the emerging payment system.

2. Developments of MPFI Activities by the Executive Secretary:

Dr.V.N.Sastry, Executive Secretary briefed the members regarding the developments of MPFI and the action points of the minutes of the last meeting held on June 07, 2008 at Mumbai. He mentioned that the Governing Council of IDRBT has approved to set up the MPFI Office at IDRBT initially and the MoA document signed by the Executive Committee on June 07, 2008 would be submitted to the Registrar of Societies, Hyderabad once the letter of approval is obtained from the Director, IDRBT. He informed to the General Body that Govt. of Andhra Pradesh would be approached in due course of time for the required support to establish MPFI Office at Hyderabad. He mentioned that currently, there are 5 Associate Members and 54 Institutional Members registered with MPFI. He requested the members and the Coordinators of various Committees to respond promptly and take timely action of their assigned responsibilities.

Further, he mentioned that MPFI has signed Joint Agreement with M/s. Clarion Events Limited, London for the event 'Mobile Money Transfer-2008 (MMT08)' scheduled to be held during November 10 - 11, 2008 at Dubai. Members of MPFI can avail a discount of 15% in the registration fees for attending this programme. He also mentioned that MPFI would take up organizing the National Exhibition on Mobile payment products, solutions and services shortly. He requested the members to look into the discussion paper on "Wireless PKI supported Mobile Payments" prepared by Shaik Shakeel Ahamad and V.N.Sastry, IDRBT.



3. Dr.Ashok Jhunjunwala, Chairman welcomed all the members and mentioned that interworking standards including Banks and Telcos should have convergence for mobile payments. He mentioned that MPFI website would be revamped and maintained with periodic updates by Mr.Sachin Khandelwal, Jointy Secretary. He requested the Publicity Coordinator, Mr.Pallab Mitra to take necessary steps to highlight MPFI activities, prepare brochures and final reports.

4. Review of RBI Guidelines for Mobile Payments:

Sri.G.Padmanabhan, CGM, DPSS, RBI stated that the guidelines are not a prescription but state the minimum requirements to be followed. Banks need to consider the risks & requirements in developing their processes for mobile payments.

The Chairman, Dr.Ashok Jhunjunwala led open the floor for discussions. Concerns and questions from delegates were fielded and argued, which include:

- Section 3.3 :
 1. Whether alternate methods for contacting customers besides a telephone call would be acceptable?
 2. Who qualifies as a new customer and when is registration required (e.g. is an existing bank customer signing up for mobile payments for the 1st time - an existing customer or new customer)?
 3. Can registration happen at the time a bank account is opened?
Consensus was that onus is on banks to decide how to best comply with KYC requirements.
- Annex II.2 – Questions were raised on the various degrees of security that are required. It was felt that this needs to be better defined by RBI.
- Annex II.4 – Credit card companies raised question about what should be the authentication process for non-MNO based transactions.
- Annex II.7 – Question was raised on what other types of certifications besides PCI DSS can be accepted. MPFI needs to evaluate this aspect.
- Annex II.9 – Concerns were raised on Plain Text SMS & Smart Card security.

Members were asked to send their views to Mr.Sachin Khandelwal, who would submit the final views of MPFI to RBI.



5. Report from Financial Inclusion Committee:

The overview of FI Committee's work was presented by Mr. Rajesh Dongre, Vodafone. Based on the presentation, various questions were raised by members and deliberated, which include

- How KYC process will reach and be completed for non-Banked customers?
- What kind of KYC is required for non-Banked customers. Is a simplified version acceptable? Can telecom based KYC (in current or extended form) be used?
- What types of accounts should be covered? Onus must be on bank.
- How should money laundering be prevented? Onus must be on bank.
- It was suggested that the Committee should review and address all the concerns raised.

6. Report from SIM Cards Committee:

The overview of SIM Cards Committee's work was presented by Mr. Pallab Mitra, Bharti Airtel. Based upon the presentation, several questions were raised and deliberated, which include :

- The best process for distribution of SIM Cards
- The cost of SIM production & distribution
- What processing capability is required by banks on the SIM and is it viable?
- Security risks – cloning, encryption logic
- It was suggested that the Committee should review and address all the concerns raised.

7. Discussions on Operative Guidelines on Mobile Payments for Telcos by TRAI:

Discussion focused on the role of TRAI vs. RBI with regard to Mobile Payments in India. It was agreed that RBI would govern all mobile payments issues. However it was felt that MPFI should facilitate for a joint meeting with clear agenda.

8. Discussions on Inter-working Standards:

Overview of issues and recommendations was presented by Mr. Aditya Menon, Obopay.



9. Discussions on Cash Wallets & Regulations:

Discussions on Cash Wallets took place and the following questions were raised by the members.

- To define "Cash Wallet" and its scope in mobile payments.
- Role and Ability of telecom companies to support cashless transactions covering credit and debit mechanisms.
- How the non-banks collecting money can be regulated and standard practices are implemented?

10. Defining Milestones for one year for MPFI:

The following milestones were suggested in the MPFI meeting and the due dates to achieve the milestones are as below:

| Defined Milestones | Due date |
|---|---------------------------------------|
| 1. Regulatory Guidelines to be closed out with RBI by this week | - by 31 st Aug., 2008 |
| 2. Inter-working standards team to present final paper | - by 25 th Sept., 2008 |
| 3. Financial inclusion guidelines to be finalized by the Committee. | - by Sept. 30, 2008 |
| 4. Demo of existing pdts to be arranged soon | - Technology committee |
| 5. Customer Education should be planned | - To be discussed later |
| 6. International practices updates | - To be included in next meeting |
| 7. Review – first 90 days + changes | - Mid Dec. 08 |
| 8. Certification of process & technology - People apply to the Chairman | - To start applying immediately |
| 9. Dispute Resolution – review chargeback status after 90 days | - In mid Dec. review |
| 10. NEFT / RTGS –enable directly on phone for consumer – Dr. Barman clarified <u>Not Possible</u> | - Closed |
| 11. Look at stored value on phone (thru banks) | - to discuss in next meeting. |
| 12. Std formats for information from telcos | - Citibank to work on this and revert |

11. Based on the above, it was decided that

- a. MPFI would facilitate organizing meeting with TRAI and RBI for issues on interception, convergence of KYC, common infrastructure development, interoperability, security and standards.
- b. Voice based authentication besides the existing authentication mechanisms practiced need to be revisited and the feasibility for its implementation for mobile payments without compromising the existing practices need to be discussed in the next meeting.
- c. MPFI to facilitate co-operative banks , RRBs, and other Banks to adopt RBI guidelines on Mobile Payments for implementation of Mobile Payment services for better reachability to remote and rural poor for financial inclusion.
- d. Integration of Mobile Payment Services of India with other Countries and evolving corresponding standards need to be worked out.
- e. To validate the compliance of Mobile Payment Guidelines, accredited external agency's role and functions need to be defined.
- f. Agreed standards on interoperability is to be taken up and the report is to be made ready within 3 months.
- g. Origination of transfer from one card provider to another card provider is to be looked into.
- h. Regarding the risk and compliance concerns of Banks for Mobile Payments representatives from SBI, Citibank, ICICI and PNB may initially prepare a report and after due consultation with Dr.R.B.Barman, put up for discussion in the next meeting.
- i. To support centralized switching and routing of mobile payment transactions through the National Financial Switch (NFS) located at IDRBT, Hyderabad and its interface for settlement is to be clearly defined by RBI.
- j. Role and Functions of central party for multiple payment settlement providers following ISO 8583 and PCI-DSS standards need to be discussed.
- k. Reachability of Bank account customer through mobile phone customer and vice versa need to be clearly defined.

- l. Strong Service Level Agreements (SLA) with service providers need to be followed and the formats of such SLA's are to be shared for the benefit of following best practices by the Industry.
- m. Recasting of committees to be taken up by the Chairman. Interested MPFI members willing to participate in specific committees may forward their names to the Chairman for inclusion.
- n. Meeting of the Executive Committee to be held shortly to discuss important issues.

12. Next Meeting of MPFI:

The next and fifth meeting of MPFI is fixed to be held in Mumbai on 18th November, 2008. It would be jointly hosted by Atom Technologies & Avenues Inc., Mumbai.

The meeting ended at 3.30 p.m. with vote of thanks to the local hosts, attendees and all concerned.


(Ashok Jhunjunwala)
Chairman

Dr. Ashok Jhunjunwala
Chairman, MPFI.



8 SEP 2008


(V.N.Sastry)
Executive Secretary

Dr. V. N. Sastry
Executive Secretary, MPFI

Annexure : List of attendees

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