

**Minutes of the Second Meeting of the
“Mobile Payment Forum of India (MPFI)”**

Held on February 16, 2008 at IC & SR Building, I.I.T. Madras from 10:00 a.m. to 4:00 p.m.

1. **Introduction and Opening Remarks :**

Dr.R.B.Barman, Executive Director, RBI & Co-Chairman, MPFI welcomed all the members to MPFI Meeting and expressed that MPFI has to play important role in fulfilling the tasks and objectives laid out. He mentioned that RBI would facilitate entire process of mobile payments and also said that MPFI is a knowledgeable Forum. He emphasized that India being an IT power should do mobile payments more securely, efficiently and reliably compared to other developing and developed countries.

Dr.Ashok Jhunjhunwala, Professor, IIT Madras & Chairman, MPFI welcomed all the members to the campus of IIT Madras and highlighted that MPFI would be a Forum of Industry, so greater participation and involvement to make it successful is desired. He welcomed the support from Academia, RBI, Ministry of IT, DIT (Govt. of India), Telecom Regulatory Authority of India (TRAI) and others for taking it forward. He highlighted that since India is adding 100 million mobile phones annually, it has started reaching most families including rural areas, enabling mobile payments would go a long way to enhance economic efficiencies.

He mentioned that as the volumes in the growth of number of phones increases the transactions of various services and the decreased cost of technology will pave a way for affordable payment technology for the common man. He mentioned that time is the essence for quick roll out of diversified models and for innovation in meeting the challenges.

Mr.Sudhir Gupta, TRAI mentioned that a Consultation Paper is under progress and various value added services by the Telecom Operators is expected to change the people's requirements.

Shri A.K. Chakravarti, Adviser, DIT, Ministry of Commerce and Information Technology, Govt. of India highlighted the support that his department could provide to the forum.

Shri A.P. Hota, CGM, DPSS, RBI mentioned that in RBI recently a Special Board is created to look into the payment services in Banks and this MPFI Forum needs to play active role in developing standards which will be useful for the Banks and Financial Institutions in India. He mentioned that the framework to be suggested by MPFI and adopted by RBI should be on the lines of Internet Banking guidelines issued by RBI earlier.

About 60 members attended the meeting [List in Appendix - B] and the proceedings started after their introduction.



2. **Membership and Society Issues:**

Dr.V.N.Sastry, Executive Secretary, MPFI has presented on the evolution of MPFI, its objectives, developments and status report of MPFI and the various issues such as finalization of logo of MPFI, approval of Society Bylaws, Membership and Financial position.

3. **Presentation on Settlement Models of Payment:**

Mr.Aditya Menon, Obopay has given presentation on various settlement models and highlighted the bilateral and multilateral agencies, insurance coverage for default, consolidated account model, proliferation of biometrics etc. He emphasized the importance of mobile to mobile payment with and without Bank account.

The deliberation on the presentation took place subsequently.

Outcome of the Deliberations:

1. There should be a single or common KYC for Banks and Telecom Operators.
2. It was felt that Mobile payments must be enabled for the existing network and for the existing phone devices
 - a) while finger print authentication may play an important role in future, mobile payments should be enabled even without it.
 - b) possession of phone and entry of numbers through keypad should be sufficient to define two-factor authentication initially.
3. For tracking mobile transactions and offering premium services for credit worthy customers, it is necessary to have a National Credit Rating Agency for individuals similar to Credit Rating Agencies for Industries as followed in some countries like South Africa, Brazil etc.
4. The limits allowed for a transaction could be decided by the banks.
5. It is important to prescribe where the Pin validation takes place, is it at the owners device or Service Provider's Server or at Bank's Gateway.
6. All mobile payments should be linked to bank account in Phase I. Consolidated account, if enabled, would allow serving remote customers who do not have a bank account.

4. **Presentation by the Technology Committee and discussions:**

Shri G.P. Shekar, FSS & Coordinator - Technology Committee (TC) presented on the issues related to technology theme based on the outcome of their Committee member's deliberations.

- He emphasized that the existing infrastructure needs to be leveraged.
- Single Banks and Multi Banks scenario with flows from mobile device to account, account to mobile operator and vice-versa needs to be strengthened.
- He emphasized that the mobile number should be registered with the Bank during the registration phase. There should also be a dispute settlement mechanism. He emphasized that when the volumes are very high, for example, if there are 20 million customers or the subscribers then it becomes important to know where and how the authentication is done and what are the efficient measures taken to make it successful.

Outcome of the Deliberations:

1. It is important to incorporate public key infrastructure (PKI) for end to end secure mobile transactions.
2. It was suggested that the quality of service parameters for payment transactions need to be specified for both online and offline payments. For example: In ATMs, the time limit for completion of a payment transaction is 13 seconds internationally.
3. It was suggested that the TC prescribes the road map for authentication type based upon transaction amount, technology available and the time constraints prescribed.
4. It was suggested to explore whether "PKI is workable on USSD, although USSD security is at the Operators level".
5. It is important to bring privacy norms in the Regulation for protecting the Users Data and confidentiality.
6. The payment process is to be fully automated to complete payment transactions in standard time, such as 15 seconds in U.K.
7. There was a considerable discussion on transaction costs involved in making mobile payments possible. Payments would require a payment gateway with mobile operators, and a switch cum settlement gateway and backend banking operations with the banks. The present costs for the three systems per transactions was high. It was felt that one needs to learn from telecom operators and the total transaction costs need to be brought down for mobile payments to be successful and cost effective for low value transactions.

5. **Presentation by the Business Committee and discussions:**

Mr.Sanjay Bhargava, Eko India Financial Services Pvt. Ltd.& Coordinator – Business Committee (BC) has presented on the issues related to business theme. He mentioned that

- Although there are various business models available for mobile payments, no single model can be uniquely recommendable.
- During transition and innovation, the money lost for providing services can be compensated as Govt. subsidy.

Outcome of the Deliberations:

1. It was suggested that a survey needs to be conducted by the Business Committee in order to know what is the amount the user is willing to pay for a particular service through mobile phone.
2. Since for internet payments, the customers are not charged any fee for the service, the business model should be suitable for providing similar services through mobile phones.
3. It was pointed out that, today while person to person payment across the table has no transaction costs for the parties, people pay large commission for long distance transaction (city to village money order). Mobile payment cannot be distinguished for zero or long distances. Thus the expectations of a customer would be to pay nothing or minimum amount for the transaction.
4. Banks may have to use float and exchange rate margins to offer mobile payments service at negligible price to customers. Telcos should use customer loyalty and ability to recharge the prepaid phone without going to the retailer to provide the service at negligible price.
5. Proper pay model in terms of consumer banks and business needs to be however explored. There can be a mix of debit and credit payment transactions on mobile phones.
6. It was expressed by a member that since Telecom Business itself is growing so fast, Telecom Operators may not be willing to switch over to do bank's business as it will be an extra burden to develop competency, trust and adoption of banking regulations.

6. **Presentation by the Regulatory Committee and discussions:**

Shri Sachin Khandelwal, ICICI Bank Ltd. and Coordinator- Regulatory Committee presented on the issues related to regulatory theme. He mentioned that

- Customers account opening can be as per the existing guidelines from Banks and Telecom Operators.
- The standards for instructions, interfaces, data storage and transactions should be specific.
- The Audit policy with guidelines on customer's convenience and identity are to be evolved so that complete Audit Trail maintenance is done centrally.
- The financial transactions monitoring from mobile payments should specify the legal aspects pertaining to the banking regulations such as Banking Regulation Act, Information Security Act, Evidence Act, Indian Contract Act, Negotiable Instruments Act and RBI guidelines given from time to time.

Outcome of the Deliberations:

1. It was decided that the account based and non-account based mobile payments should be feasible and for both, the KYC Norms should be unique for Banks and Telecom operators.
2. The P2P mobile payments covering people from rural areas also will help in their financial inclusion.
3. The Regulation should clearly specify the roles and responsibilities of various stakeholders such as Consumers, Merchants, Telecom Network Providers, Mobile Device Manufacturers, Banks, Software and Technology Providers, Government and Regulators.

7. **Conclusions and Action Points:**

1. The legal opinion on the Memorandum of Association document prepared by Dr.V.N.Sastry needs to be obtained and required formalities for registration of Society needs to be completed preferably before March 1, 2008.
2. Out of the 8 logos presented, it was decided to approve logo (d) with further colour modifications in consultation with Mr.Sachin Khandelwal for colour patterns.
3. Mr.Sanjay Bhargava has to submit a report on the survey that has to be done to know what is the amount the User is willing to pay for a particular service through mobile phone.

4. Four Specific Groups have been formed:

➤ **Group-I to look into Messaging Standardization for Mobile Payments.**

S.No.	Name of the Organization	Contact Person
1.	Obopay	Shri. Aditya D. Menon
2.	mChek	Shri. Bharavi Gade
3.	Atom Technologies	Shri. Prabhu Raju
4.	Bharathi Teleservices	Shri. Anil Gajwani
5.	FSS	Shri. Hari Gopal

➤ **Group-II to look into SMS, GPRS, GSM etc. technologies for Mobile Payments.**

S.No.	Name of the Organization	Contact Person
1.	Atom Technologies	Shri. Prabhu Raju
2.	Bharathi Teleservices	Shri. Anil Gajwani
3.	IIT Madras	Prof. T.A. Gonsalves
4.	TTSL	Shri. Ch.Raja Srinivas

➤ **Group-III to look into End to End Quality of Services (QoS) aspects and specifications.**

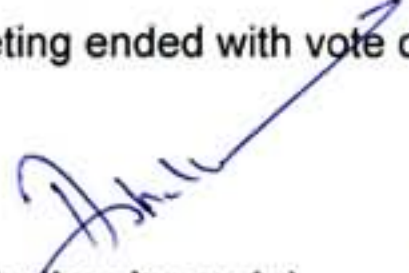
S.No.	Name of the Organization	Contact Person
1.	Airtel	Shri. Pallab Mitra
2.	Vodafone	Shri. Naushad Contractor
3.	Eko India Financial Services	Shri. Sanjay Bhargava
4.	Atom Technologies	Shri. Dewang Neralla

➤ **Group-IV to look into consolidated account versus individual account, risks and security from regulatory perspective.**


S.No.	Name of the Organization	Contact Person
1.	Vodafone	Shri. Naushad Contractor
2.	mChek	Shri. Suresh Anapurkar
3.	ICICI Bank Ltd.	Shri. Sachin Khandelwal
4.	Obopay	Shri. Aditya D. Menon
5.	Citibank	Shri. Rajarshi Chakraborty
6.	Tata Communications	Shri. Krishna Kumar

5. Each of the Groups are supposed to prepare 2-page Executive Summary and a detailed white paper. It should be submitted by 5th March, 2008 and it should be uploaded on 5th March, 2008. Comments by all members should be made before 15th March, 2008 and the revised Report should be submitted finally on 20th March, 2008 to the Chairman and Executive Secretary.
6. Subsequently Executive Committee would have a teleconference meeting and the regulatory committee would be expected to finalize the recommendations within 10 days of the EC Meeting.
7. Existing Committees of MPFI (Executive Committee, Regulatory Committee, Technology Committee and Business Committee) have been restructured and the modified list is in the Appendix - A.

The meeting ended with vote of thanks to all.


(Ashok Jhunjunwala)
Chairman

27 FEB 2008


(V.N.Sastry)
Executive Secretary

Dr. Ashok Jhunjunwala
Chairman, MPFI.

Dr. V. N. Sastry
Executive Secretary, MPFI



Appendix – A

I. Executive Committee of Mobile Payment Forum of India (MPFI):

S.No.	Designation	Name	Organization
1.	Chairman	Dr.Ashok Jhunjunwala	RTBI, IIT – Madras
2.	Co-Chairman	Dr.R.B. Barman	RBI, Mumbai
3.	Executive Secretary	Dr.V.N.Sastry	IDRBT
4.	Executive Member	Mr.N. Jambunathan	SBI
5.	Executive Member	Mr. Rajeeb Chatterjee	HDFC
6.	Executive Member	Mr. S. Padmanabhan	Canara Bank
7.	Executive Member	Mr. Anil Pande	Reliance
8.	Executive Member	Mr.Pallab Mitra	Bharti Airtel
9.	Executive Member	Mr. Vivek Dayal	Tata Communications
10.	Executive Member	Mr. Sanjay Swamy	M-Chek
11.	Executive Member	Mr.Chandrashekar Rao	C-Sam
12.	Executive Member	Mr.G.P. Shekar	FSS
13.	Executive Member	Mr.Sudhir Gupta	TRAI
14.	Executive Member	Dr. A.K. Chakravarti	DIT, MCIT
15.	Executive Member	Mr. Rajesh Dongre	Vodafone

II. Regulatory Committee (RC):

S.No.	Designation	Name	Organization
1.	Co-ordinator	Mr. Sachin Khandelwal	ICICI Bank
2.	Member Secretary	Mr.V.Visweswar	IDRBT
3.	Member	Mr. V. Dinesh	Citi Bank
4.	Member	Mr.Pallab Mitra	Bharti Airtel
5.	Member	Mr.Aditya D. Menon	Obopay
6.	Member	Mr. Nitin Chittal	Axis Bank
7.	Member	Mr.Naushad Contractor	Vodafone
8.	Member	Mr.Rajeev Arora	FINO
	Special Invitee	Shri A.P. Hota	RBI, Mumbai

III. Technology Committee (TC):

S.No.	Designation	Name	Organization
1.	Co-ordinator	Mr. G P Shekar	FSS
2.	Member Secretary	Dr.M.V.N.K.Prasad	IDRBT
3.	Member	Mr. Chandrashekhar Rao	C-Sam
4.	Member	Mr. Bharavi Gade	M-Chek
5.	Member	Prof. T.A. Gonsalves	IIT Madras
6.	Member	Mr.Manish Khera	FINO
7.	Member	Mr. Aspy Engineer	Axis Bank
8.	Member	Mr. Ch.Raja Srinivas	TTSL
9.	Member	Mr. Prabhu Raju	Atom Technologies
10.	Member	Mr. Anil Gajwani	Bharti Telesoft
11.	Member	Mr.Uday Desai	IIT Bombay
12.	Member	Mr.S.A. Kumar	DIT, MCIT
13.	Member	Mr.Sunil Kulkarni	Verve Technologies



III Business Committee (BC):

S.No.	Designation	Name	Organization
1.	Co-ordinator	Ms. Rani Santhanam	ICICI Bank Ltd.
2.	Member Secretary	Dr.Mahil Carr	IDRBT
3.	Member	Mr.R.I.S. Sidhu	Punjab National Bank
4.	Member	Mr. Dhiraj Srivastav	Tata Communications
5.	Member	Mr.Sanjay Swamy	M-Chek
6.	Member	Mr.Vikas Jhunhunwala	Unitus
7.	Member	Mr. Pradnyesh Naik	Reliance Comm.
8.	Member	Mr.Ajay Chitte	Verve Technologies
9.	Member	Mr. Niranjan Gosavi	Atom Technologies



Appendix-B

Members at the Second Meeting of the MPFI, Feb 16,2008 at IIT Madras, Chennai

Sl.No.	Name	Organizations	Email IDs
1.	Dr. R. B. Barman	Reserve Bank of India	rbbarman@rbi.org.in
2.	Shri. A.P. Hota	Reserve Bank of India	aphota@rbi.org.in
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13	Ms. Rajashri Chakravarty	Citigroup Corporate Investment Banking and	Rajarshi.Chakraborty@citi.com



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26	Shri Rajesh Dongre	Vodafone Essar Limited	rajesh.dongre@vodafone.com
27	Shri. Naushad Contractor	Vodafone Essar Limited	Naushad.Contractor@Vodafone.com
28	Shri. S.S. Chowdhury	A Little World	shashank@alittleworld.com



29	Shri. Chandrashekar Rao Kuthyar	C-Sam (India) Pvt. Ltd	chandrashekar.rao@c-sam.com
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