ASSOCIATION OF UNIFIED TELECOM SERVICE PROVIDERS OF INDIA
AUSPI
Association of Unified Telecom Service Providers of India

AUSPI/11/2014/057 28th August 2014

The Chief General Manager,
Reserve Bank of India,
Department of Banking Operations and Development,
Central Office, 13th floor, Central Office Building,
Shahid Bhagat Singh Marg,
Mumbai-400001

Subject: AUSPI's suggestions/ comments on the RBI Draft Guidelines on 'Payment Banks'

Dear Sir/ Madam,

Association of Unified Telecom Service Providers of India (AUSPI) is the representative industry body of Unified Access Service Licensees providing Mobile Services, Fixed Line Services and Value Added Services throughout the length and breadth of the country. AUSPI is a registered society and works as a non-profit organization with the aim of **delivering the promise of improved Access, Coverage and Teledensity in India.**

2) We appreciate RBI's effort to harness the assets of mobile operators in its efforts of increasing the efficiency and inclusiveness. It is commendable that the RBI has issued the draft guidelines at the opportune time and is aiming to legitimise the provision of financial services by mobile phone companies who have significant mass-distribution expertise deriving from their core business and could effectively offer financial services.

3) Introduction of the Payments Banks model has the potential to significantly contribute to the goal of financial inclusion. We feel that some re-look is necessary in the draft guidelines. The following issues may please be considered while issuing the final guidelines on 'Payment Bank' for the successful roll out and working of Payments Banks.

3.1) Deposit balance limited to Rs. 1 Lakh per customer

This rule should be relaxed to say a limit of Rs. 5 lakh as all the monies are mandatorily to be invested in Government securities/Treasury bills thus virtually eliminating risk. Currently simplified KYC norms would apply to these accounts, however for deposits over Rs. 1 lakh full bank-grade KYC could be applied.

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3.2) **'Small Account' limitations**

Inward Foreign Remittances not in scope:- The largest beneficiary base of such remittances is rural - the target audience of the Payment banks. This facility should be allowed to increase adoption from customer base as well as provide a revenue stream for the banks.

Mandatory Debits Cards + Cheque Books:- These should not be mandatory as they add cost. Mobile channel can be effectively leveraged as an alternative.

3.3) **Net worth to be maintained at Rs.100 Cr at all times - this needs to be removed**

As all deposits are fully protected by investment in Government securities, risk is very low. The high net-worth would be a road block for the investment required for setup (technology, infrastructure, point-of-presence etc). The maintenance of net worth at Rs.100 Cr at all times may block significant amount of capital and increase cost of operations.

3.4) **Exclusion from mandated RBI norms applicable to Banks**

Fee ceiling, currently mandated on ATM & NEFT transactions, should not apply for Payment banks as the complete business model revolves around fee income in absence of ability to provide credit as well as mandated investments in government securities.

We request you to kindly incorporate our above suggestions / comments while finalising the guidelines on payment banks, which will go a long way in the successful rollout and working of payment banks.

Thanking you.

Yours sincerely,

Ashok Sud
Secretary General

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