



Bangladesh Telecommunication Regulatory Commission

IEB Bhaban, Ramna, Dhaka-1000, Bangladesh.

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Subject: Directives on Mobile Financial Services in Bangladesh

The **Directives on Mobile Financial Services in Bangladesh**, formulated through necessary consultations with the technical stakeholders, is circulated herewith for forthwith implementation.

Attachment: copy of **Directives on Mobile Financial Services in Bangladesh**.



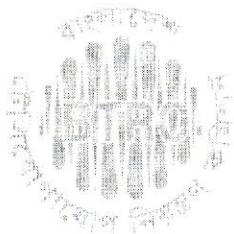
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Director
Systems & Services Division

To:

1. Chief Executive Officer (CEO), all the applicable entities.

Copy:

1. Minister, Ministry of Posts, Telecommunications and Information Technology.
2. Governor, Bangladesh Bank.
3. Secretary, Posts and Telecommunications Division.
4. Director General (All), Bangladesh Telecommunication Regulatory Commission.
5. Chief Executive Officer (CEO), all MFS operator.
6. BTRC's Web-site.



BANGLADESH TELECOMMUNICATION REGULATORY COMMISSION

**DIRECTIVES ON
MOBILE FINANCIAL SERVICES
IN BANGLADESH**

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BANGLADESH TELECOMMUNICATION REGULATORY COMMISSION

DIRECTIVES ON MOBILE FINANCIAL SERVICES IN BANGLADESH

1. Introduction

1.1. The Bangladesh Telecommunications Regulatory Commission (hereafter referred to as Commission) has been empowered under Sections 30 and 31 of the Bangladesh Telecommunication Regulation Act,2001 (hereafter referred to as Act) to issue directives on mobile financial services in Bangladesh.

1.2. These directives are issued to prescribe a standard rule for the Mobile Network Operator (MNO) while providing Mobile Financial Services (MFS) support to the subscribers through Mobile Financial Service Provider (MFSP). These directives also include a framework for the provision of Unstructured Supplementary Services Data (USSD) services.

1.3. The Commission shall reserve the right to cancel the services or modify the rate (where applicable) as and when necessary.

1.4. The Commission may at its discretion constitute a group to observe the activities of MFS including monitoring, compliance and enforcement of these directives.

2. The objectives of the Directives

2.1. To prescribe the method and operations of Mobile Financial Services (MFS) and to provide procedure for the provision of technological support.

2.2. To ensure a well-developed, sound and organized session-based MFS market in Bangladesh that meets international best practices.

3. Factors Considered

3.1. International best practices.

3.2. Floor and ceiling prices for voice and SMS.

3.3. Economical impact of the session-based services.

3.4. Use of telecommunication assets.

4. Method and Operations of Mobile Financial Services

4.1. Unstructured Supplementary Service Data (USSD) and SMS services will be the key for MNOs to provide MFS. USSD used in MFS will be session based.

4.2. A session may comprise of 5-8 steps.

4.3. MNOs shall keep the record of successful and failed USSD session along with predefined error code. For the failed USSD sessions, MNOs shall be able to identify the number of USSD sessions terminated due to its own network failure. While issuing the invoice to MFS providers, MNOs shall omit these session counts from the monthly total USSD counts. These data to be preserved for the minimum of last 2 (two) years.

4.4. The mapping between error code and cause of USSD session termination shall be included in the SLA between MNOs and MFS providers. The SLA shall be vetted by BTRC prior to signing by the parties.

5. Types of Mobile Financial Services

5.1. Existing MFSs are as follows:

5.1.1. Cash-out at agent point.

5.1.2. Cash-out at ATM.

5.1.3. Utility Bill Payment.

5.1.4. P2P Fund Transfer.

5.1.5. P2B Payment (Payment of Fine, Fees etc.).

5.1.6. Cash-in at agent point.

- 5.1.7. B2P Fund Transfer (Salary Payment).
- 5.1.8. G2P Fund Transfer (Stipend and social safety-net payment).
- 5.1.9. Fund Transfer within Distribution Channel (Among Distributor, DSO & Agent).
- 5.1.10. Balance Inquiry.
- 5.1.11. Mini Statement Collection.
- 5.1.12. Utility Bill Amount Check.
- 5.1.13. Change of Beneficiary Information for Utility Bill Payment.
- 5.1.14. PIN Change by Customer.
- 5.1.15. Merchant Payment by Customer.
- 5.1.16. Wallet Activation.
- 5.1.17. Inward Foreign Remittance Disbursement.
- 5.1.18. Bank Account to MFS Wallet Fund Transfer.
- 5.1.19. MFS Wallet to Bank Account Fund Transfer.
- 5.1.20. Fund Transfer from Card to MFS Wallet.

5.2. Session based USSD pricing will not be applicable for Airtime Purchase. MNOs and MFS operators will deal the issue through separate agreement.

5.3. Any new service except those mentioned in 5.1 will be dealt in accordance with revenue and non-revenue generation transaction. MFS operators shall take prior approval from the commission before the induction of any new services.

6. Tariff and Charges

- 6.1. For revenue generating transaction, tariff for each successful USSD session of 90 seconds, or fraction thereof, will be of BDT **0.85 (Eighty-Five Paisa)**; maximum 02 (two) SMSs shall be included for each session, within this tariff. Revenue generating services have to be declared as per existing invoice and none is authorised to change that service type without prior permission from BTRC.
- 6.2. For non-revenue generating transaction, tariff for each successful USSD session of 90 seconds, or fraction thereof, will be of BDT **0.40 (Forty Paisa)**; maximum 02 (two) SMSs shall be included for each session, within this tariff. Non-revenue generating services have to be declared as per existing invoice and none is authorised to change that service type without prior permission from BTRC.
- 6.3. Charge will be applicable for Technically Successful USSD Session other than MFSP's technical failure and for that matter the session will be termed as Chargeable USSD Session.
- 6.4. Session failed due to MNO's fault named as Technically Unsuccessful USSD Session, will not be charged.
- 6.5. Session failed due to MFSP's fault named as Unsuccessful Chargeable USSD session, will be charged.
- 6.6. Both MNO and MFS operator shall make an arrangement to find out the error code specifying the fault which shall be mentioned in the agreement.
- 6.7. All tariffs mentioned above are excluding VAT, TAX, etc.

7. Time Frame

- 7.1. Each USSD session will be of **90** seconds duration.
- 7.2. Session crossing 90 seconds will be considered as additional session and shall be charged in addition to previous session. Any multiple of 90 seconds will be charges based on clause 7.1.

8. Response Time

8.1. During each session, USSD and SMS response time shall be as per the table below:

Means of communication	Response Time	Measuring Method
SMS	Not more than 10 Seconds	End to end delivery time = Time at which SMS received – Time at which SMS sent
USSD	Not more than 2 Seconds	Response time = Time at which USSD message received – Time at which USSD message triggered

8.2. If response time crosses the timeline given above, QoS shall be considered as poor. Due to poor QoS, if the session crosses 90 Seconds, total time shall be considered as one session.

9. Validity of the Directives

9.1. These directives shall remain valid till further order from the commission.

9.2. All the agreements between mobile operators and MFSPs shall be in line with these directives.

10. Inclusion of New Mobile Financial Service Provider

10.1. Any new MFS operator coming in market shall propose its services as per revenue and non-revenue generating transaction.

10.2. The proposal shall be evaluated by a committee formed by the Commission. The commission will take final decision based on the recommendations of the committee.

11. Dispute Resolution

11.1. Dispute shall be resolved by the parties amicably within 45 days unless consented by the parties.

11.2. Unresolved issues shall be referred to commission thereafter. The issues shall be resolved by the Commission as per Act and the decision of the commission shall be binding on the parties.

12. Conclusion

12.1. These directives are issued to formulate a framework to describe the method and operations of Mobile Financial Services (MFS) including procedures for the provision of technological support.

12.2. Proper implementation of this directive will help all the stakeholders to make a promising MFS market.

12.3. These directives have been issued with the approval of the competent authority.

APPENDIX-A

GLOSSARY OF TERMS and DEFINITION

The words and phrases used in this Directives shall have the same meaning as are ascribed to them in the Bangladesh Telecommunication Regulatory Act 2001, and its subsequent amendments, unless this Directives provide for or the context of the usage of the words or phrases requires otherwise. For the purpose of this Directives, following words and phrases shall have the meanings ascribed to them below:

- 1. Technically Successful USSD Session:** Technically Successful USSD session means all USSD sessions that are technically successful. It is neither it is in terms of transaction, nor in terms of revenue generation, nor in terms of delivering services requested by subscribers. Technically successful USSD session includes all USSD sessions except those which failed due to MNOs network failure/service interruption like hand off, radio network failure, Tx failure etc.
- 2. Technically unsuccessful USSD Session:** Means all USSD sessions that are terminated due to technical fault of MNOs. It is neither it is in terms of transaction, nor in terms of revenue generation, nor in terms of delivering services requested by subscribers. Technically unsuccessful USSD session includes all USSD sessions which failed due to MNOs network failure/service interruption like hand off, radio network failure, Tx failure etc.
- 3. Chargeable USSD Session:** All technically successful USSD sessions will be eligible for charging. USSD sessions failed due to MNOs network failure/service interruption like hand off, radio network failure, Tx failure etc. will not be eligible for charging. When a MFS subscriber or an agent initiates an USSD session and completes the transaction successfully without any technological problem caused from MNO's infrastructure, it will also be considered as successful chargeable USSD session.
- 4. Non-chargeable USSD Session:** USSD sessions failed due to MNOs network failure/service interruption like hand off, radio network failure, Tx failure etc. will be considered as Non-chargeable USSD Session. When a MFS subscriber or an agent initiates an USSD session and fails to completes

the transaction due to technological problem caused from MNO's infrastructure, it will also be considered as non-chargeable USSD session.

5. Revenue Generating Transaction: It is a kind of transaction against a service which MFS operator earns revenue from.

6. Non-Revenue Generating Transaction: It is a kind of transaction against a service which MFS operator does not earn revenue from.

7. Unsuccessful Chargeable USSD session: When MFS subscriber or MFS agent initiates an USSD session but unable to complete the transaction either due to his action/fault (wrong PIN, insufficient balance, delay in inputs etc.) or due to MFSP failure (server failure, server delay, MFSP connectivity failure etc.), it will be considered as unsuccessful chargeable USSD session.

8. Session Duration/Session Time-out: Total time to complete a transaction is considered as Session Duration/Session Time-out. Irrespective of revenue generating or non-revenue generating, the duration of one USSD session will be of 90 seconds. Any session crossing 90 seconds will be considered as second session and charged accordingly.

9. Inactivity Time-out: Session started but transaction didn't take place due to inactivity is termed as Inactivity time-out which will be of 90 seconds and the session will be considered as Chargeable USSD Session. USSD tariff for respective category of services will be applicable.

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