

**Procedural Guidelines  
For  
Bharat Bill Payments System (BBPS)**

**Ver 1.0  
November 2015**

## Contents

1	Short title of the service.....	8
2	Objective.....	8
3	Scope of BBPS.....	8
4	Benefits of BBPS.....	9
4.1	Customer Benefits.....	9
4.2	Participants Benefit.....	9
5	System Participants.....	10
5.1	Bharat Bill Payment Central Unit (BBPCU).....	10
5.2	Bharat Bill Payment Operating Units (BBPOUs).....	10
5.3	Others.....	11
5.3.1	Billers.....	11
5.3.2	Agent Institutions.....	11
5.3.3	Agents.....	11
5.3.4	Sponsor Bank.....	11
6	Eligibility Criteria for System Participants.....	12
6.1	Eligibility Criteria for BBPOU.....	12
6.1.1	Eligibility Criteria for Non-Bank Entities (BBPOU).....	12
6.2	Eligibility Criteria for Bank Entities (BBPOU).....	13
6.3	Process of seeking exit/resignation from membership (BBPOU).....	13
6.4	Migration of biller in case of exit of BBPOU.....	13
6.5	Process of Listing of Billers.....	14
6.6	Process of Delisting of Billers in BBPS.....	14
6.7	Process for On-boarding an Agent Institution.....	15
6.8	Process for On-boarding Agents.....	16
6.9	Process of Listing of Agent Institution/Agents.....	16
6.10	Process of Delisting of Agent Institution/Agents.....	17
6.11	Agent Institution- BBPOU Conversion.....	17
6.12	BBPOU-Agent Institution Conversion.....	17

## BBPS Procedural Guidelines

6.13	Merger of BBPOUs .....	18
6.14	Demerger .....	18
6.15	Technical Configurations for Members .....	19
6.16	Notification to System Participants .....	19
6.17	Suspension & Termination of Membership .....	20
6.18	Process of BBPS Membership Deactivation / Suspension/ Termination. ....	21
7	Certification & Compliance.....	21
8	Roles & Responsibilities .....	22
8.1	BBPCU .....	22
8.2	BBPOU .....	23
8.3	Billers.....	24
8.4	Agent Institutions and Agents.....	25
8.5	Sponsor Bank .....	26
9	Bill Payment Option .....	27
9.1	Quick Pay .....	27
9.2	Registered Customer .....	27
9.3	Modifications/De-registration of Customer .....	29
10	BBPS Brand Usage & Philosophy .....	29
10.1	Advertising Rules .....	29
10.2	Prohibition of BBPS logo upon Termination & Suspension .....	29
11	Intellectual Property Rights .....	30
12	Operating Procedure.....	30
12.1	Adherence to BBPS guidelines .....	30
12.2	Connectivity .....	30
12.3	Modalities for offline and online mode connectivity for Billers:.....	30
12.3.1	Offline .....	30
12.3.2	Online Mode.....	30
12.4	Data Protection & Security.....	31
12.4.1	Security Considerations .....	31

## BBPS Procedural Guidelines

12.4.2	Protection of customer data.....	31
12.4.3	Protection of Authentication Credentials.....	31
12.4.4	Compliance to standards .....	31
12.5	Settlement Account .....	32
a)	Settlement of ON-.....	32
b)	In case of OFF-.....	32
12.6	Transaction Reports.....	32
12.7	Audits by BBPOUs.....	32
12.8	Service Level Agreement .....	33
12.9	Confirmation of Bill Payment / Transaction Receipt .....	33
12.10	Complaint Management System.....	33
13	Mode of Payments .....	34
14	Transaction & Settlement Process Flow .....	35
14.1	Bill Payments via Cash .....	35
14.2	Bill Payment via Card .....	36
14.3	Payment via Netbanking/IMPS.....	37
15	Settlement Arrangement .....	38
15.1	Settlement Procedures .....	38
15.2	Settlement timings .....	38
15.3	Settlement Flow for OFF-US transactions.....	39
16	Refunds .....	40
17	Transaction Identification.....	40
18	Message transformation .....	40
19	Settlement of Bills .....	40
19.1	BBPOU-Biller connected online .....	41
19.2	BBPOU-Biller connected offline .....	41
20	Settlement Guarantee Fund .....	41
21	Invoicing & Charges .....	41
22	Transparency and Disclosure standards .....	42

## BBPS Procedural Guidelines

23	Technical Specifications.....	42
24	Steering Committee for BBPS.....	42
24.1	Steering committee Functions.....	42
24.2	Composition of BBPS Steering Committee .....	43
25	Audit by BBPCU .....	43
26	MIS & Reports .....	43
27	Risks & Fraud Mitigations.....	44
27.1	Independent oversight and governance .....	44
27.2	Risk of money laundering associated with the payment modes .....	44
27.3	Information Security .....	44
27.4	Fraud Reporting.....	44
28	Indemnification.....	45
29	Confidentiality.....	46
29.1	BBPCU- Service provider liability.....	46
29.2	Non-disclosure agreement.....	47
30	Procedural Guideline Amendments.....	47
31	Dispute Resolution Mechanism/Framework .....	48
32	Penalty/Fines .....	49
32.1	Frequent Deviation from Common Operating Procedures .....	49
32.2	Pending Dues .....	49
32.3	Invoicing .....	49
33	Annexure I: Non - Bank BBPOU .....	50
34	Annexure II: Bank BBPOU.....	51
35	Annexure III: Settlement Guarantee Fund - BBPS.....	52
35.1	Introduction of SGF.....	52
35.2	Purpose of SGF in BBPS .....	52
35.3	Challenges in SGF.....	53
35.4	Constitution of the SGF .....	53
35.4.1	Components of Settlement .....	54

## BBPS Procedural Guidelines

35.4.2	Determining the Transaction Throughput based Contribution .....	54
35.4.3	Collection of Contribution .....	55
35.4.4	Periodic Review .....	55
35.5	SGM Operation .....	56
35.5.1	Fund Maintenance.....	56
35.5.2	SGF Utilisation .....	56
35.5.3	Operating the Line of Credit Facility.....	56
35.6	Determination of Penal Charges.....	57
35.7	Payment Queuing Prioritization .....	57
35.8	Gridlock Resolution.....	58
35.9	Determination and distribution of Losses .....	58
35.10	Regulation and Policies .....	59
35.11	SGF Fund Usage .....	59
36	Annexure IV: Dispute Management System .....	60
37	Annexure V: BBPS Failure Scenario .....	66
38	Annexure VI: Tripartite Agreement.....	67
38.1	PURPOSE .....	68
38.2	ROLES AND OBLIGATIONS OF NPCI AS BBPCU .....	68
38.3	ROLE AND OBLIGATION OF THE BBPOU .....	69
38.4	ROLES AND OBLIGATIONS OF SPONSOR BANK.....	71
38.5	PAYMENT.....	72
38.6	LIABILITY.....	72
38.7	INDEMNIFICATION.....	73
38.8	TERM OF AGREEMENT .....	74
38.9	TERMINATION.....	75
38.10	CONSEQUENCES OF TERMINATION .....	75
38.11	DISPUTE RESOLUTION.....	75
38.12	REPRESENTATION AND WARRANTIES .....	76
38.13	INTELLECTUAL PROPERTY RIGHTS.....	77

**BBPS Procedural Guidelines**

38.14 PUBLICITY ..... 77

38.15 CONFIDENTIAL INFORMATION..... 78

38.16 GENERAL ..... 79

39 Annexure VII: Standards on Branding ..... 83

    39.1 Authorized Use of BBPS Trademarks, Logo, etc. .... 83

    39.2 Unauthorized Use of BBPS Trademarks ..... 84

40 Annexure VIII: Risk & Mitigations..... 86

41 Annexure IX: Reports ..... 87

42 Annexure X: BBPS Complaint Management System ..... 88

    42.1 Transaction based complaint ..... 88

    42.2 Service based complaint..... 88

## **1 Short title of the service**

Bharat Bill Payment System (BBPS) will function as a tiered structure for operating the bill payment system in India with a single brand image providing convenience of 'anytime anywhere' bill payment to customers.

## **2 Objective**

The objective of the BBPS is to implement an integrated bill payment system in the country that offers interoperable and accessible bill payment services to customers through a network of agents, enabling multiple payment modes, and providing instant confirmation of receipt of payment.

## **3 Scope of BBPS**

1. To begin with, BBPS would include activities to facilitate collection of repetitive (monthly, bi-monthly, quarterly etc.) payments for everyday services provided by service providers. Illustratively, these would cover utility bill payments such as electricity, water, gas, DTH, telecom services, etc.
2. The scope of BBPS would be extended to include services facilitating the collections of other types of payments such as, school / university fees, municipal taxes/ payments, and other bills, mutual funds and insurance premium, various government taxes etc. as decided from time to time by the Reserve Bank of India
3. Service points will be available in the form of physical infrastructure, viz., branch offices, collection centres and owned/agent outlets. BBPS would also facilitate online payments. Customers may be offered options for multiple payment mechanisms for bills/collections, i.e., Cash, Debit Cards, Credit Cards, prepaid payment instruments including wallets, and other electronic payment options such as Net banking, IMPS, etc.

*Note: The scope of BBPS, universe of participating billers and service points and available payment methods maybe gradually expanded.*



## **4 Benefits of BBPS**

The benefits expected to accrue to the customers and other stakeholders are enumerated below. The full range of benefits will become available over a period of time as the scope of BBPS is enhanced and its phase-wise implementation takes place.

### **4.1 Customer Benefits**

1. BBPS will offer the facility of “Anytime Anywhere” payment of bills, participating on BBPS network, to customers through a network of agents.
2. It is expected to provide an accessible bill payment system to the large segments of un-banked and under-banked population.
3. BBPS will provide interoperability so that consumers can pay the bills of any biller at a single point and facilitate payments via multiple modes i.e. Cash, Debit Cards, Credit Cards, Prepaid payment instruments including wallets and other electronic payment options such as Net banking, IMPS, NEFT, etc.
4. The bill payment service points are expected to become ubiquitous, available to consumers near their place of work or residence.
5. The BBPS outlets could include bank branches, business correspondents, Customer Service Points, retail agents of aggregators, ATMs (Automated Teller Machine), Kiosks, etc. Any customer will be able to pay bills of the billers enrolled in the BBPS system at any BBPS outlet.
6. Furnishes instant confirmation of payment made via a payment receipt/confirmation message. The receipt could be in the form of SMS/ email/ print out as desired by the customer
7. The BBPS brand will assure trust and confidence amongst consumers for the certainty, reliability and safety of the transaction.

### **4.2 Participants Benefit**

1. Will set up bill payment standards for the entire system and its participants in India.
2. Will be an efficient and convenient medium for customers and other stakeholders.
3. A number of value-added services relating to bills payments can be offered to consumers by the BBPOUs in course of time, subject to strict compliance with data privacy and security issues and standards. Will significantly reduce the systemic risks in collection and settlements.

## **BBPS Procedural Guidelines**

4. Has the potential to reduce the expenditure that billers incur on collection of bills at their own collection centres.
5. Will lead to faster migration from assisted mode to self-service mode of payment and from cash payments to e-payment of bills.
6. Potential to facilitate e-presentation of bills and quick e-payment of bills.
7. Entry barriers for the small billers and billers with restricted geographic presence will be significantly reduced.
8. Greater competition among the participants in the system which will benefit the consumers.
9. BBPS system will have active fraud monitoring and risk mitigation system in place.
10. An effective, efficient and centralized mechanism for handling customer complaints and grievances with committed SLAs for resolution.

## **5 System Participants**

The BBPS will consist of two types of entities carrying out distinct functions

### **5.1 Bharat Bill Payment Central Unit (BBPCU)**

Will be the single authorized entity operating the BBPS. The BBPCU will set necessary operational, technical and business standards for the entire system and its participants, and also undertake clearing and settlement activities. The National Payments Corporation of India (NPCI) will be authorised as the BBPCU to implement the BBPS. (Till such time as BBPCU is formally launched as a separate vertical or SBU under NPCI, all functions, roles and responsibilities of BBPCU will be discharged by NPCI. Hence, in this document, “NPCI” and “BBPCU” have been used interchangeably).

### **5.2 Bharat Bill Payment Operating Units (BBPOUs)**

Will be the authorised by RBI as operational units, to function in adherence to the standards set by the BBPCU. While there will be a single BBPCU, there could be multiple BBPOUs operating under the BBPS. Thus they will operate under a tiered structure which could be further strengthened through an agent network through agent institutions. BBPOUs will on-board billers, aggregators, payment gateways, set up agent network and customer touch points to handle bill payments through different delivery channels, including self-service, assisted, electronic and manual modes. BBPOUs may be bank as well as non-bank entities.

### **5.3 Others**

Apart from the authorized entities as above, the other participants in the BBPS will include the agents of BBPOUs, payment gateways, banks, billers and service providers and other entities offering payment services.

#### **5.3.1 Billers**

Billers are the service provider who collect payments from customers/ consumers and will participate in the BBPS through BBPOU. The category of billers participating in BBPS will be specified from time to time.

#### **5.3.2 Agent Institutions**

BBPOU will on-board Agent institutions which may further on-board agents and/ or set up customer service points in various regions and locations.

#### **5.3.3 Agents**

Agents will be the customer touch points and service points which will be available in the form of branch offices, collection centres and outlets. Agents will accept bill payments through various modes. Agents may be on-boarded either directly by BBPOU or by Agent Institutions to offer BBPS services. Agents on-boarded by Agent Institutions are also referred to as Sub-agents.

#### **5.3.4 Sponsor Bank**

In case of ON-US transactions, the BBPOUs will identify a settlement bank where the agents and the billers need to maintain their settlement accounts and the BBPOU will arrange to settle the amounts to the billers and agent institutions / agents through the settlement bank and designated settlement accounts. In case of OFF-US transactions, since the clearing and settlement to BBPOUs will be done by the BBPCU, the BBPOUs will have to indicate a designated settlement bank account through which the OFF-US settlement transactions will be processed by the BBPCU. In case of a non-bank BBPOU, the designated settlement account will be of its sponsor bank.

## **6 Eligibility Criteria for System Participants**

### **6.1 Eligibility Criteria for BBPOU**

#### **6.1.1 Eligibility Criteria for Non-Bank Entities (BBPOU)**

The eligibility criteria for **non-bank entities** seeking to operate as BBPOUs would be as per the guidelines issued by RBI. The present guidelines have prescribed the following:

- a) The entity should be a company incorporated in India and registered under the Companies Act 1956 / Companies Act 2013.
- b) The Memorandum of Association (MOA) of the applicant entity must cover the proposed activity of operating as a BBPOU.
- c) The applicant entity should have a net worth of at least INR 100 crore as per the last audited balance sheet and the same has to be maintained at all times.
- d) In case of any Foreign Direct Investment (FDI) in the applicant entity, necessary approval from the competent authority as required under the policy notified by the Department of Industrial Policy and Promotion (DIPP) under the consolidated policy on FDI and regulations framed under the Foreign Exchange Management Act (FEMA) must be submitted while seeking authorization.
- e) The company must have domain experience in the field of bill collection/services to the billers, and relevant experience in transaction processing for a minimum period of one year.
- f) The entity must seek authorization under the Payment and Settlement Systems Act, 2007 from the Reserve Bank of India for its operations.

Entities that fall under the scope of BBPS and have applied to RBI for authorisation but presently do not meet the eligibility criteria as above, will have to proceed as follows:

- a) They may be given one-time extension by RBI to meet the eligibility criteria and can continue to engage in bill payments activities during this extended period.
- b) In case they do not meet the eligibility criteria within the extended period, they will be required to become agents of an existing BBPOU or exit the business of bills payment by the date prescribed by RBI.

The process of authorization of an eligible non-bank entity to operate as BBPOU and joining BBPS as BBPOU is given in Annexure - I.

*Note: Billers own collection points will continue as hitherto, even after operationalisation of BBPS.*

### 6.2 Eligibility Criteria for Bank Entities (BBPOU)

**Banks** which are desirous of operating as BBPOUs would need to obtain one-time approval from the Reserve Bank of India under the Payment and Settlement Systems Act, 2007.

The process of authorization of banks to operate as BBPOU and joining BBPS as BBPOU is given in Annexure II.

*NOTE: All existing and proposed entities (both bank and non-bank entities) falling within the scope of BBPS (as indicated by RBI from time to time) i.e. providing bill aggregation and/or bill payment services, will have to participate in the system either as a BBPOU or as an entity connected through a BBPOU. In the event of their failing to do so within the time limits prescribed by RBI, they will not be allowed to offer bill aggregation or bill payment services thereafter as an independent entity. Thus for both ON-US and OFF-US transactions*

- Only BBPOUs can have commercial agreement with billers
- BBPOUs alone can have clearing and settlement with the billers
- BBPCU will clear and settle only with BBPOUs for OFF-US transactions

### 6.3 Process of seeking exit/resignation from membership (BBPOU)

A BBPOU may resign from the BBPS membership after giving a notice of 60 days in writing to BBPCU. The BBPCU shall conduct an audit prior to acceptance of the resignation of the BBPOU from the membership of BBPS. The acceptance will be subject to settlement of all outstanding dues and liabilities arising out of complaints/disputes raised on the BBPOU.

Resignation/exit application submitted by the BBPOU will be finally accepted by BBPCU subject to approval from RBI. After receiving approval from RBI, BBPCU shall inform all participants regarding the resignation of BBPOU. On the expiration of such a notice, the member resigning shall cease to be a member of BBPS. BBPCU will also disconnect its Network service to such a member.

### 6.4 Migration of biller in case of exit of BBPOU

Billers may migrate in the following two scenarios:

#### **In case BBPOU resigns**

A BBPOU may resign or exit from the BBPS membership at any time on giving a notice of 60 days in writing to BBPCU. In such a case Billers associated with the BBPOU can choose, or start discussion with, other BBPOUs. Billers on boarding process with other BBPOUs will depend on their mutual understanding and agreement.

#### **In case Membership of a BBPOU is terminated**

In case the membership of a BBPOU is terminated, Billers connected to this BBPOU (for BBPS) will be assigned another BBPOU on a temporary basis for a period of 60 days. Within this period

the Billers may decide whether to remain with the assigned BBPOU or migrate to some other BBPOU as per their mutual understanding and agreement.

### 6.5 Process of Listing of Billers

Billers will be on-boarded in BBPS by BBPOUs only. BBPOUs will send a formal request for approval to BBPCU for addition of a new biller's name when on-boarded after completion of all formalities and compliance with the standards set by BBPCU for on-boarding of billers. After receiving the approval of BBPCU, the BBPOU will add the entry of the newly on-boarded biller, who will then be listed under the respective BBPOU's profile

BBPCU shall issue a unique id for each biller.

Same information will be updated to all system participants based on BBPCU authorization/approval. Thereafter the biller will be part of the BBPS and available as ON-US biller for the on-boarding BBPOU and OFF-US biller for other BBPOUs.

*Note 1: Although a biller can participate in BBPS through multiple BBPOU's, there will be a core or default BBPOU through which Biller will get BBPS services i.e. Daily MIS, Settlement files etc. All OFF-US transactions will get routed to the default BBPOU while handing bill payment. The Default BBPOU will be set in consensus with the biller. The biller may change the default BBPOU for valid reasons after giving a notice of 60 days to the existing default BBPOU and BBPCU. On being satisfied with the reasons adduced for the requested change, BBPCU will carry out the change and advise the system participants.*

*Note 2: In course of time, for BCP considerations, BBPS will endeavour to facilitate billers to nominate more than one default BBPOU based on well-defined rules for routing transactions.*

*Note 3: BBPCU may maintain a negative list of billers whose presence in the BBPS system is considered to be detrimental to the system. The negative list will be approved by the Steering Committee (referred to Section 23) from time to time.*

### 6.6 Process of Delisting of Billers in BBPS

BBPOU may delist a biller on valid and justifiable grounds. Illustratively, a BBPOU may delist a biller, inter-alia, for any of the following reasons:

1. In case of breach of BBPS guidelines
2. In case of agreement failure between BBPOU & billers
3. In case the biller company declares Bankruptcy
4. In case the biller has indulged in fraudulent practices in billing or collection
5. Any unforeseen circumstance or contingency that compromises or jeopardizes the system.

For any delisting of biller, BBPOU will send a formal intimation/ advice to BBPCU as soon as the event necessitating delisting occurs but in no case later than 30 days.

## BBPS Procedural Guidelines

The delisting will be effective once BBPOU removes the entry of the biller upon receiving BBPCU approval and thereafter the biller will no longer be listed in the respective BBPOU's section. In case a biller has relationship with multiple BBPOUs, the delisting will be effective only for the BBPOU that undertakes the process of delisting biller's entry.

Any delisting application submitted by the Biller through the respective BBPOU will be finally accepted by BBPCU subject to settlement of all outstanding dues and liabilities arising out of complaints/disputes raised on the Biller.

BBPCU may suo-moto require BBPOUs to delist a biller if the biller's continuation in the system is considered to be detrimental to the BBPS system and customers. In such a case the biller will cease to be a part of the BBPS.

### 6.7 Process for On-boarding an Agent Institution

On-boarding of agent Institutions will be the responsibility of the BBPOUs. Each BBPOU will ensure compliance with the following parameters while on-boarding any agent institution.

#### Documentation requirements:

1. Business address authorization letter and licence to carry on business.
2. Compliance of KYC (Proof of registered/ business address, active bank account details, PAN number).
3. Credibility check, credential verification and banker's opinion report
4. ITR of last 2 years
5. Financial Statements for at least 2 years / other credit verification / Background check/ CIBIL verification of promoters and directors.
6. Should not be part of blacklist as and when introduced by BBPCU or any other competent authority.

#### On-boarding Process:

1. In case an agent institution is allied with more than one BBPOU, it will submit a request for participation to BBPOU mentioning name(s) of the other BBPOU/s as well.
2. An agent institution will get access to BBPS application module through a designated BBPOU only. There will be an application for accessing BBPS application module through a designated BBPOU.
3. Agent institution will submit a list of its sub-agent/s, if they exist, to BBPOU.
4. Agent institution will make available at least a minimum number of modes of payments at its outlets/ customer service points, as required under BBPS. Modes of payment under

## BBPS Procedural Guidelines

BBPS would also be configured as per Biller requirement. In addition to cash acceptance the outlets will have to ensure an electronic mode of payment is put in place over a reasonable period of time, not exceeding one year from the launch of BBPS.

*Note: Sub-agent of an agent institution will access BBPS application via the agent institution, who in turn will be accessing BBPS via its BBPOUs.*

### 6.8 Process for On-boarding Agents

Entities acting as BBPOUs/Agent Institution will ensure the following parameters while on-boarding agents (who may also be referred to as Sub-agents):

#### Documentation requirements:

1. Business address authorization letter and license/authorization to carry on to business.
2. Compliance of KYC (Generally accepted proof of identity and address as required for opening bank accounts as per extant instructions. Illustratively, for proof of identity : Govt. Issued Photo ID or Aadhaar number or PAN card; for proof of address: current or permanent residential address proof or Aadhaar card or current address recorded in bank account)
3. Credibility check and credentials verification, account with any bank

#### On-boarding Process:

1. Agents will submit a BBPS participation letter to BBPOU mentioning name of core BBPOU as well (Form)
2. Application for accessing BBPS Application module from BBPOU (Form)
3. BBPOU shall confirm the availability of at least a minimum number of payment modes (cash/ credit card/ debit card) at the agent's outlet.

### 6.9 Process of Listing of Agent Institution/Agents

Agent Institutions/Agents will be on-boarded in BBPS by BBPOUs only. In the BBPS system Agent Institutions/Agents will be listed under the respective BBPOUs that on-boarded them.

BBPOU associated with agent/agent institution will upload to the BBPCU addition of the newly on-boarded Agents. The Agent will be listed under respective BBPOU's profile

The latest information uploaded by BBPOUs will be updated to all system participants.



### 6.10 Process of Delisting of Agent Institution/Agents

For any delisting or deletion of Agent Institution/Agents, BBPOU will send a formal intimation / advice to BBPCU as soon as the event necessitating delisting occurs but in no case later than 30 days.

However, delisting/termination /deletion of the agent, will be the responsibility and discretion of the BBPOU

This will be effective once BBPOU removes the entry of the respective agent, followed by confirmation to BBPCU, and the agent/Agent institution will no more be listed /associated in the respective BBPOU's profile.

All termination and delisting of the agent institution/agents will be done by BBPOUs.

In case of any transaction dispute post termination of an agent institution/agent from BBPS, the respective BBPOU is responsible for the same. The customer or biller should not suffer under any circumstances.

*Note 1: Any approval/authorization/ data modifications in the BBPS system will be done at BBPCU end, at the end of each working day, when BBPCU will commit the changes, i.e. addition/deletion of billers/agents in the system, and updated the database. After updating the changes will be visible across the system to all the participants.*

*Note 2: Any Sub-agents deletion request will be advised by agent institution to BBPOU.*

*Note 3: BBPCU may maintain a negative list of Agent Institutions/ Agents and Sub-Agents whose presence in the BBPS system is considered to be detrimental to the system. The negative list will be approved by the Steering Committee (referred to in Section 23 from time to time.*

### 6.11 Agent Institution- BBPOU Conversion

Entities initially functioning as an Agent Institution of a BBPOU and subsequently meeting the eligibility criteria of BBPOUs, and desirous of converting their status from Agent Institution to a BBPOU, will need to proceed as per RBI guidelines for appointment of BBPOUs applicable at the respective point in time.

### 6.12 BBPOU-Agent Institution Conversion

If at any time an entity participating as BBPOU fails to maintain its eligibility criteria or decides to participate as Agent Institution only, it should comply with the following:

1. Any such conversion of BBPOU into an Agent Institution will be finally accepted by BBPCU subject to approval from RBI as applicable to authorization of BBPOUs under PSS Act.

## BBPS Procedural Guidelines

2. BBPOU will send a formal request to BBPCU, with a prior intimation of 60 days, regarding switching their participation from BBPOU to Agent Institution.
3. BBPOU will also intimate its billers and agent entities regarding the same with a prior intimation of 60 days.
4. After approval from BBPCU and regulators for switching of participation the entity will complete on-boarding process of agent (under an existing authorized BBPOU) as per BBPS guidelines.

The final acceptance will be subject to settlement of all outstanding dues and liabilities, including those arising out of complaints/disputes raised on the BBPOU.

### 6.13 Merger of BBPOUs

In case any BBPOU entity is not able to continue their participation as BBPOU, it can merge with another BBPOU entity as per following procedures.

1. Any merger of BBPOU with another authorized BBPOU will be finally accepted by BBPCU subject to approval from RBI as applicable to authorization of BBPOUs under PSS Act.
2. BBPOU will send a formal request to BBPCU, along with a consent letter from the BBPOU with which it intends to merge, with a prior intimation of 60 days, regarding the proposed merger.
3. The proposed merged BBPOU will have to satisfy all qualifying criteria as per RBI and BBPS guidelines for continuation as BBPOU.
4. The merging BBPOU will also intimate its billers & agent entities regarding its merger with another BBPOU.
5. Agent and billers associated with the merging BBPOU may choose to either continue with the merged entity or tie up with another BBPOU.

The final acceptance will be subject to settlement of all outstanding dues and liabilities, including those arising out of complaints/disputes raised on the BBPOU.

### 6.14 Demerger

There may be situation when BBPOUs can further divide into separate BBPOUs as per their business decisions i.e. for Business expansion purpose, conflicts among partners, etc. Under such circumstances the following procedures need to be followed:

1. Any de-merger of existing BBPOU will be finally accepted by BBPCU subject to approval from RBI as applicable to authorization of BBPOUs under PSS Act.

## **BBPS Procedural Guidelines**

2. Any BBPOU seeking demerger should request BBPCU with a prior intimation of 60 days.
3. The proposed demerged BBPOUs will have to individually satisfy all qualifying criteria for BBPOU licence as per RBI and BBPS guidelines. The resultant new entity(ies) will be required to obtain a new authorization from RBI.
4. All associated billers and agents will not migrate/switch to new BBPOU entity until new BBPOU(s) is licensed and successfully on-boarded in BBPS.
5. Till such time as the new BBPOU(s) are on-boarded all billers and agents will continue to participate through the existing BBPOU only.

The final acceptance will be subject to settlement of all outstanding dues and liabilities, including those arising out of complaints/disputes raised on the existing BBPOU.

### **6.15 Technical Configurations for Members**

BBPCU will provide guidelines on technical configuration to the system participants:

1. BBPCU will release technical specification document for BBPS system detailing message specification, IT/Security standards, technical document, and recommended hardware/software requirement for system participants.
2. BBPCU will release document for Network link delivery for establishing network connectivity between BBPOU and BBPCU.

### **6.16 Notification to System Participants**

BBPCU shall notify all the members through email/letter/circular (including e-circular)/Message Box/Website regarding:

1. Inclusion of a new member in BBPS.
2. Cessation of any member.
3. Suspension/Termination of any member.
4. Amendments in the Procedural Guidelines.
5. New enhancement of the software and hardware released pertaining to the BBPS.
6. Any other issues deemed important.
7. Regulatory Guidelines/ circulars applicable to BBPS.

## **6.17 Suspension & Termination of Membership**

Any termination/suspension of BBPOU will be finally accepted by BBPCU subject to approval from RBI as applicable to authorization of BBPOUs under PSS Act. BBPOU shall cease to be a member in any of the following events:

### **For BBPOU (Bank)**

1. If its banking licence is cancelled by RBI.
2. If its authorization/approval under the Payment and Settlement Systems Act, 2007 to participate as a BBPOU has been revoked by RBI.
3. If the BBPOU does not adhere to qualification criteria as per RBI/BBPS guidelines.
4. If it is placed under moratorium or prohibited from accepting fresh deposits by RBI.
5. In case of any notification issued by the judicial authorities or the government for freezing its current account with the RBI.
6. In case of failure to adhere to Anti Money Laundering (AML) guidelines, wherever applicable.
7. If customer disputes exceed certain defined thresholds; as fixed in consultation with the regulator from time to time and repeated warnings issued by the BBPS.
8. Any other reason or event necessitating such action by the Regulator.

### **For BBPOU (Non-Bank)**

1. If its licence is cancelled by Govt. authorities or Regulators.
2. If its authorization/approval under the Payment and Settlement Systems Act, 2007 to participate as a BBPOU has been revoked by RBI.
3. If it is unable to carry on business as BBPOU because of restrictions or restraints imposed by a judicial authority or Government.
4. In case of failure to adhere to Anti Money Laundering (AML) guidelines, wherever applicable
5. In case of insolvency or bankruptcy of the BBPOU.
6. If it does not continue to wholly conform to the qualification criteria as per RBI/BBPS guidelines.
7. In case of breach of regulatory guidelines and applicable laws.
8. If customer disputes exceeds certain thresholds, as fixed in consultation with regulator from time to time, and repeated warnings issued by the BBPS.

## BBPS Procedural Guidelines

9. In case the membership of an entity participating as BBPOU is suspended or terminated, BBPCU will take action as necessary to deal with outstanding disputes, if any, against the suspended/ terminated entity.
10. Any other reason or event necessitating such action by the Regulator.

### 6.18 Process of BBPS Membership Deactivation / Suspension/ Termination.

1. The BBPCU shall inform in writing to the BBPOU regarding deactivation / suspension / termination of its membership on the BBPS Network.
2. The deactivation /suspension may be immediate or from a future date, depending on the severity of the breach and the risks associated with continuing the member in the BBPS system.
3. If the BBPCU is of the opinion that the breach is not curable or continuation of the member in the BBPS poses a grave systemic risk, BBPCU may suspend the membership with immediate effect. However, the member shall be given an opportunity to be heard within 30 days of the date of suspension order. If the explanation / reasons given by BBPOU are not found satisfactory by BBPCU, the BBPCU shall seek the approval of RBI for termination of membership of BBPOU.
4. The BBPCU may at any time revoke the order of suspension of membership, if it is satisfied, either on its own motion or on considering the representation of the member, that the revocation is justified.
5. If BBPCU considers it desirable to revoke termination of membership of BBPOU, such entity shall be required to apply to RBI for membership in accordance with PSS Act and BBPS guidelines.

## 7 Certification & Compliance

1. When a new member has to join the BBPS network, BBPCU will provide a technical project plan for the particular member. The project plan will document all the requisite steps needed to be performed prior to establishing host-to-host connectivity between the members in the BBPS network and BBPCU before going live on the BBPS network. The project plan will also list the responsibilities pertaining to the project management tasks.
2. Apart from this, the project plan will also document steps related to test and execution of the plan. The test plan will detail all the personnel involved in conducting the acceptance test.

3. If a third party, on behalf of BBPCU, develops software application or releases new version of the software, BBPCU reserves the right to upgrade the existing system after appropriate certification. BBPCU will provide notice of 60 days to all members prior to undertaking such enhancements which may have impact on participating BBPOUs on the BBPS network. However, BBPCU will examine whether it needs to proceed with re-certification. In case BBPCU decides that re-certification is needed, all expenses relating to re-certification should be borne by the members (BBPOUs). BBPCU will retain all such software enhancements and new versions of software released. BBPCU may charge a reasonable certification fee.
4. If a member develops software application or releases new version of a software, the member should notify BBPCU at least 60 days in advance and should allow BBPCU to perform re-certification. All cost associated with such re-certification will be borne by the respective member that has developed the software application or released the new version of the software. BBPCU may charge a reasonable certification fee.

## 8 Roles & Responsibilities

### 8.1 BBPCU

1. BBPCU will be responsible for setting standards
  - a) Business standards, rules and processes for on-boarding the BBPOUs authorized under the PSS Act; including multiple billers and BBPOUs relationship.
  - b) Processes and procedures for various business/technical/operational requirements both at the BBPCU and the BBPOUs level, including setting up of agent network.
  - c) Information exchange standards, including security standards.
  - d) Risk mitigation.
2. BBPCU would be responsible for marketing and brand positioning of the pan-India BBPS, the oversight and certification for conduct of operations of the BBPOUs.
3. BBPCU will be responsible for setting standards in relation to payment, clearing and settlement of the transactions carried out at various BBPOUs and their agents - both ON-US and OFF-US transactions.
4. BBPCU will handle the process of clearing and net settlement between different BBPOUs for all OFF-US transactions in accordance with the standards and SLAs set for the purpose.

## BBPS Procedural Guidelines

5. BBPCU will put in place a dispute resolution mechanism to handle disputes arising between system participants.
6. BBPCU will ensure the setting up of a suitable fraud and risk management framework for the BBPS.
7. BBPCU will ensure an appropriate MIS system is put in place.
8. BBPCU will put in place a centralized end-to-end complaints management system in conjunction with BBPOUs for all ON-US and OFF-US transactions.

*Note: BBPCU may maintain a repository of relevant fields, as required, of ON-US transactions, if considered necessary to discharge its responsibilities.*

### 8.2 BBPOU

1. On-boarding of billers as per defined standards/ rules, appointment of agents, carrying out due diligence (as per processes and rules set out for appointment of agents) and ensuring confidentiality and privacy standards are in place.
  - a) Billers
    - Carrying out due diligence on a new biller before it is on-boarded.
    - Biller configuration and selection of respective BBPOUs for routing.
    - Biller agreement should ensure that they adhere to SLAs, standards (as applicable), turnaround time for customer grievance redressal as prescribed by BBPCU.
  - b) Agents
    - Carrying out due diligence, verification and scrutiny of agents.
    - Educating agents about BBPS.
    - Ensuring that agents adhere to SLAs, standards, turnaround time, transparency standards as prescribed by BBPCU.
    - Educating agents about customer handling & grievance handling.
2. Infrastructure development - Application development, including APIs where required, by respective BBPOUs - in adherence to standards set by the BBPCU.
3. Ensuring availability of the required infrastructure, system, hardware, software, network, scanners and other devices at the central site and all outlets as required to comply with BBPS guidelines.

## BBPS Procedural Guidelines

4. Transaction handling - Safety and security of transactions, verification of biller information, and adherence to transaction flow standards / rules set by the BBPCU.
5. The BBPOUs shall arrange to disclose all important terms and conditions in clear and simple language (preferably in English, Hindi and the local language) comprehensible to the customers of various billers/users of its services. These disclosures should include:
  - a) All charges and fees associated with the use of bill payment facility, and
  - b) Details regarding Complaints and grievance redressal mechanism and modalities including telephone numbers and website address.
6. BBPOUs will handle end-to-end and directly settle all ON-US (and OFF-US through BBPCU) transactions as per commercial arrangements with the billers and agent institutions/ agents in adherence to the standards set for this purpose by the BBPCU.
7. Handling customer grievances and disputes as per set procedures and standards for billers/ agents/end-customers through the centralized end-to-end complaint management system in conjunction with BBPCU for all ON-US and OFF-US transactions.
8. Value-added services - provide MIS and Reporting and other services to the billers/ aggregators/ agent institutes/agents.
9. Compliance with Service Level Agreements to provide various services and resolution of grievances as per SLAs and TAT prescribed by BBPCU.
10. Ensuring that the Agent Institutions, Agents and sub-agents (together called agency network) comply with BBPS standards, procedural guidelines and inter-operability standards and carrying out internal audits to confirm compliance by the agency network. Interoperability will be mandatory.
11. Meeting obligations as may be prescribed to provide an accessible bill payment system to the large segments of un-banked/ under-banked population.
12. BBPOU cannot have bilateral arrangements with another BBPOU nor with any biller for aggregation of bill payments outside the BBPS.
13. BBPOU shall not use, nor allow agent institutions and agents to use customer data collected in the course of bill payment or registration for other purposes without the consent of the customer. Suitable “opt-out” option will be provided to customers in all such cases.

### 8.3 Billers

1. Compliance of BBPS Procedural Guidelines /DMS Guidelines and standards as applicable to the BBPS participants in general and billers in particular.



## BBPS Procedural Guidelines

2. Billers in consultation with their default BBPOUs shall ensure compliance with the BBPS standards and guidelines for being on-boarded, inter-operability of bill payments, SLAs, settlement standards and guidelines and standards for resolution of customer complaints, grievances and disputes.
3. Billers shall enter into agreements with BBPOUs on the lines of standards prescribed by BBPCU.

### 8.4 Agent Institutions and Agents

Entities acting as Agent Institutions or Agents on-boarded by BBPOUs and Sub-agents appointed by Agent Institutions shall have the following roles and responsibilities:

1. They shall provide the customer touch points where payment of bills issued by any biller who is a participant in the BBPS will be accepted.
2. They will facilitate BBPS registration by customers who opt to do so and also assist the registered customers to map billers to their registered id, as desired by the customer.
3. Availability of the required hardware, software, system, printers, scanners and other devices, connectivity, etc. as required to carry out business of bill payments under BBPS.
4. The agent outlets shall make available a number of modes for making payment of bills.
5. All procedural guidelines and standards of BBPS shall be adhered to.
6. Customer should be made aware about extra service charges / fees, if any, which customer may have to pay for bill payments. Such charges shall not exceed the maximum amount prescribed by BBPCU or BBPOU. Information about the charges, if any, payable by the customer shall be prominently displayed in the premises/website/location.
7. Customer should be made aware about actual realization/ settlement cycle for the bills to be paid.
8. The customer shall be given an instant confirmation of bill payments in accordance with the standards and procedural guidelines of BBPS.
9. A BBPS logo or trademark will be prominently displayed at the collection points as per the guidelines laid down by BBPCU to identify agent's outlet as BBPS enabled Service Point.
10. All-important terms and conditions shall be displayed in clear and simple language (preferably in English, Hindi and the local language) comprehensible to the customers of various billers/users of the services offered by the agent. These disclosures will include:

## BBPS Procedural Guidelines

- a) All charges and fees associated with the use of bill payment facility, and
  - b) The customer service telephone numbers and website URL
  - c) Details regarding complaints and grievance redressal mechanism and modalities including telephone numbers and website address.
11. It shall be ensured that confidentiality and privacy standards are complied with diligently. Non-compliance will invite stiff penalties. Customers' data collected in the course of bill payment or customer registration will not be used for other purposes without the consent of the customer or outside the framework prescribed by its BBPOU. Suitable "opt-out" option will be provided to customers in all such cases.
  12. It will be Agents' responsibility to verify the accuracy of the data captured from the customer to ensure correct application of the payment.
  13. Agents will sensitively handle the customer in case of any dispute and grievance/s.
  14. If a customer wishes to lodge a complaint against any biller or about bill payment made by him anywhere in the BBPS, he may do so at any agent/ BBPS outlet. The customer shall not be levied any charges for lodging a complaint in the BBPS. Heavy penalties may be levied on BBPOUs/Agents who deviate from the operating guidelines.
  15. Agent may be terminated by BBPOU at the instance of BBPCU if customer dispute percentage exceeds certain defined threshold limit as fixed by BBPCU from time to time. Terminated agents cannot become agent of any other BBPOU till BBPCU is satisfied with corrective actions put in place by the agent

### 8.5 Sponsor Bank

1. The Sponsor bank will inform BBPCU regarding their sponsorship of their respective BBPOU.
2. A sponsor bank of a Non-bank BBPOU shall be responsible for the settlement of OFF-US transactions of the respective BBPOU, to be done in the books of RBI by the BBPCU.
3. A sponsor bank of a Non-bank BBPOU may act as settlement bank for settlement of ON-US transactions of the respective BBPOU.
4. It will be the responsibility of the Sponsor bank to execute all required arrangements and authorizations, including Settlement Guarantee Fund participation, to ensure orderly and smooth settlement of OFF-US transactions.
5. Sponsor bank and BBPOU will have a formal agreement in accordance with the terms and conditions agreed between them.

## BBPS Procedural Guidelines

6. A Sponsor bank can sponsor one or more BBPOU.
7. In case of change in sponsor bank BBPOU will inform BBPCU and will enter into a tripartite agreement with new sponsor bank.

## 9 Bill Payment Option

The BBPS will have two options for bill payments:

1. Quick Pay option,
2. Bill payment for a registered customer in BBPS.

### 9.1 Quick Pay

Under Quick Pay option for bill payment, only the bill parameters would be used to validate the bill details and fetch the required information for accepting payment of the bill. To avail Quick Pay option, a customer will visit any BBPS enabled agent outlet/ service points (hereinafter referred to as “BBPS outlet”) or a BBPS enabled website for payment of bill and enter his bill information, based on which the agent/website will verify the details and enter the bill amount. It is expected that the bill information given by the customers will be validated and certain minimum information about the bill would be made available to the customer to ensure that the payment is correctly applied. The customer will simply pay his/her bill. For some billers it would be possible to pay bills without validating bill information, based on certain required minimum biller specific information.

*Note: Both the scenarios of Bill fetch and ad-hoc-payment will be accepted.*

### 9.2 Registered Customer

The facility of registering a customer under BBPS is purely optional. BBPS will offer to the customers an option of registration in the BBPS system and the repository of registered customer database will be maintained at BBPCU level. This will facilitate payment of various bills by the registered customer. Registration will also enable offering of many value-added services to the registered customers. Customers desirous of registering themselves in the BBPS system may approach any BBPS outlet or a BBPS-enabled website. Registration will be a one-time process, a unique customer ID will be generated and the registration details of the customer will be available to all BBPOUs, irrespective of where the registration was done. Agents/Registered customers can add billers and necessary parameters for the bills at any BBPS outlet or a BBPS-enabled website. As the registration particulars and details of billers mapped

## **BBPS Procedural Guidelines**

to a registered customer will be available to all BBPOUs, a full set of such data will have to be maintained by BBPCU.

The procedure to register a customer in the BBPS will be as follows:

### **Step-1**

Following illustrative details of the customer will be required for registration in BBPS system.

1. Full Name of the Customer
2. Customer Mobile No
3. An acceptable ID number (e.g., PAN, Aadhaar, Bank Account, Voter ID Card, etc. but optional)
4. Address
5. Email ID

### **Step-2**

Once all details of the customer are submitted, as a part of verification customer will get a one-time password on his/ her given mobile number/e-mail. Customer will enter the one time password at the BBPS outlet/website for completing the customer registration.

### **Step-3**

A BBPS Customer ID will be generated and sent to the customer mobile no. and/ or email. For the sake of customer convenience, customer mobile number or email ID may be used as an alternate identifier to fetch the BBPS customer ID for all future transactions.

### **Step-4**

Customer registered in BBPS can have billers and bills pertaining to them mapped to their BBPS ID. The mapping may be done at any BBPS outlet of any BBPOU or a BBPS-enabled website. Particulars of the billers mapped to a registered customer will be available to all BBPOUs. A registered customer may visit any BBPS outlet or BBPS enabled website and pay the bills of all billers mapped to the customer ID.

#### **Note 1**

1. *Customer Registration will be done with the consent of the customer*
2. *Disclaimer to be placed by the BBPOUs regarding customer data security & privacy to the effect that Customer information will not be utilized for any marketing or promotional activities without the consent of the customer and that the customer will be entitled to withdraw such consent any time*
3. *Registered customer information will be displayed at the BBPOU and agent level in masked mode on need to know basis.*

### 9.3 Modifications/De-registration of Customer

The customer registration will allow the customers to modify or de-register themselves from the system at any given point of time. Similar to registration process the customers will be able to modify/de-register at any BBPS touch point.

## 10 BBPS Brand Usage & Philosophy

### 10.1 Advertising Rules

The key to the success of the Bharat Bill Payment System lies in building a strong brand that conveys the essence of the values and attributes of BBPS and fosters trust, confidence and comfort in the mind of the customers and system participants. BBPCU will be responsible for marketing and brand positioning of the pan-India Bharat Bill Payment System and for oversight and certification for conduct of operations of the BBPOUs, including use of the brand. All members participating in the BBPS will use the BBPS trademark/logo as prescribed by BBPCU.

1. Standard logo and any other promotional material as authorized by BBPCU should be prominently displayed on the BBPS outlet /Agent's premises.
2. Members can advertise and promote their participation in the BBPS network by using the standard logo of the BBPS as authorized by BBPCU.
3. A BBPS logo or trademark will be prominently displayed at the collection points as per the guidelines laid down by BBPCU to identify agent's outlets as BBPS enabled Service Point.
4. BBPS logo should also be implemented in bill payment receipt.
5. Billers may advertise BBPS logo, after seeking approval from BBPCU, in their bills once they are part of BBPS network.

### 10.2 Prohibition of BBPS logo upon Termination & Suspension

Upon withdrawal or suspension or termination from the BBPS, the respective BBPOU member/biller should stop using the BBPS name, logo, and trademark. Further, the same should be removed from all locations of display with effect from the date of termination.

*Note: A detailed standard on BBPS branding is enclosed as Annexure-VII.*

## **11 Intellectual Property Rights**

All intellectual property rights and copyrights in relation to all documents and materials including electronic versions and data prepared particularly for the BBPS shall vest with BBPCU.

## **12 Operating Procedure**

### **12.1 Adherence to BBPS guidelines**

All entities participating in BBPS must meticulously comply with BBPS regulations and guidelines at all times.

### **12.2 Connectivity**

Member BBPOUs participating in the BBPS shall maintain connectivity of their network for the BBPS services on 24x7 basis with an uptime of not less than 99.5%.

Prior intimation will be provided to the system participants for scheduled maintenance/downtime/upgrade etc. by the BBPCU.

### **12.3 Modalities for offline and online mode connectivity for Billers:**

#### **12.3.1 Offline**

In scenarios where the online integration is not available or the biller is not able to provide data dump, the current physical bill copy has to be produced at the agent outlet; this will be mandatory for acceptance of bill payment. Appropriate checks and balances will be put in place to handle such bills at physical outlets.

#### **12.3.2 Online Mode**

- a) Biller will be connected to BBPOUs in online mode (internet) so that system will be available 24X7 to customer. For any customer query BBPOU will fetch information from the biller via billers API.
- b) Offline mode will be available to the billers not connected to the BBPOU directly. Billers will share MIS dump repository with their respective BBPOUs in agreed SLA. Accordingly for any customer query, BBPOU will respond as per dump data.

## **BBPS Procedural Guidelines**

Transactions accompanied by the customer data, duly encrypted and digitally signed, will travel over a dedicated network i.e. NPCInet (or any other network or mode as permitted by the BBPCU) connecting all the system participants with the BBPCU.

### **12.4 Data Protection & Security**

#### **12.4.1 Security Considerations**

For customer data security, the following classes of information should be considered:

- a) Sensitive Data - Data such as PIN, passwords etc. These are not to be stored and should only be transported in encrypted form.
- b) Private Data - Data such as Customer ID, account number etc. This information may be stored by the BBPOUs, but only in encrypted form, complying with accepted industry standards or as per standards as decided by BBPCU
- c) Non-Sensitive data - Name, transaction history (amount, time stamp, response code, location, etc.) that can be stored in unencrypted form.

#### **12.4.2 Protection of customer data**

- a) Protecting customer data during capture at bill payment
- b) Verification of the account details\card no\IMPS id with respective bank, BBPOUs, etc.
- c) BBPOU should always store the data in encrypted form

#### **12.4.3 Protection of Authentication Credentials**

BBPOUs to ensure that payment acceptance points will conform to accepted and authorized standards for their respective mode of payments.

#### **12.4.4 Compliance to standards**

- a) All system participants in BBPS will comply with messaging format structure and standards as specified by BBPCU from time to time for all end to end transactions between BBPOUs/BBPCU
- b) Participants will have to adhere to all techno-functional guidelines and standards released by BBPCU from time to time.
- c) All financial transactions will be stored/archived for ten years or as per current regulatory standards or as notified by BBPCU from time to time.

## **BBPS Procedural Guidelines**

- d) All BBPOUs/Agents should comply, online or offline, PCI Data Security Standard (PCI DSS) guidelines for keeping customer's payment card data secure, where ever required.
- e) Security of transactions between the agents/Agent institution and the BBPOU Server shall be responsibility of BBPOUs but security of transactions at the BBPCU server and network level shall be the responsibility of BBPCU.

### **12.5 Settlement Account**

- a) Settlement of ON-US transactions will be handled by the BBPOU through an identified settlement bank where the agents and the billers need to maintain their settlement accounts. BBPOU will arrange to settle the amounts to the billers and agent institutions / agents through the settlement bank and designated settlement account.
- b) In case of OFF-US transactions, the BBPOUs have to indicate the designated settlement bank account (of the sponsor bank in case of non-bank BBPOUs) maintained with RBI through which the BBPCU will process the settlements. This account will be used for net settlement of the amounts due to/ from the BBPOU and for debiting the charges, fees and penalties, etc. Hence, bank-BBPOUs and sponsor banks of non-bank BBPOUs should issue a letter of authorization to RBI for settlements of all OFF-US transactions by BBPCU.
- c) All entities participating as BBPOUs and their Sponsor banks shall monitor and ensure adequacy of their collateral with BBPCU as detailed in Settlement Guarantee Fund mechanism.

### **12.6 Transaction Reports**

All Member BBPOUs shall receive the daily transaction and settlement reports from BBPCU to ensure account reconciliation on a daily basis.

### **12.7 Audits by BBPOUs**

Each member BBPOU shall conduct annual internal audits of itself and its Agent Institutions/ agents, if any, in order to comply with the BBPS Operating Procedures. BBPCU may carry out audits of the participating entities and their agents to verify compliance with the BBPS Operating Procedures, Standards and Guidelines.



### 12.8 Service Level Agreement

All entities participating in BBPS system will enter into a Service Level agreement with BBPCU and also agree to maintain the prescribed SLAs at all stages of their operations and processing cycles.

### 12.9 Confirmation of Bill Payment / Transaction Receipt

All Agents Institutions' and Agents' service points (BBPS outlets) will provide instant confirmation of bill payments made at the outlet by means of an SMS/ email/ print out as desired by the customer of Transaction or electronic receipt of transaction where the mode of bill payment is online/net-banking/ mobile banking/ IMPS.

The physical/ electronic receipt will have a unique reference number and it would be possible for the customer to get independent confirmation of bill payment using this reference number on a website/ SMS service/ IVRS.

The confirmation of payment will be acknowledgement of payment having been made at the BBPS outlet (physical or electronic). Settlement of funds and payment to biller will be as per the extant RBI guidelines on settlement of payments for transactions involving intermediaries as amended from time to time.

### 12.10 Complaint Management System

The brand of the BBPS would enjoy the trust and confidence of the customers only if it facilitates an effective, efficient and centralized mechanism for handling customer complaints and grievances. The procedure for handling customer's complaints and grievances will be as follows

1. BBPCU shall put in place a centralized end to end complaint management system for all ON-US and OFF-US transactions.
2. Till such time the centralized management system can be put in place, to begin with, the BBPS will facilitate at least the centralized ticketing or lodging of complaints (against any biller) from the end-consumers at any of the BBPS points, even though the final redressal will be handled by the respective billers/BBPOU's.
3. The customer can directly or through the BBPOU or any agent (of BBPOU) be able to log onto the centralized BBPCU website and register complaint based on the transaction id created for that particular transaction
4. The site or the complaint management portal would be the repository for this data and link to the billers through their respective BBPOUs

## BBPS Procedural Guidelines

5. The BBPS Complaint Management System would be used for registering and tracking complaints for both ON US and OFF US transactions. In case of ON-US transactions the data for that specific transaction will be retrieved from the respective BBPOU, as required. BBPCU will share APIs with BBPOUs to facilitate complaint registration and tracking by BBPOUs.
6. At the time of raising a complaint, the customer will be asked for necessary details (e.g. name, mobile number and e-mail ID) that will be used for auto-registering him / her on the BBPS with a unique Customer ID.
7. On the basis of the Transaction ID and the status of the transaction the complaint shall be tagged to the respective BBPOU and the biller for resolution.
8. The BBPOU can provide the access to the biller for checking the complaint and resolving the same for their set of complaints. In such cases once the biller updates the resolution in the system, BBPOU can verify and close the complaint. Closure of the complaint will remain with the BBPOU only.

*Note: A brief overview of complaint management system is also enclosed as Annexure X.*

## 13 Mode of Payments

All modes of payments will be accepted at BBPS enabled service point i.e.

1. Cash
2. Debit Cards, Credit Cards,
3. Online / Net-banking (not at physical outlet)
4. IMPS
5. Prepaid Instruments (Wallets & Cards)

*Note: Due to complexities involved in handling cheques, Bill payment by cheque mode will not be a part of BBPS to begin with. It may be considered later. Since all BBPOU agent outlets may not be in a position to accept all modes of payments a minimum number of modes of payment, e.g., cash and/or card transactions, should be made available at each physical outlet. Those BBPOUs that will be accepting digital payments will accept minimum of card and online payments.*

*Card acceptance infrastructure will be rolled out at the BBPS outlets within a reasonable period not exceeding one year from the launch of BBPS.*

*Note 1: Physical outlet will have to mandatorily accept the payment modes mentioned below:*

- Cash
- One Electronic mode (within a reasonable period not exceeding one year from the launch of BBPS)

## **14 Transaction & Settlement Process Flow**

### **14.1 Bill Payments via Cash**

Following will be the scenario where a Biller is on-boarded by Biller BBPOU and customer will choose Customer BBPOU for bill payment and payment mode as Cash.

1. Customer will illustratively share following details with agent.
  - Biller ID
  - Customer ID/Account no associated with biller
  - Amount
  - Type of payment
1. Accordingly the agent will input the biller Id & customer account reference number into BBPS system.
2. Customer bill details will be fetched from biller database via Customer **BBPOU-BBPCU-Biller BBPOU** and displayed on the agent's system.
3. Agent will confirm the bill amount from the customer.
4. If the information fetched from the BBPS system is correct agent will ask customer for payment.
5. In case customer is willing to pay by cash, then the agent will enter the information in the BBPS system and Customer BBPOU will process the payment information to BBPCU.
6. Accordingly BBPCU will process the bill payment information to the respective Biller BBPOU through which biller is on-boarded. Biller BBPOU will share this bill payment confirmation to the respective biller.
7. Biller will update the customer account and share the confirmation back with Biller BBPOU. Biller BBPOU will share this confirmation with BBPCU who will in turn share it with the Customer BBPOU.
8. Based on the positive confirmation from Biller BBPOU for having received bill payment information, bill payment receipt will be generated to the agent system.
9. Agent will share the bill payment receipt with the customer.

*Note: For ON-US transactions Biller BBPOU and Customer BBPOU are same entities and the transactions will not pass through BBPCU.*

## **14.2 Bill Payment via Card**

Following will be the scenario where a Biller is on-boarded by Biller BBPOU and customer will choose Customer BBPOU for bill payment and payment mode as Card.

1. Customer will illustratively share following details with agent.
  - Biller ID
  - Customer ID/Account no associated with biller
  - Amount
  - Type of payment
  - Type of card to be captured (debit/credit etc.)
2. Accordingly the agent will input the biller Id & customer account reference number into BBPS system.
3. Customer bill details will be fetched from biller database via Customer **BBPOU-BBPCU-Biller BBPOU** and displayed on the agent's system.
4. Agent will confirm the bill amount from the customer.
5. If the information fetched from the BBPS system is correct agent will ask customer for payment.
6. If the customer is willing to pay via card then it will depend upon the positive confirmation of the Card Payment received from the card issuing bank through the card network. Payment effected through card will be outside the BBPS network.
7. Payment confirmation receipt will contain an authorization code which Agent will input while processing the card payment information further to Customer BBPOU. Auth code will be entered twice to avoid data entry mistakes.
8. Agent can have two option for processing Card
  - An agent can have a POS Terminal of his own
  - Agent can have respective BBPOU's POS Terminal
9. Customer BBPOU will process the transaction information to the BBPCU.
10. Accordingly BBPCU will process the bill payment information to the respective Biller BBPOU through which biller is on-boarded. Biller BBPOU will share this bill payment information to the biller.

## BBPS Procedural Guidelines

11. Biller will update the customer account and share the confirmation back with Biller BBPOU. Biller BBPOU will share this confirmation with BBPCU who will in turn share it with the Customer BBPOU.
12. Based on the positive confirmation from Biller BBPOU for having received bill payment information, bill payment receipt will be generated to the agent system.
13. Agent will share the transaction receipt with the customer.

*Note: For ON-US transactions Biller BBPOU and Customer BBPOU are same entities and the transactions will not pass through BBPCU.*

### 14.3 Payment via Netbanking/IMPS

Bill payment via Netbanking/IMPS (Push or Pull) for all transactions (both ON-US and OFF-US) will be through the Customer BBPOUs.

Following will be the scenario where a Biller is on-boarded by Biller BBPOU and customer will choose Customer BBPOU for bill payment and payment mode as IMPS/Netbanking.

1. Customer will input his/her account number associated with Biller & Biller ID at Customer BBPOU's online domain/internet site/Mobile application.
2. Customer BBPOU will further send customer bill input to the BBPCU.
3. BBPCU will send this information to the Biller BBPOU through which biller is associated.
4. Accordingly bill detail with amount will be presented to the customer from biller database via Biller BBPOU in BBPS.
5. Options for payment via Netbanking/IMPS will be available to the customer for bill payment.
6. Customer will choose a payment option.
7. Accordingly customer will pay bill amount based on positive confirmation of sufficient balance in his/her bank account to Customer BBPOU.
8. Once customer completes the transaction, bill payment information will be confirmed to the biller via Customer BBPOU-BBPCU-Biller BBPOU along with funds transfer transaction authorization code
9. Based on the positive confirmation from Biller BBPOU for having received bill payment information a receipt of the transaction will be generated at customer end.

*Note: For ON-US transactions Biller BBPOU and Customer BBPOU are same entities and the transactions will not pass through BBPCU.*

*Netbanking mode of payment should not be initiated in case of assisted bill payment transactions.*

*Note: While the above scenarios reflect the OFF-US transactions, for a unique consumer experience, receipt generation for ON-US transaction as per consumer request will follow the same standards and formats as for OFF-US transactions.*

## 15 Settlement Arrangement

1. Settlement process is an integral part of any inter-operable payment system. Under the BBPS, the BBPOUs' agents may receive payments for various billers, including those who have not been on-boarded by their own BBPOUs. Thus, the nature of transactions in the tiered model of centralized bill payments system can be classified into ON-US & OFF-US.
2. **OFF-US:** the biller and payment collecting agent belong to different BBPOU
3. **ON-US:** the biller and payment collecting agent belong to same BBPOU

### 15.1 Settlement Procedures

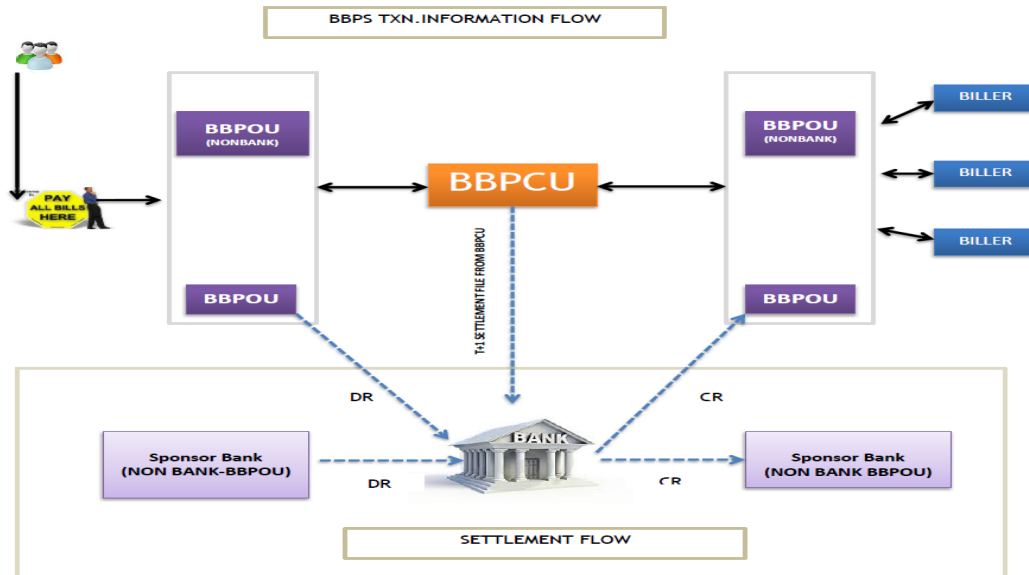
1. ON-US: As Agent who has collected the payment as well as the biller who has to receive the payment are on-boarded by the same BBPOU, the BBPCU will have no role in clearing and settlement for such(ON-US) transactions and the same will be handled by respective BBPOUs, end-to-end, from collection of payment from customer by the agent, settling of funds between agent and BBPOU and final payment to the billers' account, in adherence to the standards set for this purpose under the BBPS.
2. OFF-US: As Agent who has received the payment from the customer and the biller who has to receive the money belong to different BBPOUs. BBPCU will handle the process of clearing and net settlement between the different BBPOUs. The BBPOUs will route the transaction data of OFF-US transactions to the BBPCU, using which the BBPCU will arrive at the net settlement for each BBPOU. Based on the net payment obligation arrived at by BBPCU, each BBPOU will pay/receive the funds through the settlement bank arrangement put in place by the BBPCU. BBPCU will also provide the related transactional data of the settlement to the concerned BBPOU to enable them to make the payment in turn to the concerned billers.

### 15.2 Settlement timings

1. BBPS may have batch wise settlements in the books of RBI. BBPS rules will provide time frames for submission of settlement information for OFF-US transactions only.
2. To begin with settlement realization cycle for all modes of payment will be T+1, and for lodging any complaints, the cycle will start at T+2.

## BBPS Procedural Guidelines

3. As system evolves and additional settlement categories are introduced, the turnaround time for settlement may be revised.
4. Accordingly any complaint in Complaint Management System (CMS) can be raised in CMS on or after 2<sup>nd</sup> day of the transaction by the customer.



### 15.3 Settlement Flow for OFF-US transactions

1. In BBPS, net settlement will be in place for OFF-US transactions, which will generate settlement file at the end of each session. BBPS rules will provide time frames for submission of settlement information.
2. At the end of each settlement cycle BBPCU will generate a settlement file and submit the same to RBI for settling in the respective BBPOU's account.
3. Customer BBPOU account will be debited :
  - a. In case Customer BBPOU is non-bank entity then its Sponsor bank's account maintained with RBI, through which BBPOU is participating in BBPS, will be debited.

## **BBPS Procedural Guidelines**

- b. In case Customer BBPOU is a bank then its settlement account with RBI will be debited.
- 4. Accounts of Biller BBPOU will be credited:
  - a. In case Biller BBPOU is non-bank entity then its Sponsor bank's account maintained with will be credited.
  - b. In case Biller BBPOU is a bank entity then its settlement account in RBI will be credited.

## **16 Refunds**

Refunds would be handled by the billers directly with the customer outside the BBPS. The same will be updated in the BBPS by Biller BBPOU.

## **17 Transaction Identification**

BBPS will allow bill payment via multiple modes i.e. cash, card, mobile, net-banking, etc.; accordingly transactions information will travel further to respective clearing & settlement networks.

Each BBPS transaction will carry BBPS identifier and mode of payment identifier, which will identify BBPS transaction (Detailed flow is in technical documents).

## **18 Message transformation**

BBPS will follow messaging standards and formats prescribed by BBPCU. BPPPOUs following standards other than those prescribed by BBPCU will implement a module to convert their messages in the required format.

## **19 Settlement of Bills**

Following is the Bill payment settlement scenarios



### 19.1 BBPOU-Biller connected online

For the Biller directly connected to the BBPOUs the bill payment information will be processed in real time (BBPOU will fetch all the information of the customer via an API connected with billers). In this case all customer details validation will happen in real time as well. At the end of each settlement cycle an advice file will be generated and will be available with Biller's BBPOU. Biller will download the same file from BBPOU & upload advice file in its system for reconciliation and will settle customer's bill account.

### 19.2 BBPOU-Biller connected offline

For the Biller not directly connected to the BBPOUs, the bill payment information will still be processed by BBPOU who will fetch all the information of the customer via an MIS dump provided by offline Billers to their BBPOU if provided.

In this case all customer details validation may or may not happen. At the end of each settlement cycle an advice message file will be generated. Billers will get all the transaction advice message file from Biller BBPOU & upload advice message file in its system for reconciliation and will settle customer's bill account.

*Note: Please refer Annexure V for BBPS failure scenarios.*

## 20 Settlement Guarantee Fund

Since BBPCU will use multilateral netting for settlement, the settlement is considered final as soon as such settlement amount is arrived at through netting procedure or process.

In the event of a participating member failing to complete settlement, BBPS will be authorized to fund the settlement process by an amount equal to the deficiency created by the defaulting BBPOU(s) so that the settlement for the day will go through.

*Note: Details of SGF provided in Annexure III*

## 21 Invoicing & Charges

The charges, fees and penalties, etc as decided from time to time would be debited to the settlement account of BBPOUs and details communicated to the members of BBPS.

## **22 Transparency and Disclosure standards**

The BBPCU and the BBPOUs would ensure that the charges to the customer would be adequately displayed on the transaction receipt and the BBPS outlet would prominently display all kinds of charges levied from time to time. The outlet would also display the services on offer and the time taken for settlement of the transaction. Agents manning the outlets would be adequately trained to address the customer queries and grievances.

## **23 Technical Specifications**

Technical specifications, message formats etc. would be communicated for enablement of participants after vetting by stakeholders and will be released separately.

## **24 Steering Committee for BBPS**

A Steering Committee for BBPS with senior level representation from the stakeholders will be constituted for advising on, coordinating and monitoring of the implementation and operational issues relating to BBPS. The Steering Committee shall also advise on development of standards for the bill payment system and oversee implementation of the standards. The Steering Committee may invite representatives from other organizations involved in promoting BBPS services and industry experts to attend its meetings, if considered necessary, from time to time to get wider counsel and better insight.

### **24.1 Steering committee Functions**

The Steering Committee will put in place a Governance Model to execute the following functions

1. During the implementation phase, deliberations on the presentations by NPCI on behalf of the stakeholders relating to areas such as project planning, implementation, procedural guidelines, business, operational and technological matters, etc.
2. Endorsing the decisions proposed by NPCI on behalf of the stakeholders
3. Deliberations on any the matters presented by NPCI or other Stakeholders
4. Monitoring implementation of the BBPS Project
5. Advising on development and overseeing implementation of standards for the bill payment system.

### 24.2 Composition of BBPS Steering Committee

During the BBPS implementation phase, Steering Committee membership will consist of senior functionaries of the stakeholders such as banks/ prospective BBPOUs/ Agent Institutions/ Aggregators/ Service Providers that are identified to be represented on the Committee. There would be only one person nominated by name from each of the participating stakeholders, generally at the level of at least a DGM or above from banks and of appropriate matching seniority from other stakeholders. After BBPOUs on-boarding and BBPS going live, the Steering Committee will be reconstituted.

BBPCU (NPCI) would be a permanent member of the BBPS Steering Committee. The composition and terms of office of BBPS steering committee are as follows:

1. The Steering Committee will be chaired by the CPO BBPCU/ Head BBPCU.
2. The tenure of members of the steering committee (other than BBPCU) would be one year
3. Including BBPCU, the steering committee would have fifteen (15) members

### 25 Audit by BBPCU

It is obligatory for all members on the BBPS platform to strictly follow the BBPS Procedural Guidelines. BBPCU reserves the right to conduct audit of any BBPOU and / or its Agent Institution/ agents. Each member BBPOU should conduct annual internal audits of itself (and its Agent Institution/ agents) to ensure compliance with all the guidelines of BBPS and submit a report to BBPCU.

### 26 MIS & Reports

Under BBPS, BBPOUs will provide customized MIS and Reporting and other support services to billers / aggregators / agents/ other stakeholders. BBPCU will assist in providing MIS for OFF-US transactions and Complaints Management, Resolution and Disputes Management.

*Note: As per annexure - Illustrative Report - Annexure IX*

## **27 Risks & Fraud Mitigations**

### **27.1 Independent oversight and governance**

BBPS is an integrated bill payment system with a number of stakeholders and participants. It will enable setting of the standards for the bill payments in the country and define the roles and responsibilities of the participants. The standards have to be fair and equitable for all participants and aid in orderly growth of the bill payment ecosystem in the country and ultimately benefit the customers. There is a risk that development and implementation of standards may not fully meet the underlying objectives.

With a view to mitigating the risks relating to conflict of interest and development of standards, it is proposed to have an independent oversight and governance mechanism and participative decision-making for BBPS by involving all classes of stakeholder's right from the beginning. A Steering Committee and Action Sub-Group comprising of representatives primarily from BBPOUs will be formed.

### **27.2 Risk of money laundering associated with the payment modes**

BBPS will have defined standards for the BBPOUs for various payment modes and procedural guidelines. There is a risk of money laundering when large value payments are made on behalf of others. The guidelines will publish restrictions on such large value payments from prevention of money laundering perspective from time to time.

### **27.3 Information Security**

The BBPS system will be heavily technology-oriented system with a large degree of automation. The system will also deal with sensitive customer information, both personal and banking related, and payment related information. The risk of technology related frauds needs to be understood by all participants and adequate control for secure capture, transmission, storage and handling of data and information security need to be put in place. All BBPS system participants should comply with ISO 27001 standards.

### **27.4 Fraud Reporting**

Because of the rapid rate of fraud propagation and the increasing complexity of frauds, it becomes increasingly difficult to minimize frauds without accurate information about their occurrence and method. Hence in BBPS, it is extremely important that fraud of all types and forms are reported, to get a holistic picture of the situation and to analyse fraud in a more effective manner. Fraud reporting is thus an essential component of any financial institution's

## BBPS Procedural Guidelines

activity. Hence, in order to maximize the effectiveness of fraud control systems, it is essential to report all frauds completely, accurately and in a timely manner in BBPS also.

In case a fraud is not reported correctly, or completely, lack of information may hinder the progress of various fraud control systems, leading to losses for all participants in the BBPS system. Penalties may be levied when members, who are or should have been aware of a fraudulent activity, do not report it fully.

Guidelines for fraud reporting would be as follows:

1. If a fraud happens at agent site it will be the responsibility of BBPOU (Agent) who has on-boarded the Agent to ensure that fraud is reported to BBPCU completely, quickly and accurately.
2. If a fraud happens at biller site it will be the responsibility of BBPOU (Biller) who on-boarded the Biller to ensure that fraud is reported to BBPCU completely, quickly and accurately.
3. Fraud should be reported as soon as it is detected
4. A member BBPOU must report all fraudulent activity upon detection, but no later than 7 calendar days from detection.
5. If a BBPOU member does not report any instance of fraud, it can be subjected to fines, sanctions or an on-site BBPOU audit at its expense.

## 28 Indemnification

- a) Parties agree to indemnify and hold harmless each other for and in respect of
  - i. Loss caused by any breach of applicable laws, rules, regulations or statutory obligations by the other Party.
  - ii. Malfunctioning of BBPOU's equipment.
  - iii. Unauthorized access to BBPS Network.
  - iv. Member's software, hardware or any other equipment violating copyright, IPR, patent laws etc.
  - v. Claims by third parties relating to acts/omissions by the other Party and all costs associated with the defence of such a claim.
  - vi. Loss arising out of any misrepresentation, negligence, wilful misconduct by the other party.

## BBPS Procedural Guidelines

- vii. Loss caused by breach of any obligations contained in this agreement by the other party.
- b) The indemnified party shall inform forthwith the indemnifying party in case any of the circumstances detailed in Paragraph 28(a) arise and shall provide the indemnifying party with all necessary assistance to defend/settle such a claim.
- c) The indemnified party shall take all steps to defend any claim raised by any third party relating to any matter envisaged in Paragraph 28(a) and shall not afford the claim any lesser degree of care than it would afford any matter brought against it.
- d) That without prejudice to the rights or remedies whether legal or otherwise available to the BBPCU upon the breach by BBPOU of any of the terms of this agreement, BBPOU shall indemnify and keep indemnified BBPCU either by themselves or through the instrumentality of the Sponsor Bank against any loss/ damages suffered by BBPCU, whether legal or otherwise arising due to BBPOU's non-compliance with the provisions of this agreement.
- e) SPONSOR BANK shall indemnify on behalf of its BBPOU regarding settlement as per BBPS procedural guidelines including any liability of BBPOU arising due to fraud and shall mutually settle the same with its BBPOU at appropriate intervals. BBPCU will have no role in the mutual settlements between Sponsor Bank and its BBPOU.

All members should comply with the BBPS Procedural Guidelines as framed by BBPCU. BBPCU shall have the right to impose penalty on the members either by suspending or terminating end-to-end (Host-to-Host) connectivity and membership of BBPS for violations of these Guidelines.

## 29 Confidentiality

Given the nature of the business relationship between BBPCU and its members, both would have access to sensitive information relating to NPCI's operations. Further, the documents shared by NPCI with regard to the BBPS network contain confidential information to which members are privy. Disclosure of such sensitive information to parties that are not members of the BBPS network would tantamount to breach of trust and may invite legal action and result in termination of membership of the member committing such a breach.

### 29.1 BBPCU- Service provider liability

1. NPCI recognizes and acknowledges that information relating to customers of the members is protected and that the members have substantial legal obligations to ensure that such information is not disclosed to any person/entity

## **BBPS Procedural Guidelines**

2. Each party should use the confidential information only for the purposes set forth in the service level agreement (SLA) and the relevant attachments to this agreement and should not disclose the confidential information. No member should remove any notice/disclaimers/legends relating to confidentiality and copyrights etc. from the documents containing confidential information. Further, members should implement safeguards and controls that are necessary/appropriate to ensure protection against unauthorized use or disclosure of confidential information
3. Each party may disclose confidential information to its employees, officers, consultants, or agents only to the extent that such disclosures are required to exercise its rights and perform its obligations under the agreement or attachments. Each party should take such steps as may be reasonably requested by the other or otherwise required to ensure that the aforementioned persons acknowledge and comply with the use and confidentiality associated with such information. Each party agrees to indemnify and hold the other party harmless against any loss or damage that may be caused to such other party because of disclosure of any information relating to the affairs of such other party or its constituents in violation of the provisions by such party, its employees, or its agents.
4. All statistics related to the transaction and system performance should be treated as confidential and should remain under the custody of BBPCU. However, members can have access to their own statistics and the same should not be disclosed to other members under any circumstances. The members cannot make reference of these documents in any public announcement, unless permitted by BBPCU in writing. These documents may not be replicated in any form without prior written permission of BBPCU. Nothing prevents the RBI/BBPCU from publishing the data from time to time.

### **29.2 Non-disclosure agreement**

BBPS network should sign a non-disclosure agreement with NPCI. Each member should treat BBPS-related documents as strictly confidential and should not disclose these documents to other parties without prior written permission from NPCI. Failing to comply with this would invite penal actions. However, the participating members can disclose BBPS Operating Procedure to its employees or agents on a 'need-to-know' basis.

## **30 Procedural Guideline Amendments**

BBPCU may issue amendments to these Procedural Guidelines from time to time by way of circular. The revised versions of the Guidelines may also be issued incorporating the new

## **BBPS Procedural Guidelines**

provisions periodically. BBPOU would however be intimated fairly well in advance if it involves software changes.

BBPOU shall abide by, comply with and be bound by all the Procedural Guidelines as applicable and in existence or in force from time to time and any modification through any circular issued and in force from time to time by BBPCU.

BBPCU may provide reasonable time to the existing member BBPOUs to comply with the provisions of the amendments carried out to these Procedural Guidelines from time to time by way of issuance of circulars.

Any BBPOU seeking new membership of BBPS shall be bound with the amended Procedural Guidelines existing on its date of enrolment.

BBPCU will provide notice of at least 30 days to all participating members before amending Procedural Guidelines. All changes would be effective after the end of the notice period. All amendments pertaining to Procedural Guidelines would be communicated to all members participating in the BBPS network through registered post, fax, or corporate e-mail.

Members can respond to these amendments within 7 days, as set by BBPCU, from the day of the notice period of amendments. With regard to development changes, the respective members have to obtain written permission from the parties concerned before the actual implementation takes place.

## **31 Dispute Resolution Mechanism/Framework**

BBPCU would endeavour to amicably resolve disputes or differences arising amongst the participants of BBPS. In case BBPCU fails to resolve the issue, the process of arbitration and appeal would be followed as per BBPS regulations and the resulting award would be binding on all concerned.

Either party will refer disputes or differences that may arise, mentioning the nature of difference. Both the parties would then follow the procedure laid down for arbitration and appeal elucidated in Annexure of this document. BBPCU would continue to work with the party under the contract while the arbitration proceedings are in progress unless the matter is such that the work cannot possibly continue until decision from the arbitrator on the dispute. The venue of the arbitration would be Mumbai.

A Dispute resolution mechanism will set up by BBPCU on the lines of Reserve bank of India, notification Ref: DPSS.CO.CHD.No:654/03.01.03/2010-2011 dated 24th September, 2010. Please see Annexure IV attached hitherto.



## **32 Penalty/Fines**

BBPCU reserves the right to impose a fine/Penalty of an amount decided by BBPS Steering Committee upon violating the Common Operating Procedures for BBPS.

### **32.1 Frequent Deviation from Common Operating Procedures**

In the event of non-compliance with the Common Operating Procedures-BBPS, BBPCU reserves the right either to notify the member or shall directly impose penalty on the member depending on its past record. No fines shall be imposed, if the rectification is done within the stipulated time frame, as set by BBPCU, failing to abide by shall be subject to steering committee recommendations/legal penalties.

### **32.2 Pending Dues**

It is obligatory on the part of all BBPS members to clear all pending dues, including penalties and fines, etc. within the stipulated time frame as set by BBPCU and failure to comply with shall result in suspension/termination from further participation.

### **32.3 Invoicing**

Charges, fees and penalties including recurring charges, if any, will be debited to the settlement account to BBPOUs and details advised to the respective BBPOUs. All charges, fees, recurring charges, penalties, etc. will be payable to BBPCU in accordance with the terms and conditions as defined by BBPCU.

### **33 Annexure I: Non - Bank BBPOU**

1. An eligible Non-Bank entity can set up a BBPOU after obtaining an in-principle authorization from RBI under the PSS Act 2007. The BBPOU will have to submit an application for authorisation to RBI before applying to BBPCU for on-boarding.
2. A prospective BBPOU will submit a duly filled participation confirmation letter on BBPOU's letter head, signed by authorized signatories along with a Board resolution to BBPCU. The letter will contain confirmation regarding compliance with the eligibility criteria and in-principal approval from RBI. The letter will have BBPOU's Sponsor bank details as well.
3. Sponsor bank will submit a letter which will also include names of other BBPOUs sponsored by it.
4. Sponsored bank will also submit a Letter of Authorisation (LOA) to BBPCU authorising the latter to debit charges, fees, penalties and other charges to the Bank's designated settlement account with RBI as well as settlement authorization in BBPS system.
5. An application for accessing BBPS system will also be needed to be submitted by BBPOU to BBPCU. This will have details of access control and authorization as prescribed under the BBPS system.
6. BBPOUs will also submit details of all billers which have been on-boarded by it.
7. BBPS Participating Agreement between BBPCU & BBPOU.
8. While BBPCU may start processing the application, membership of the BBPOU will be confirmed only after the BBPOU is authorized by RBI. As a pre-requisite to RBI authorization, BBPOU will have to obtain, after it receives in-principle approval of RBI, necessary certification from BBPCU regarding its adherence to the BBPS standards for processing bill payments.
9. Entities that fall under the scope of BBPS and have applied to RBI for authorisation but presently do not meet the eligibility criteria, may be given one-time extension by RBI to meet the eligibility criteria. During the extended period granted by RBI they can continue to engage in bill payments activities. If they fail to meet the eligibility criteria within the time limit granted by RBI, they will have to either become agent of existing BBPOUs or exit the business of bill payment by the date prescribed by RBI.

## **34 Annexure II: Bank BBPOU**

1. A Bank-BBPOU will obtain approval of RBI under the PSS Act 2007 and thereafter submit a duly signed participation confirmation and authorization letter to BBPCU.
2. Bank will also submit a letter of authorization (LOA) letter to BBPCU authorizing the latter to debit charges, fees, penalties and other charges to its designated account with RBI as well as a settlement authorization in BBPS system.
3. BBPOUs will also submit details of all billers which are on boarded by it.
4. An application for accessing BBPS system will also need to be submitted by BBPOU to BBPCU. This will have details of access control and authorization as prescribed under the BBPS system.
5. The Bank-BBPOU will advise BBPCU of the sponsorship and settlement arrangements that it may have with other BBPOUs.
6. BBPS participating agreement between BBPCU & BBPOU.
7. While BBPCU may start processing the application, membership of the BBPOU will be confirmed only after the BBPOU is authorized by RBI. As a pre-requisite to RBI authorization, BBPOU will have to obtain necessary certification from BBPCU regarding its adherence to the BBPS standards for processing bill payments.

## 35 Annexure III: Settlement Guarantee Fund - BBPS

### 35.1 Introduction of SGF

In the unlikely event of any member in BBPS failing to meet the clearing liability at the time of settlement, RBI would make use of the fund balance in BBPCU's Settlement Guarantee Fund account and complete the settlement. Thereafter, BBPCU would initiate the process of recovering the fund from the defaulting BBPOU with penal interest as per the terms of SGF agreed to by member BBOUs. In effect the Settlement Guarantee fund will be in the nature of a contingent liability fund taking care of the following prominent risks that may emanate in the system:

**Credit Risk** - the risk that the counter-party will not meet an obligation for full value, either when due, or at any time thereafter, It includes both the risk of loss of unrealized gains on unsettled contracts with the defaulting party and more importantly, the risk of loss of the whole value of the transaction.

**Liquidity Risk** - the risk that the counter-party will not settle an obligation for full value when due. This could adversely affect the expected liquidity position of the payee and may force the payee to cover its cash flow shortage by funding from other sources to meet its obligations to others.

**Settlement Risk** - the risk that the completion or settlement in a transfer system will not take place as expected. This risk may comprise both credit and liquidity risk.

**Operational Risk** - the risk of human error or a breakdown of some component of the hardware, software, or communications systems that are crucial to settlement.

**Legal risk** - the risk of loss because of the unexpected application of a law or regulation or because a contract cannot be enforced. Since it will be in the nature of a liability fund at no point of time may the fund corpus go below an actuarised/projected benchmark that may be estimated from time to time by the governing body of the fund.

In this connection, Members of BBPS are required to be guided by paragraph 3.3 of the notification from the Department of Payments and Settlements of the Reserve BBPOU of India, Ref No: RBI/2010-11/218 DPSS.CO.CHD. No.695/03.01.03/2010-2011 dated 29th September, 2010 - (Annexure-XII).

### 35.2 Purpose of SGF in BBPS

In BBPS system settlement will be done on daily basis, where customers will pay their bills via various modes of payments to respective or various service points or agents. Once the authorization is attained, the entity acting as an agent will send the corresponding transactions

## BBPS Procedural Guidelines

to their respective BBPOU. Entities participating as BBPOU for settling their account will send the corresponding transaction through BBPCU in settlement cycle for settling their accounts. The BBPOUs then pay the other BBPOUs in the subsequent settlement cycle (In an OFF US mode). In majority of the cases, the entire cycle from authorization to settlement would take anywhere from 1 to 2 days for various mode of payments except during the weekend and national holidays when this could go up to 3 days. Owing to difference in the time between authorization and the time of settlement there is a risk that one BBPOU participating as off-us settlement will not be able to pay the respective BBPOU because of bankruptcy or any other liquidity issue. This risk is called settlement risk.

To avoid such Settlement Risk situations in BBPS where entities participating as BBPOU failing to honour settlement commitments the SGF shall be used to fulfil the obligations of that member and complete the settlement without affecting the normal settlement process

### 35.3 Challenges in SGF

BBPCU will create a settlement guarantee fund to take care of the settlement default that might arise in case any entity acting as BBPOU fails to settle the net obligation during the settlement cycle to respective BBPOU. The corpus of the fund is arrived at by keeping in mind the following challenges:

1. There should be enough funds to support the system in case the BBPOU with highest net debit position as well as the BBPOU with next highest net debit position fail to fulfil their obligation on the settlement. Thus, the fund should take the net debit positions of both the members into consideration.
2. Since there is no settlement on Sundays and also on national holidays, to guarantee settlement, the system should have sufficient funds to meet at least 3 days of settlement obligations.

### 35.4 Constitution of the SGF

The following may be the constituents of the settlement guarantee fund floated by BBPCU

Each entity participating as direct member would be required to contribute and provide a deposit, as may be determined by the BBPCU from time to time, to the Settlement Guarantee Fund. The Settlement Guarantee Fund shall be maintained by BBPCU. The deposit in the Settlement Guarantee Fund will be used to meet shortfalls and deficiencies arising out of the clearing and settlement obligations of clearing members of such transactions

BBPCU will specify the amount of contribution or deposit to be made by each BBPOU member which may include the minimum amount to be provided by each BBPOU member.

## BBPS Procedural Guidelines

NPCI will create a settlement guarantee mechanism for an amount that is arrived at using the following guiding principles:

1. The system should have sufficient funds for settlement if the highest net debit position participating BBPOU and the next highest net debit position BBPOU are not able to fulfil their obligation on settlement.
2. Since there is no settlement on all Sundays and also on national holidays, to guarantee settlement, the system should have sufficient funds for meeting at least 3 days settlement obligations.

*Note: E.g. After combining day wise the highest and the next highest debit position, the highest net debit position for the month will be determined. Thus the SGM requirement for one day will be worked out. Considering the principle that the system should have sufficient funds for settling at least 2 days obligations, the fund requirement will be approximately determined.*

*The following sections outlining the Components of settlement, Collection of contributions, SGM operations, Determination and distribution of losses and Fund usage are indicative and the exact modalities and procedures will be finalised by the Steering Committee in due course.*

### 35.4.1 Components of Settlement

1. Member Contribution
  - a. Contribution of \_\_\_% of the total settlement guarantee requirement collected from member BBPOUS in the ratio of their transaction throughput will be maintained with NPCI as interest free deposit. \_\_\_% of this contribution (i.e. \_\_\_% of SGM) will be maintained as fixed component which will be reworked on annual basis subject to a minimum of INR \_\_lacs.
  - b. Minimum contribution of INR \_\_ lacs will be collected from new member BBPOUs joining BBPS. The contribution of x% will apply to new members from the first periodic review of settlement guarantee requirement.

The funds collected by way of above, will be invested as per NPCI's investment policies.

### 35.4.2 Determining the Transaction Throughput based Contribution

1. The contribution based on the transaction throughput will be based on the following approach
2. Based on the transaction throughput, each member BBPOU's position will be calculated for each day of the specified month. The member BBOUs may have a net debit position on some days, net credit position on some other days or they may remain in net debit position always or remain in net credit position always.

## BBPS Procedural Guidelines

3. Net debit position and credit position would be summed up for the month separately to arrive at total net debit position and total net credit position during the month for all BBOUs.
4. The settlement guarantee requirement would be calculated based on the policy. Then, \_\_\_% of the SGM requirement constituting the contribution from the member BBPOU is determined. Net issuer BBPOU shall contribute towards two-third of the contribution amount. Therefore, 2/3rd of the net variable amount to be collected will be arrived at. Next, this amount as percentage of total net debit position for the month would be determined to give the contribution percentage of each BBPOU. Then each BBPOU amount would be worked out by multiplying the BBPOU's net debit position by the percentage contribution so arrived at and it would be rounded off to the nearest thousand.
5. Net Acquirer BBPOU shall contribute towards 1/3rd of the contribution amount. Therefore, 1/3rd of the variable amount to be collected would be arrived at. Next, this amount as percentage of total net credit position for the month would be computed to get the contribution percentage of each BBPOU. Then each BBPOU's amount would be determined by multiplying the BBPOU's net credit position by the percentage contribution so arrived at and it would be rounded off to the nearest thousand.

### 35.4.3 Collection of Contribution

The member contribution of 10% will be collected in the form of cash from the participating BBPOU by way of credit to NPCI-SGM Account.

### 35.4.4 Periodic Review

The settlement guarantee requirement will be calculated half yearly during April and October based on the highest net debit position and the next highest debit position for the month immediately preceding the month of review and the new guarantee requirement would be arrived at.

The member contribution of 10% described in section \_\_\_ (i) and (ii) would be reviewed half yearly based on the throughput approach. However, where significant difference is observed in net position of a member BBPOU on any settlement day during the half year, NPCI shall have authority to make a dynamic interim review and direct a member BBPOU to deposit additional funds.

The revised amount of contribution will be communicated to the participating BBPOUs and they are expected to contribute within 3 days of such intimation. In case of BBPOUs where the guarantee requirements have reduced, they will have the freedom to reduce their contribution to SGM appropriately.

### 35.5 SGM Operation

#### 35.5.1 Fund Maintenance

NPCI CEO is authorized to maintain the funds and invest the funds in a manner such that the funds generate interest revenue which would be kept aside and would be used only for settlement guarantee arrangement.

#### 35.5.2 SGF Utilisation

BBPS uses multilateral netting for settlement. The Payment and Settlement System Act provides a sound legal backing for this netting procedure and as per the act, the settlement is considered final as soon as such settlement amount is arrived at through netting procedure or process.

In the event of a participating member failing to complete settlement, NPCI will be permitted to fund the settlement process by an amount equal to the deficiency created by the defaulting BBPOU(s) so that the settlement for the day will go through. In such event, NPCI will get notified and Chief Executive Officer of NPCI will have the full authority to approve the transfer of the required funds to NPCI's Central BBPOU account to ensure settlement.

#### 35.5.3 Operating the Line of Credit Facility

Intraday Liquidity Facility from SGF (ILF)

BBPS system will also provide the processing of ILF (to be established basis of SGF fund) to ensure the continuous settlement of inter BBPOU transactions and to avoid payment gridlock in the system. Any participant who wishes to avail itself of the ILF will have to submit the required documentation to obtain approval from the BBPCU .Access procedures to BBPS's ILF

System would be provided for under a Separate, independent Memorandum of Agreement (MOA) that will be provided under SGF.

Line of Credit facility would be invoked for meeting the following needs:

1. Intraday Credit: In Intraday Credit, the funds arranged through LOC would be repaid by the defaulting member on the same day along with applicable interest component and penal charges thereof.
2. Overnight Credit: Overnight credit would involve the carryover of the credit facility by the defaulting BBPOU to the subsequent day. In the event, the defaulting member fails to repay the amount on the same day; the status of the credit facility will change from Intraday Credit to Overnight Credit.



### 35.6 Determination of Penal Charges

Once the settlement is done by making use of settlement guarantee arrangement, the defaulting entity acting as BBPOU has to pay the difference funded plus any charges/penalties that may be levied on the defaulting BBPOU. BBPCU will also take all measures to collect this amount including interest at a rate to be decided by BBPCU, to re-induct the defaulting member into the system.

In the event a moratorium is declared either by the RBI or by any court of law, on the member BBPOU, the net obligation towards the particular BBPOU shall be borne by the survivors in the BBPS Network. In such an instance, BBPCU will take all measures to recover the amount from such member and distribute the same among the surviving members in the proportion decided under the loss sharing arrangement.

The amount used by BBPCU to complete settlements has to be reimbursed at the earliest to ensure there are sufficient funds available should another instance of failure occur. That will be accomplished through the loss sharing arrangement stipulating how the loss will be allocated should one or more participants fail to fulfil their obligation.

For availing Intraday Credit under Line of Credit Facility the defaulting BBPOU has to repay the sum along with BBPOU charges and a penalty of 1% p.a. on the default value subject to a minimum of INR 50,000.

For Overnight Credit, the defaulting BBPOU has to repay the sum along with BBPOU charges and a penalty of 2% p.a. on the default value subject to a minimum of INR 1,00,000.

It will be mandatory for the defaulting BBPOU to regularise its settlement account within 24 hours of occurrence of default (extending to the next business day in case there is an intervening holiday). On failure of the defaulting BBPOU to regularise its account, the BBPOU will be suspended from BBPS membership.

In the event of more than three settlement defaults by a BBPOU during the year, a further penalty, as may be decided from time to time, would be levied by NPCI on the defaulting BBPOU.

### 35.7 Payment Queuing Prioritization

Debit instructions that will not be settled, due to insufficient funds in the account of the BBPOUs, will be held on queue until the system has checked that adequate funds confirmation is received by the BBPCOU to allow settlement. Pending debit instructions, that are on queue, it will be settled based on business priority in the order of arrival or in First-In-First-Out basis.

The system will send an automatic advice to the respective BBPOU for the details of the debit instruction that is causing the queue and the participant may then decide whether there is a need to change the business priority of the item in queue or cancel their other payment messages that are also in queue. BBPOU may request the change in business priorities of their other critical and urgent transactions to allow their settlement if there is sufficient balance in their account.

### 35.8 Gridlock Resolution

BBPS system will have the capability to initiate gridlock resolution through its algorithm method every thirty minutes whenever two (2) or more payment instructions of BBPOUs remain unsettled. Payment queues that are not settled in the initial gridlock resolution will be considered in the next processing of unsettled payments which will be initiated by the BBPS System every thirty (30) minutes to settle payments on queue during the BBPS business day.

### 35.9 Determination and distribution of Losses

If a Member becomes unable to fulfil its settlement obligations to other Members, then every other Member shall bear any loss arising out of Settlement or transaction fees due to it from the defaulting Member.

1. The loss would be determined as the defaulted amount plus the interest applicable on the funds arranged through Line of Credit for ensuring settlement and minus the defaulting BBPOU's contribution to the settlement guarantee arrangement. If as a result of this calculation, there is surplus, then, NPCI will not activate loss sharing agreement with surviving banks.
2. If the computation in clause 1 above results in deficit, the loss shall be distributed among the surviving members in the following manner:
  - a. On the basis of the payables and receivables position of surviving member vis-à-vis the defaulting member, the net receivables position (the difference of the receivables and payables) is determined for each surviving member having exposure to the defaulting BBPOU.
  - b. The loss is shared by the surviving BBPOUs in the ratio of percentage of net receivables to total net receivables from the defaulting bank
  - c. This amount has to be contributed by the remaining members within 5 days of communicating the need to contribute to SGM.
  - d. Any dispute/clarifications will be addressed separately to prevent the risk of not having sufficient funds should another settlement failure occur.

### **35.10 Regulation and Policies**

1. NPCI has the authority to suspend a member from participating in the BBPS. In this context, the following policies are suggested:
2. As soon as it is clear that a member BBPOU has defaulted, further transactions with the member BBPOU would be stopped through system maintenance and the defaulting member BBPOU will be provided 24 hours( extending to the next business day in case of an intervening holiday) to regularise its settlement account. On the failure of the defaulting BBPOU to do so, the BBPOU will be suspended from BBPS membership.
3. If further transactions from the defaulting member were forwarded by NPCI, the same SGM and loss sharing arrangement would apply.
4. The BBPOU so suspended would be re-inducted as a member only after following conditions are satisfied:
  - a. The member has repaid entire defaulted amount (including the interest and penal charges thereof as applicable from time to time).
  - b. An independent due diligence on the member was carried out and the results were satisfactory.

### **35.11 SGF Fund Usage**

Settlement guarantee fund will be invoked in any of the following cases

1. RBI declares moratorium on a member BBPOU i.e. BBPOU
2. Member BBPOU declares bankruptcy
3. It can be established with certainty that the member BBPOU will not be able to service its net debits.
4. Member doesn't have sufficient funds in its settlement account during the settlement but this is because of one-off shortfall in the settlement account and member is expected to make up for this shortfall by the next day.

## 36 Annexure IV: Dispute Management System

RBI/2010-11/213

DPSS.CO.CHD.No.654/ 03.01.03 / 2010-2011 September 24, 2010

The Chairman and Managing Director / Chief Executive Officer

System Providers and System Participants of All Authorised Payment Systems

Madam / Dear Sir

### Dispute Resolution Mechanism under the Payment and Settlement Systems Act, 2007

1. References are being received from system providers and system participants of payment systems seeking clarity, scope and uniformity while dealing with clearing and settlement-related disputes in various payment systems. Speedy and timely resolution of disputes is required for ensuring smooth conduct of payment system operations, providing the requisite authority to the system provider, fixing accountability for failure to adhere to expected discipline, penalising disruptive behaviour, etc. The absence of a structured and formal dispute redressal framework acts as a hindrance in the timely resolution of disputes between system participants, between system participants and the system provider, between the system providers, etc., apart from lacking necessary requirements of transparency and uniformity in such situations.
2. Enactment of the Payment and Settlement Systems Act, 2007 (PSS Act) provides the legal backing for putting in place a formal dispute resolution framework. A Dispute Resolution Mechanism has accordingly been drawn up (enclosed) for adherence by system providers and system participants of all Payment Systems authorised to operate in the country.
3. Scope of the Dispute Resolution Mechanism will generally be limited to interpretation, scrutiny and resolution of disputes within the ambit of rules, regulations, operational and procedural guidelines relating to the payment products, various instructions issued by the system providers, instructions and directions issued by RBI, etc., from time to time.
4. Use of the mechanism will not be resorted to deal with aspects relating to acts of system participants (or providers) that are prima-facie fraudulent or are internal to their operations or outside the payment and settlement system infrastructure.
5. The Dispute Resolution Mechanism will also not cover disputes between system participants and their customers (ultimate users), between members of the payment systems and their sub-members or between sub-members themselves.

## **BBPS Procedural Guidelines**

6. These instructions are being issued under the powers conferred on the Reserve Bank of India by the PSS Act (Act 51 of 2007). All Authorised Payment System Providers are hereby directed to put in place the Dispute Resolution Mechanism within three months from the date of this circular.

Yours faithfully

(G Padmanabhan)

Chief General Manager

Encl.: Dispute Resolution Mechanism

**Enclosure to Circular DPSS.CO.CHD.No. 654 / 03.01.03 / 2010-2011**

**Dated September 24, 2010**

**Dispute Resolution Mechanism**

The Dispute Resolution Mechanism for all payment systems, in line with the provisions of the Payment and Settlement Systems Act, 2007 (PSS Act), is advised as under

1. For all Clearing House-related activities, including paper (cheques) and retail electronic (ECS) payment products -
  - a. All Clearing Houses shall constitute a “Panel for Resolution of Disputes” (PRD) consisting of five members - four members (system participants) from the Standing Committee of the Clearing House and the President of the Clearing House - to look into all the clearing-related disputes. The four system participants shall be different from the system provider (bank managing the Clearing House).
  - b. The PRD shall be chaired by the President of the Clearing House.
  - c. In case of specific disputes involving system participants that are members of the PRD, the members concerned shall be replaced by other system participants for the limited purpose of looking into the specific dispute.
  - d. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.
  - e. At Clearing Houses where there are fewer members (system participants), five or less in all, including the system provider, and / or where, by virtue of (c) above, the number of members in the PRD becomes less than five, clearing-related disputes between system participants may be submitted voluntarily (by the concerned system participants) for arbitration under The Arbitration and Conciliation Act, 1996.
  - f. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference shall be to the Regional Office of the Reserve Bank of India (RBI) having administrative control over the activities of the Clearing House concerned. Such references will be disposed of by an officer not below the rank of a Deputy General Manager as may be specially authorised in this behalf by the concerned Regional Office of Reserve Bank of India. With respect to RBI managed

clearing centres at the four metro locations, the Officer-in-Charge of Department of Payment and Settlement Systems at the Central Office of the Reserve Bank of India shall be the Appellate Authority for any aggrieved party to approach if not satisfied with the decision of the Panel.

- g. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.
  - h. Any dispute between the system participants and system provider or between the system providers, as provided under Sub-section (3) of Section 24 of the PSS Act, shall be referred to the Reserve Bank of India as indicated above. The dispute shall be disposed of within 15 working days of submitting the dispute.
  - i. In case of disputes where the Reserve Bank of India is an involved party (either as a system participant or as a system provider), the dispute shall be referred to the Central Government which will authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.
2. For all products that are national in character viz. National Electronic Clearing Service (NECS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) system -
- a. The PRD as highlighted at 1(a) above shall consist of members from the Steering Committee (or Standing Committee as applicable) and the Chairman of the Steering Committee (or Standing Committee as applicable) shall be the Chairman of the PRD. The process highlighted at 1(c) above shall also be followed.
  - b. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.
  - c. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference to the Reserve Bank shall be to the Department of Payment and Settlement Systems, Central Office of the Reserve Bank of India. The Officer-in-Charge of the Department shall be the Appellate Authority, for any aggrieved party to approach if not satisfied with the decision of the Panel.
  - d. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.
  - e. In case of disputes where the Reserve Bank of India is an involved party (either as a system participant or as a system provider), the dispute shall be referred to

the Central Government which will authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.

3. For all other payment systems (other than those operated by RBI) like CCIL, NPCI, ATM networks, cross border money transfers, cards, etc.
  - a. The PRD as highlighted at 1(a) above shall consist of members from the Steering / Standing / Users / Members Committee (as applicable) and the Chairman of the Committee (as applicable) shall be the Chairman of the PRD. The process highlighted at 1(c) above shall also be followed.
  - b. In case there is no provision for Steering / Standing / Users / Members Committee, the PRD shall consist of five members - four system participants and the payment system provider. The payment system provider shall be the chairman of the PRD. The tenure of membership of the members in the PRD shall be one year.
  - c. The PRD shall dispose of the dispute within 15 working days of submitting the dispute.
  - d. If any of the aggrieved parties to the dispute are not satisfied with the decision of the PRD, the dispute shall be referred to the Appellate Authority at the Reserve Bank of India, as provided under Sub-section (3) of Section 24 of the PSS Act. The reference shall be to the Department of Payment and Settlement Systems, Central Office of the Reserve Bank of India. The Officer-in-Charge of the Department shall be the Appellate Authority, for any aggrieved party to approach if not satisfied with the decision of the Panel.
  - e. The Appellate Authority shall dispose of the appeal within 15 working days of submitting the appeal.
  - f. Any dispute between the system participants and system provider or between the system providers, as provided under Sub-section (3) of Section 24 of the PSS Act, shall be referred to the Reserve Bank of India as indicated above. The dispute shall be disposed of within 15 working days of submitting the dispute.
  - g. In case of disputes where the Reserve Bank of India is an involved party, the dispute shall be referred to the Central Government which may authorise an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.
4. Enforcement of decisions of the PRD



## BBPS Procedural Guidelines

- a. The PRD shall stipulate the period within which the order of the PRD is to be complied with by the system providers / system participants concerned. In case of non-compliance, the aggrieved party can approach the Appellate Authority for redressal. Non-compliance of the order of the Appellate Authority would attract the penalty prescribed under Sub-section (6) of Section 26 of the PSS Act.
- b. However, in cases where any party aggrieved by the order of the PRD approaches the Appellate Authority for review, the order passed by the PRD would be held in abeyance. It shall, however, be appropriate for the PRD to decide levy of the refund / compensation and for such amounts to be held in an interim account or in trust, until disposal of the appeal by the Appellate Authority, only after which shall the amount be accordingly appropriated.

*Note: The term system participant has been used interchangeably with the term member banks, member of payment networks / systems. System provider means the bank operating / managing the Clearing House or entity operating the payment system.*

## 37 Annexure V: BBPS Failure Scenario

The following are indicative scenarios and the detailed specifications will be addressed as part of Technical specifications.

BBPS Failure Scenarios	
Bill Information Request & Response for Query and Information	
Request - Connection Point	Scenario
Request from Agent does not reach BBPOU(Agent)	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Request from BBPOU(Agent) does not reach BBPCU	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Request from BBPCU does not reach BBPOU(Biller)	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Request from BBPOU(Biller) does not reach Biller	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Response - Connection Point	Scenario
Response from Biller does not reach BBPOU(Biller)	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Response from BBPOU(Biller) does not reach BBPCU	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Response from BBPCU does not reach BBPOU(Agent)	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Response from BBPOU(Agent) does not reach Agent	A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request.
Transaction Payment Flow	
Scenario	Action
Request from Agent does not reach BBPOU(Agent) AND Request from BBPOU(Agent) does not reach BBPCU	In case of Cash: A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request. No financial impact on customer  In case of Card: If the payment has been successfully executed at agent site (outside of BBPS ecosystem), 3 consecutive pings will be executed in interval of 3 secs. If still connection failed, agent will nullify/void the transaction and return the payment to customer (in card)  In case of NEFT/IMPS: A system generated advice message should be sent to the agent notifying failure and advising reinitiating of the request. No financial impact on customer
Request from BBPCU does not reach to BBPOU(Biller) AND Request from BBPOU(Biller) does not reach to Biller	In case of Cash: Amount has been deducted at agent end and request received at CU end, however connection between CU and Biller has failed. 3 consecutive pings will be executed in interval of 3 secs. If still no response, display message and retry connection after certain interval Deemed to be accepted  In case of Card: Amount has been deducted from customers account and request received at CU end, however connection between CU and Biller has failed. 3 consecutive pings will be executed in interval of 3 secs. If still no response, display message and retry connection after certain interval Deemed to be accepted  In case of NEFT/IMPS: Amount has been deducted from customers account and request received at CU end, however connection between CU and Biller has failed. 3 consecutive pings will be executed in interval of 3 secs. If still no response, display message and retry connection after certain interval Deemed to be accepted
Failed Transaction Cases	
Scenario	Action
Failed Reponse	In case of Cash: If failed response received in response string, no impact. Amount will not be deducted from agent In case of Card: If failed response received in response string, Amount has been deducted from customer account, (outside of BBPS ecosystem), agent will have to void the transaction In case of NEFT/IMPS: auto reversal will happen after reco
Pending to Failed	In case of Cash: Customer will go to any agent for refund.Verification of the custoemr would be based on OTP verificaton sent on his registered mobile to check the authenticity agent will refund the payment In case of Card: Refund for such transactions will have to be done by the same agent.In case of card customer may access the BBPS website for raising disputes. In case of NEFT/IMPS: auto reversal in custoemer account will happen after reconciliation. In case of NEFT/IMPS customer may access the BBPS website for raising disputes.

## **38 Annexure VI: Tripartite Agreement**

### **INDICATIVE DRAFT OF AGREEMENT FOR BHARAT BILL PAYMENT SYSTEM (BBPS)**

This Agreement (“Agreement”) is made and entered on this \_\_\_\_ day of \_\_\_\_\_, 2015 (“Effective Date”),

#### **Between**

NATIONAL PAYMENTS CORPORATION OF INDIA, a company incorporated in India under Section 25 of the Companies Act, 1956 and having its registered office at 1001A, B wing, 10<sup>th</sup> Floor, The Capital, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, India (hereinafter referred to as “BBPCU” or “Bharat Bill Payment System Central Unit (BBPCU)” which expression shall mean and include unless repugnant to the context, its successors and permitted assigns), of the First Part; thereafter called in the context of this agreement.

#### **And**

\_\_\_\_Bank Name\_\_\_\_\_, a Banking Company incorporated under the Companies Act 1956,/ public sector bank having its registered office at -----, -----, -----, -----, ----- (hereinafter referred to as the “Sponsor Bank”, which expression shall mean and include unless repugnant to the context, its successors and permitted assigns) on the Second Part; and

#### **And**

\_\_\_\_ Name\_\_, a company incorporated under the Companies Act, 1956 and having its registered office at -----, -----, -----, -----, ----- ((hereinafter referred to as “Bharat Bill Payment Operating Unit” (BBPOU which expression shall mean and include unless repugnant to the context, its successors and permitted assigns) of the Third Part;

BBPCU, Sponsor Bank and BBPOU shall hereinafter be collectively referred to as the “Parties” and individually as a “Party”.

#### **RECITALS**

##### **Whereas**

**NPCI** has been incorporated as a Section 25 company under Companies Act with the core objective of consolidating and integrating the multiple payment systems with varying service levels into nation-wide uniform and standard business process for all retail payment systems.

## **BBPS Procedural Guidelines**

**NPCI** has been authorized to function as Bharat Bill Payment Central Unit (BBCPU) to set the standards for Bharat Bill Payment System (BBPS) processes to be adhered to by all operating units under the system. As the BBCPU, NPCI will also undertake clearing and settlement activities related to the BBPS in certain scenarios.

**SPONSOR BANK** is an indirect member of Bharat Bill Payment System (BBPS) network provided by BBPCU and has agreed to facilitate the participation of BBPOU under the BBPS.

BBPOU, being competent in all respect to become a BBPOU Member of BBPS and to participate in related activities, has been admitted by BBPCU as such in accordance with extant rules and procedures.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the Parties intending to be bound legally agree as follows:

### **38.1 PURPOSE**

BBPCU shall provide BBPS to BBPOU in accordance with the terms of this agreement and standards set for BBPS process, rules, and procedural guidelines issued from time to time in this respect in consultation with RBI. These services may be used exclusively by BBPOU to bill payment services to BBPS Subscribers. SPONSOR BANK shall sponsor the BBPOU for facilitating financial settlement of transactions carried out by the BBPOU subscribers on BBPS.

### **38.2 ROLES AND OBLIGATIONS OF NPCI AS BBPCU**

1. BBPCU shall maintain the network infrastructure relevant to the operation of BBPS. BBPCU shall ensure the working of switch on 24hours a day, 7 days a week with a monthly uptime of 99.5%.
2. BBPCU shall make such corrections, additions, deletions or any other adjustments in the system or infrastructure as may be required to satisfy the representations and warranties specified in this Agreement. Such corrections or adjustments shall be effected without charges unless the correction or adjustment is necessitated by the BBPOU's / SPONSOR BANK's negligence.
3. BBPCU may use the services of third parties for maintenance of its infrastructure or for any other support required for the delivery of the service under this agreement subject to adequate security procedures as envisaged under this agreement.
4. BBPCU shall ensure completeness and accuracy in all material aspects without error / misrepresentation in the transactions while generating the settlement file on daily basis and provide the activity and settlement reports to the SPONSOR BANK.

## **BBPS Procedural Guidelines**

5. BBPCU shall maintain all requisite records, registers, accounts books etc., as applicable to it, which are obligatory under any law to the use of BBPS and shall provide any information as may be required under any statutory obligation.
6. BBPCU may intimate BBPOU from time to time of any problems encountered in BBPS attributable to telecommunication network or of any complaints received from Customers.
7. BBPCU shall ensure compliance with all relevant and applicable provisions of any law, rule, judicial ruling, regulation or any other statutory obligation incumbent upon BBPCU relating to the provision of BBPS and shall adhere to all regulatory obligations relating to the transmission of data/information through the BBPS.
8. BBPCU will set from time to time the standards, rules, procedures, requirements, security technology, modification, orders, direction and guidelines to be adopted and complied with by BBPOU for operating under BBPS.

### **38.3 ROLE AND OBLIGATION OF THE BBPOU**

1. BBPOU shall obtain and always hold and possess authorisation from RBI for operating as BBPOU under BBPS during the currency of this agreement.
2. BBPOU shall comply with all requirements existing and future with regard to and in connection with the appointment and continuance as BBPOU under the RBI License terms.
3. BBPOU shall abide by, comply with and be bound by all the rules and procedures as applicable and in existence or in force from time to time and any modification through any circular, order, direction, notice, instruction issued and in force from time to time by BBPCU or Regulator.
4. BBPOU shall pay to the BBPCU the requisite BBPOU Membership fees and any other fees required by the BBPCU at the time of execution of this agreement. Further, BBPOU shall pay the service charges /penalties/other charges as may be decided by BBPCU from time to time.
5. BBPOU shall bear the charges for establishing and maintenance of the network link between BBPCU and BBPOU for BBPS.
6. The BBPOU shall upgrade systems and message formats based on regulatory requirements and/ or changes mandated by BBPCU in this regard.
7. In the event that there is an error in the BBPOU's connection with BBPCU/ or the BBPOU is unable to process the Transactions for any other reason whatsoever, then the BBPOU shall promptly notify BBPCU of the same. BBPOU will inform BBPCU immediately of any

## BBPS Procedural Guidelines

inquiry, question or issue raised by any authority including but not limited to any statutory authority or official regarding and relating to BBPCU, as well as expeditiously notify BBPCU of any show causes, seizure or similar action and provide copies of any notices, memos, correspondences received from such authority. BBPOU shall not unilaterally file any response / reply to such an authority without the prior approval and vetting by BBPCU.

8. BBPOU shall maintain and preserve such information, records, books and documents pertaining to their activities for such period as may be specified by the BBPCU from time to time and which shall be available for inspection and audit, as and when required either by BBPCU or Regulator. Further, BBPOU shall submit periodic reports, statements, certificates and such other documents as may be required by the BBPCU.
9. BBPCU and/or RBI shall be entitled to conduct audits on the BBPOU whether by its internal or external auditors or by agents appointed to act on its behalf and BBPOU shall comply with such audit requirement as may be framed for the purpose of such audit.
10. BBPOU shall adhere to all relevant and applicable provisions of any law, rule, judicial ruling, regulation or any other statutory obligation incumbent upon BBPOU relating to the provision of BBPS and shall adhere to all such obligations relating to the transmission of data/information through these services. BBPOU shall maintain all requisite records, registers, accounts books etc., as applicable to it, which are obligatory under any law to the use of BBPS and shall provide any information as may be required under any statutory obligation.
11. BBPOU shall be solely responsible, at its own cost, for obtaining all necessary approvals, sanctions, permissions, and licenses for participating in the BBPS under this agreement and shall ensure that such rights, approvals, sanctions, permissions and licenses are valid and subsisting through the Term of this agreement.
12. BBPOU shall ensure that the provisioning of the BBPS shall not compromise the integrity of BBPCU's network, systems or equipment and BBPOU shall be solely responsible for ensuring that its Solution required for the provisioning of the BBPS and any other device integrated/connected with the BBPOU network shall be, at all times, free from all malware, viruses, black boxes, trapdoors etc. and BBPOU shall ensure that BBPCU's network infrastructure is not made subject to any such subversive activity due to the provisioning of the Service.
13. Save as expressly otherwise provided in writing, BBPOU shall not hold itself out as an agent of BBPCU and/or SPONSOR BANK and shall not have any authority to act on behalf of BBPCU/ SPONSOR BANK to conclude any contract or incur any liability or obligation on behalf of or binding upon BBPCU/SPONSOR BANK or to sign any document on

## **BBPS Procedural Guidelines**

BBPCU/SPONSOR BANK's behalf. BBPCU / SPONSOR BANK shall not be bound by any declaration or undertaking given by BBPOU to any authority on its own account.

14. BBPOU shall indemnify BBPCU against all losses or damages caused due to negligence of its staff or system failure of BBPOU.
15. BBPCU shall have the right to inspect and supervise and conduct test(VAPT,FRM etc.) all computer systems, software programs, telecommunication equipment, VSAT etc. which are provided by BBPCU at the office of the undersigned and the undersigned shall not make any alteration, modification and changes without prior written consent of the BBPCU.
16. BBPOU shall not disclose, reveal, publish and advertise any material information relating to operations, software, hardware, etc. of the BBPCU or BBPS or any customer of its own or other participant without prior written consent of BBPCU authorities except and to the extent as may be required in the normal course of its business.
17. The operation and risk management responsibilities as prescribed by BBPCU with respect to BBPS shall be implemented and complied with by the BBPOU to the entire satisfaction of the BBPCU.
18. BBPCU reserves the rights to terminate the membership of BBPOU at any time in the event of non-compliance of any clause of this undertaking.
19. BBPOU shall undertake necessary KYC and AML checks on the customers as per the guidelines issued by RBI and/ or other competent authorities with respect to BBPS.
20. BBPOU shall forthwith inform BBPCU of any change in its constitution.
21. BBPOU has requisite domain experience of one year in the field of bill collection/ services to billers and relevant experience in processing of transactions for one year.
22. The BBPOU is competent and authorised under its constitution to undertake the activities as BBPOU.
23. BBPOU shall render support and help in receiving and resolving the complaints of customers with billers and submit report to BBPCU about such complaints in the manner and as may be specified by BBPCU from time to time.

### **38.4 ROLES AND OBLIGATIONS OF SPONSOR BANK**

1. SPONSOR BANK shall comply with all such requirements existing and future with regard to and in connection with the appointment and continuance as SPONSOR BANK for its BBPOU.

## **BBPS Procedural Guidelines**

2. SPONSOR BANK will define the net-debit limit of BBPOU with respect to BBPOU's exposure towards the BBPS network Services and to other participants & also ensure that this limit is maintained by the BBPOU on daily basis.
3. SPONSOR BANK shall give settlement mandate to BBPCU for debit/credit of its account towards the BBPOU's operations on BBPS network and shall, mutatis mutandis, follow the settlement procedures put in place by BBPCU for the interbank funds settlement with respect to BBPS transactions. SPONSOR BANK shall at all times maintain adequate funds in its network settlement account held for the purpose of meeting settlement obligations of the BBPOU under this arrangement and shall not raise any objection for the debit or credit operations performed by BBPCU towards settlement of BBPS transactions of BBPOU as per the procedural guidelines of BBPS network.
4. SPONSOR BANK shall respond promptly to all communications from BBPCU as per the time line indicated in such communication.
5. SPONSOR BANK shall pay, without any delay or demur, the stipulated fees/charges to BBPCU as per the charges mentioned by BBPCU. The payment shall be made in a manner and timelines as per the standard charges/process.
6. SPONSOR BANK agrees that BBPCU reserves the rights to terminate the BBPS facilities to the BBPOU of the Sponsor Bank at any time in the event of non-compliance of any clause of this agreement.
7. The cost/expenses relating to the establishment of connectivity between Sponsor bank system and the BBPOU shall be borne by BBPOU or Sponsor Bank as per their mutually agreed SLA.
8. Sponsor Bank shall contribute for SGM (Settlement Guarantee Mechanism) and Loss sharing on behalf of BBPOUs as may be determined under SGM Policy.
9. Sponsor bank shall ensure that BBPS Procedural Guidelines, RBI guidelines and any other guidelines must be followed by BBPOU.

### **38.5 PAYMENT**

Any payment of fees and charges to BBPCU for providing services to BBPOU under the BBPS platform shall be as per the relevant fees / charges which will be set out in the agreement.

### **38.6 LIABILITY**

1. BBPCU will not be held responsible or liable for any KYC/AML non-compliance by BBPOU.



## BBPS Procedural Guidelines

2. Under no circumstances, whether based on contract, warranty, negligence, strict liability, or otherwise, shall either Party or its related entities be liable to other Party (or to any person or entity claiming through the other Party) for any special, consequential, indirect, incidental or punitive damages of any kind or character, including but not limited, to loss of profits or revenues, loss of product, loss of use, cost of capital and the like, arising out of or related to any performance under or breach of this Agreement or the subject matter hereof, regardless of the form of action and whether or not such Party has been informed of, or otherwise might have anticipated, the possibility of such damages.
3. The Parties hereby undertake that it shall not implicate any officer or director of each other in any claim or in litigation directly or personally for the matters connected to this agreement.
4. Any liability arising from the provision of BBPS, solely attributable to BBPCU pursuant to this agreement shall be borne solely and exclusively by BBPCU.
5. BBPOU shall not hold BBPCU liable and responsible for any failure of computer system, telecommunication network, and other equipment installed at the office of the BBPOU. BBPCU shall also not be held liable and responsible for any misuse, mishandling, damage, loss, defects, etc.
6. In case BBPOU uses Sponsor Bank's or ASP's network services to connect with BBPS network, SPONSOR BANK shall be completely liable and responsible to BBPCU for BBPOU's participation in any of the BBPS Network Services and undertake all the risks and accept full responsibility arising out of this participation of BBPOU in BBPS Network system of BBPCU. However, in case of BBPOU's direct connectivity with BBPS network, Sponsor Bank shall be responsible only for the settlement obligations of BBPOU for BBPS transactions and BBPOU shall be exclusively responsible for other liabilities.
7. Sponsor bank shall be responsible for the settlement of BBPOU's transactions under BBPS and shall maintain adequate funds in the network settlement account for meeting the settlement obligations of BBPOU for BBPS transactions.

### 38.7 INDEMNIFICATION

1. Parties Agree to indemnify and hold harmless each other for and in respect of -
  - a. Loss caused by any breach of applicable laws, rules, regulations or statutory obligations by the other Party.
  - b. Malfunctioning of BBPOU's equipment.

## BBPS Procedural Guidelines

- c. Unauthorized access to BBPS Network.
  - d. Member's software, hardware or any other equipment violating copyright, IPR, patent laws etc.
  - e. Claims by third parties relating to acts/omissions by the other Party and all costs associated with the defence of such a claim.
  - f. Loss arising out of any misrepresentation, negligence, wilful misconduct by the other party.
  - g. Loss caused by breach of any obligations contained in this agreement by the other party.
2. The indemnified party shall inform forthwith the indemnifying party in case any of the circumstances detailed in Paragraph 38.7(a) arise and shall provide the indemnifying party with all necessary assistance to defend/settle such a claim.
  3. The indemnified party shall take all steps to defend any claim raised by any third party relating to any matter envisaged in Paragraph 38.7(a) and shall not afford the claim any lesser degree of care than it would afford any matter brought against it.
  4. That without prejudice to the rights or remedies whether legal or otherwise available to the BBPCU upon the breach by BBPOU of any of the terms of this agreement, BBPOU shall indemnify and keep indemnified BBPCU either by themselves or through the instrumentality of the Sponsor Bank against any loss/ damages suffered by BBPCU, whether legal or otherwise arising due to BBPOU's non-compliance with the provisions of this agreement.
  5. SPONSOR BANK shall indemnify on behalf of its BBPOU regarding settlement as per BBPS procedural guidelines including any liability of BBPOU arising due to fraud and shall mutually settle the same with its BBPOU at appropriate intervals. BBPCU will have no role in the mutual settlements between Sponsor Bank and its BBPOU.

### 38.8 TERM OF AGREEMENT

The terms, conditions and obligations mentioned herein shall be contractually binding from the Effective Date of this agreement and unless terminated otherwise, this agreement shall continue to bind the Parties till its termination as provided in this agreement. The agreement will be applicable to bill payments by customers of different BBPOUs and settlement between BBPOUs for interoperable transactions undertaken by them under BBPS.

### **38.9 TERMINATION**

1. Either Party may elect to terminate this agreement for convenience by providing a notice of termination in writing to the other Party. The termination will become effective within 90 days of issuance of such notice.
2. Either Party may terminate this agreement by giving an advance written notice of thirty 90 days to the other Party if the other Party commits a breach of any provisions contained in this agreement and after receipt of a written notice specifying the breach or default, fails to remedy the breach within a specified period of time set forth in the said notice, which period of time shall be reasonable taking into account all relevant circumstances.
3. If bankruptcy or insolvency proceedings, not including invoice claims by a third Party with a court of law, are instituted against the other Party and such proceedings are not dismissed within thirty 30 days from the date of proceedings, or the other Party makes an assignment for the benefit of its creditors.
4. In the event that a party loses the eligibility to continue business, the agreement shall stand terminated forthwith. However such forced termination shall be subject to the exception that the agreement would remain in force for a further period not exceeding six (6) months from the date of Cessation only for the purpose of resolving disputes, if any, in existence or raised during the existence of the agreement.

### **38.10 CONSEQUENCES OF TERMINATION**

In the event of termination of this agreement for any reason whatsoever-

1. All rights and obligations incurred under this agreement shall cease.
2. Termination shall not affect any accrued rights or obligations of the parties.
3. All obligations incurred prior to the termination of this agreement shall be discharged forthwith.
4. Membership fees will not be refunded in the event of termination.
5. In the event of termination, Sponsor bank shall be liable for payment of any pending dues.

### **38.11 DISPUTE RESOLUTION**

1. The parties shall endeavour to settle amicably by mutual discussion any disputes, differences or claims whatsoever related to this agreement which do not fall within the

purview of Payment and settlement Systems Act, 2007. Failing such amicable settlement within thirty 30 days of the dispute arising thereof, the dispute shall be settled by arbitration in accordance with the Arbitration and Conciliation Act, 1996 or any amendment thereof.

2. The dispute shall be referred to arbitration by a sole arbitrator mutually agreed upon. Arbitration shall be held in Mumbai, India. The proceedings of arbitration shall be in the English language and the award made in pursuance thereof shall be binding on the parties. Any appeal will be subject to the exclusive jurisdiction of courts at Mumbai.
3. The cost and expenses of arbitration proceedings will be paid as determined by the arbitral tribunal. However, the expenses incurred by each party in connection with the preparation, presentation, etc., of its proceedings as also the fees and expenses paid to the arbitrator on its behalf shall be borne by each party itself.
4. The Parties shall continue to perform their undisputed obligations under the agreement during the arbitration proceedings unless the matter is such that the work cannot possibly be continued until the decision of the arbitrator/court, as the case may be, is obtained.
5. Notwithstanding the provisions contained in Para 11 (a) to (d) of this Agreement, the dispute covered by the provisions of the Payment and Settlement Systems Act, 2007 shall be resolved under the mechanism prescribed under Section 24 of the Payment and Settlement Systems Act, 2007 and rules, regulations, instructions issued thereunder .

### 38.12 REPRESENTATION AND WARRANTIES

1. Each of the Parties hereby represents and warrant to the other Party as follows:
2. It is duly organized and validly existing under the laws of India and has all requisite power and authority to carry on its business as it is now being conducted.
3. This agreement constitutes its valid, legally binding and enforceable obligation.
4. It shall take such further acts and generally do all such other things as may be reasonably necessary to accomplish the actions contemplated in this agreement.
5. It has taken all necessary action, corporate or otherwise, as applicable to them to authorize or permit the execution, delivery and performance of this agreement.
6. It has obtained all licences, clearances, permissions, approvals or consents from third parties including any regulatory or government body as required by applicable law or regulations for the purpose of performing its obligations under this agreement.

## **BBPS Procedural Guidelines**

7. The execution, delivery or performance of this agreement by it will not: (i) conflict with or constitute a default under or breach of performance of any of its obligation; or (ii) result in a violation of any law, regulation, administrative order or judicial order applicable to it or its business or assets.
8. It has the technical expertise, ability, experience, resources and infrastructure to render BBPS and to comply with its obligations under this Agreement;
9. All the necessary software and hardware required for rendering the BBPS and complying with its obligations under this Agreement are owned by it or is otherwise authorized to use such software and hardware to comply with its obligations under this Agreement
10. The Software and Hardware being used by it for rendering the BBPS is suitable and appropriate for rendering the same in terms of the obligations, representations and warranties set out in this Agreement;
11. It shall have documented Business Continuity /Disaster Recovery procedures including Disaster Recovery Site to ensure availability of BBPS.
12. Services will be performed in a professional manner consistent with the industry standards reasonably applicable to such services.
13. If a breach of warranty has occurred, the Party affected by the breach shall promptly notify the remaining Parties of the breach in writing stating the nature of the breach and the Party committing the breach shall correct any affected services in order that they comply with the warranty.

### **38.13 INTELLECTUAL PROPERTY RIGHTS**

Nothing contained in this agreement shall be construed as granting to the BBPOU or the SPONSOR BANK, a licence, right to use or interest in any intellectual property, logo, trademark, commercial mark or goodwill of BBPCU unless mutually agreed by BBPCU in writing. BBPCU shall own, and will continue to own all rights, titles and interests in and to any inventions however embodied, know how, works in any media software, information, trade secrets, material, property or proprietary interest that it owned prior to this agreement, or that it created or acquired independently of its obligation pursuant to this agreement.

### **38.14 PUBLICITY**

1. BBPOU and SPONSOR BANK agree that they shall not make any public announcements or press release in relation to the subject matter of this agreement, or its existence without the prior written consent of BBPCU to this agreement.

## BBPS Procedural Guidelines

2. BBPOU and SPONSOR BANK further agree not to use the name or logo of BBPCU the other party for any internal or external communication including but not limited to poster, mailer, employee engagement collateral, channel collaterals, outdoor/ advertising materials, radio/ television script and visuals, white paper, case studies, presentations in any public forum and/or any interview, unless prior written consent for the same is obtained from BBPCU
3. The Parties may however, create a mutually agreed press release to announce their relationship, if so required.

### 38.15 CONFIDENTIAL INFORMATION

1. Parties acknowledge and agree that in connection with this agreement, each Party will have access to Confidential Information and hereby agrees not to disclose any Confidential Information to any third party and not to use any such Confidential Information for any purpose other than as strictly required for performance under this agreement.
2. All such Confidential Information is and shall remain the exclusive property of the disclosing Party and the receiving party will not acquire any rights to that confidential information.
3. Parties agree that neither of the parties shall remove any confidentiality copyright or similar notices of legends from the confidential information and shall implement such safeguards and controls as may be necessary or appropriate or brought to its notice to protect against unauthorized uses or disclosure of the confidential information.
4. Each Party shall undertake to ensure that the obligations mentioned herein shall be informed and enforceable against all employees, agents, sub-contractors, assignees who have access to Confidential Information.
5. Each party agree to indemnify and hold the other party harmless against any loss or damage that may be caused to such other party on account of disclosure of any information relating to the affairs of such other party or its constituents in violation of the aforesaid provisions by such party, its employees or its agents etc.
6. Exclusions: The receiving Party shall be relieved of this obligation of confidentiality to the extent any such information: (a) was in the public domain at the time it was disclosed or has become in the public domain through no fault of the receiving Party; (b) which is trivial or obvious; (c) which the receiving Party can prove, was known to it, without restriction, at the time of disclosure; (d) is disclosed by the receiving Party with the prior written approval of the disclosing Party; (e) the receiving Party can prove was independently known by the receiving Party without any use of the disclosing Party's

Confidential Information and by employees or other agents of the receiving Party who have not had access to any of the disclosing Party's Confidential Information; (f) becomes known to the receiving Party, without restriction, from a source other than the disclosing Party without breach of any confidentiality agreement by the receiving Party and otherwise not in violation of the disclosing Party's rights.

7. Parties agree that the terms and conditions of this agreement shall be treated as Confidential Information and that no reference to the terms and conditions of this agreement or to activities pertaining thereto can be made in any form without the prior written consent of the other Party; provided, however, that the general existence of this agreement shall not be treated as Confidential Information
8. Either Party may disclose the terms and conditions of this agreement: (a) as required by any court or other governmental body; (b) as otherwise required by law; (c) to its employees or authorized representative(s) in connection with the enforcement of this agreement or rights under this agreement;
9. Injunctive Relief: The Parties acknowledge that monetary damages may not be a sufficient remedy for unauthorized disclosure of any confidential information/materials and that the Parties shall be entitled, without waiving any other rights or remedies, to such injunctive or equitable relief as may be deemed proper.
10. All confidential information and copies and extracts of it shall be promptly returned to the Disclosing Party at any time within thirty 30 days of receipt of a written request by the Disclosing Party for the return of such confidential information.
11. This Clause shall survive the termination of this agreement.
12. No license shall be granted or implied with respect to such Confidential Information by reason of other Party's access to such confidential Information. If the Parties hereto decide to enter into any licensing arrangement regarding any Confidential Information or present or future patent claims disclosed hereunder, it shall only be done on the basis of a separate written agreement between them.
13. Upon termination of this agreement, the receiving Party, at the option of the disclosing party, will return or destroy all confidential information belonging to the other party.

### **38.16 GENERAL**

1. Force Majeure: No Party in default shall be liable for penalty or termination for default for any failure to perform any of its obligations under this Agreement if the performance is prevented, hindered or delayed by a Force Majeure Event and in such case its obligations shall be suspended for so long as the Force Majeure Event continues. Each

## BBPS Procedural Guidelines

party shall promptly inform the other of the existence of a Force Majeure Event and shall continue to perform their obligations under this agreement as far as possible. Such Force Majeure events may include, but is not limited to, wars, revolutions, epidemics, natural disasters etc.

2. If the Force Majeure Event prevails for a continuous period of Two (2) months, either Party may terminate the agreement.
3. Governing Law and Jurisdiction: This Agreement shall be governed by the laws in force in India and courts in Mumbai shall have exclusive jurisdiction over matters relating to or arising from this Agreement.
4. Counterparts: This agreement may be executed simultaneously in any number of counterparts, all of which together shall constitute one and the same instrument.
5. Severability: If any term, provision or covenant contained in this Agreement or the application thereof to any person or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision or covenant shall be construed in a manner as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person or circumstances, other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.
6. Waiver: Nothing shall be construed as a waiver of any right or a condition under this Agreement unless it is done expressly in writing.
7. Notices: All notices required or permitted to be given by one Party to the other under this Agreement shall be in English and may be delivered by hand or facsimile process or sent by registered or certified mail, postage prepaid, return receipt requested to the party to be served at:

If to BBPCU

If to BBPOU

If to Sponsor Bank

Attention:

Address:

Phone:

Email:

Fax: Attention:

Address:

Phone:



## BBPS Procedural Guidelines

Email:

Fax: Attention:

Address:

Phone:

Email:

Fax:

The date upon which such notice is so actually delivered; or if the notice is given by registered or certified mail, the date upon which it is deposited in the mail; shall be deemed to be the date of such notice, irrespective of the date appearing therein.

The aforementioned address of each Party may be deemed changed at any time by giving fifteen 15 days prior notice to the other Party.

8. Entire Agreement: This agreement embodies the entire understanding between the Parties with respect to the subject matter hereof. The Parties acknowledge and agree that all prior agreements and understandings between them are hereby terminated as of the effective date of the agreement. No representations, warranties, understandings or Contracts, express or implied, verbal, collateral or otherwise, including any representations made prior to the execution of this agreement or contained in any written materials that do not form part of this agreement, are relied upon by the Parties except as expressly set out herein. This Agreement cannot be modified in any way except in writing signed by the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their duly authorized representatives.

### **First Party**

NATIONAL PAYMENTS CORPORATION OF INDIA

Authorised Signatory

Name:

Designation:

### **Second Party**

SPONSOR BANK

## BBPS Procedural Guidelines

Authorised Signatory

Name:

Designation

Third Party

BBPOU

Authorised Signatory

Name:

Designation;

### LIST OF ANNEXURES

Annexure I: Charges

BBPCU Network Connectivity Cost    BBPCU Business Cost/Subscription Charges

1. Connectivity to BBPCU directly

Approx. INR \_\_\_\_\_ \* + Taxes (to be paid in \_\_\_ years) INR\_\_\_\_\_ + Taxes for direct connectivity

2. Connectivity to BBPCU through Sponsor Bank ASP switch

Approx. INR \_\_\_\_\_ \* + Taxes (to be paid in \_\_\_ years by ASP), if ASP is not connected to BBPCU    INR \_\_\_\_\_ + Taxes to Sponsor Bank, not applicable, if both i.e. ASP and Sponsor Bank are already connected to BBPCU

3. Integration with Sponsor Bank

Not applicable as sponsor bank is already connected to BBPCU • If Member Bank is already part of NFS network as Sponsor bank, it does not need to pay anything extra INR \_\_\_\_\_, if Member Bank is not connected to BBPCU as Sponsor Bank

*Note: The actual costing shared is subjected to change based on the availability of devices & feasibility from service providers*

## 39 Annexure VII: Standards on Branding

The brand, trade mark, logo, signage, position and size (as communicated by BBPCU) would be the intellectual property of BBPCU and its usage would be strictly defined as per the guidelines published by BBPCU and its corrigendum issued from time to time.

These guidelines are for BBPS licensees, customers, and other parties wishing to use BBPS trademarks, service marks or images in promotional, advertising, instructional, or reference materials, or on their web sites, products, labels, or packaging. Use of the BBPS Logo for commercial purposes without the prior written consent of BBPCU may constitute trademark infringement and unfair competition in violation of and state laws. Use of BBPS trademarks may be prohibited, unless expressly authorized.

If you are a licensee of a BBPS trademark or logo and have been provided with special trademark usage guidelines with your license agreement, please follow those guidelines.

BBPS's trademarks, service marks, trade names, and trade dress are valuable assets. By using a BBPS trademark, in whole or in part, you are acknowledging that BBPCU is the sole owner of the trademark and promising that you will not interfere with BBPCU's rights in the trademark, including challenging BBPCU's use, registration of, or application to register such trademark, alone or in combination with other words, anywhere in the world, and that you will not harm, misuse, or bring into disrepute any BBPCU trademark. The goodwill derived from using any part of BBPCU trademark exclusively inures to the benefit of and belongs to BBPCU. Except for the limited right to use as expressly permitted under these Guidelines, no other rights of any kind are granted hereunder, by implication or otherwise.

### 39.1 Authorized Use of BBPS Trademarks, Logo, etc.

1. **Advertising, Promotional, Sales Materials and Merchandise etc.:** Only BBPCU and its authorized BBPOUs and licensees may use the BBPS Logo in advertising, promotional, and sales materials. Such authorized parties may use the BBPS Logo only as specified in their agreement with BBPCU and any associated Guidelines and such use must always be in conjunction with the appropriate terms that define the relationship authorized by their contract with BBPCU.
2. **Compatibility:** The BBPOUs and their agents may use BBPS or any other BBPS word mark (but not the BBPS Logo or other BBPS-owned graphic symbol/logo) in a **referential phrase** on promotional/advertising materials to describe that the third party product is compatible with the referenced BBPCU product or technology, provided they comply with the following requirements:
  - a. The BBPS word mark is not part of the product name.

## BBPS Procedural Guidelines

- b. The BBPCU word mark appears less prominent than the product name.
  - c. The product is in fact compatible with, or otherwise works with, the referenced BBPS product.
  - d. The reference to BBPS does not create a sense of endorsement, sponsorship, or false association with BBPS or BBPS products or services.
  - e. The use does not show BBPS or its products in a false or derogatory light.
3. **Web Sites:** Web sites that serve only as non-commercial electronic informational forums concerning a BBPS product or technology may use the appropriate BBPS word mark, provided such use complies with the guidelines set forth in Section 2 above.

### 39.2 Unauthorized Use of BBPS Trademarks

1. **Company, Product, or Service Name:** You may not use or register, in whole or in part, any BBPS trademark including BBPS-owned graphic symbols, logos, icons, or an alteration thereof, as or as part of a company name, trade name, product name, or service name except as specifically noted in these guidelines.
2. **BBPS Logo and BBPS-owned Graphic Symbols:** You may not use the BBPS Logo or any other BBPS-owned graphic symbol, logo, or icon on or in connection with web sites, products, packaging, manuals, promotional/advertising materials, or for any other purpose except pursuant to an express written trademark license from BBPS.
3. **Variations, Take-offs or Abbreviations:** You may not use an image of a real BBPS or other variation of the BBPS logo for any purpose. BBPOUs or Third parties cannot use a variation, phonetic equivalent, foreign language equivalent, take-off, or abbreviation of a BBPS trademark for any purpose.
4. **Disparaging Manner:** You may not use a BBPS trademark or any other BBPS-owned graphic symbol, logo, or icon in a disparaging manner.
5. **Endorsement or Sponsorship:** You may not use BBPS or any other BBPS trademark, including BBPS-owned graphic symbols/logos, or icons, in a manner that would imply BBPS's affiliation with or endorsement, sponsorship, or support of a third party product or service.
6. **Merchandise Items:** You may not manufacture, sell or give-away merchandise items, including symbols, logos, or icons, except pursuant to an express written license from BBPCU.
7. **BBPS's Trade Dress:** You may not imitate the distinctive BBPS web site design, logos, or typefaces.

## BBPS Procedural Guidelines

8. **Slogans and Taglines:** You may not use or imitate a BBPS slogan or tagline without prior written permission of BBPCU.
9. **Domain Names:** You may not use an identical or virtually identical BBPS trademark as a second level domain name.

## 40 Annexure VIII: Risk & Mitigations

S.No	Risk	Details	Mitigation
1	Authenticity of Agent	In BBPS agent is the entity through which all the transactions will happen and it will be the weakest entity of the BBPS Ecosystem.	BBPOUS should take care of KYC and credibility checks while onboarding Agents.  A Central repository of Agent Master with unique identity should be maintained in BBPS to avoid any kind of execution risk.  Option to check the authenticity of agent via net or SMS while doing any Bill payment transaction, e.g. One Time Password etc  A central master of blacklisted agent entities to be maintained to mitigate pollution in the system
2	Bill Payments made for Bills but not updated in	There may be any technical failure at any point of time due to which bill will not be updated in Billers' database.  Credit to wrong account / excess payment	Force update should be put into place in case payment of bill/s is not updated in billers database due to any technical failure  In case agent posts transaction in a wrong account then it will be the responsibility of the issuer BBPOU to settle the refund to the customer, outside the system in consonance with the biller.
3	In case where Incorrect bill details are fetched	Payment not to be accepted	Agent/Customer education with regard to ensure confirmation of the customer about bill details fetched from the system before payment is made. In cases where payment has been affected the reversal or refund should be executed depending upon the payment mode.
4	Overcharging the Customer	In case agent overcharges customer over and above the stipulated surcharge	Customer education should be ensured via merchandising, media etc
5	BBPOU and Agent Relationship	Settlements between the parties  Appointment and authorisation  Agent Certification and related awareness	BBPOU's responsibility  BBPOUS' Responsibility  Responsibility of BBPOU pertains to authenticity of Agent
6	System Related Risk	Data Security, Unauthorised access, IT security, Fake Websites	ISO27001 Standards Compliance  Standard Security Practices, Guidelines and Audit by NPCI in consultation with Industry.  Stringent Data security policy to be implemented across all platforms.  Regular & Mandatory Decoy Audit, Prevention from phishing, FMS technique  Standard SLA / TAT across systems to be defined by regulator/industry body and implementation monitored.
7	Settlement Risk	Event of any member in BBPS fails to meet the clearing liability at the time of settlement	Settlement Gaurantee Fund mechnism to be defined

## 41 Annexure IX: Reports

Reports Summary	
S.No	Reports Name
1	Settlement Register Report
2	Daily MIS Report
3	Monthly MIS
4	Customise Reports
5	Dispute Report
6	Settlement report for each BBPOU
7	Monthly Volume Report

## **42 Annexure X: BBPS Complaint Management System**

BBPCU shall put in place a centralized end to end complaint management system for all ON-US and OFF-US transactions.

Till such time the centralized management system can be put in place, to begin with, the BBPS will facilitate at least the centralized ticking or lodging of complaints (against any biller) from the end-consumers at any of the BBPS points, even though the final redressal will be handled by the respective billers/BBPOU's.

The entire process flow would be designed around the aforesaid concept

A complaint lodged with the BBPCU will be assigned to the respective BBPOU for resolution

At the time of raising a complaint, the customer will be asked for necessary details (e.g. name, mobile number and e-mail ID) that will be used for auto-registering him / her on the BBPS with a unique Customer ID

Two kinds of complaints are envisaged on BBPS:-

1. Transaction-based complaint
2. Service-based complaint

### **42.1 Transaction based complaint**

This type of complaint is raised by a customer either for a successful / pending / failed transaction. The customer will initiate a complaint either at an agent outlet or the BBPS website. Transaction ID will be used as a unique reference number for raising complaints.

### **42.2 Service based complaint**

This type of complaint is raised by a customer for non-transactional issues

Transaction based complaints will undergo validation at CU and biller OU levels

Service based complaints won't undergo any transaction level validation

The following are the complaint statuses which will be assigned to the transactions



## BBPS Procedural Guidelines

Status	Description	TAT
Lodged	A customer has raised a complaint but is yet to receive a complaint acceptance response.	Within a day of complaint registration
Assigned	At this stage the complaint will be with the Customer BBPOU, who will be responsible for sending the complaint acceptance response to the customer	Within a day of complaint registration
Pending with BBPOU	The complaint is still to be addressed by the BBPOU or its biller or agent	Within a day of complaint registration
Resolved	Once the biller / BBPOU resolves the customer related complaint, the BBPOU updates the system	Within 7 days of complaint registration
Additional information required	The biller / BBPOU requires further information for the complaint, the BBPOU updates the system accordingly	Within 7 days of complaint registration
Reassigned	Once the biller / BBPOU rejects the complaints, the BBPOU updates the system	Within 7 days of complaint registration
Escalated	If the biller / BBPOU doesn't respond to the complaint by the specified TAT	After 7 days of complaint registration