

Circular: NPCI/2017-18/BBPS/011

5th October 2017

Bharat Bill Payment System (BBPS) – Biller BBPOU Compliance

This Circular is in reference to Circular: NPCI/2017-18/BBPS/001 dated 6th April 2017 regarding BBPOU Certification as a Pre-requisite for Authorisation.

For Biller BBPOU (BOU) the following points were highlighted in the circular:

1. **Direct Biller On-boarding:** BOU should have the capability to on board the biller directly and not through an aggregator or a Technical Service Provider (TSP) to ensure full compliance with managing biller relationship as provided in the BBPS Procedural Guidelines.
2. **Compliance with Procedural Guidelines:** The BOU should demonstrate adequate capability and competence to comply with BBPS Procedural Guidelines and Standards in respect of biller on-boarding and discharging role as BBPOU. In particular, attention is invited to the following sections of the Procedural Guidelines which need to be complied with :
 - a. Only BBPOUs can have commercial arrangement with billers,
 - b. BBPOUs alone can have clearing and settlement with the billers.
 - c. On-boarding of billers as per defined standards/rules,
 - ✓ Carrying out due diligence on a new biller before it is in-boarded,
 - ✓ Biller configuration and selection of respective BBPOUs for routing,
 - ✓ Biller agreement should ensure that they adhere to SLAs, and standards (as applicable)
 - d. Infrastructure development – Application development, including APIs where required, by respective BBPOUs – in adherence to standards set by BBPCU,
 - e. Ensuring availability of the required infrastructure, system, hardware, software, network and other devices at the central site (BBPOU's) as required to comply with BBPS guidelines.

In this connection, please note the following by way of further elaboration:

It is envisaged that the Biller BBPOU will have a direct connectivity with the Biller and eventually the Biller BBPOU will host the solution including the required software and hardware infrastructure in its own premises. In this context a firm commitment needs to be given by the BBPOU regarding the timelines for the same **not exceeding four months**.

With a view to facilitating BBPOUs to act as Biller OUs, engagement of a suitable TSP is being permitted as a transient measure. Where an arrangement with a TSP for hosting is proposed or is already in place, the following may be strictly adhered to:

- ✓ TSP will have a dedicated communication channel for the Biller BBPOU. In case connectivity with the Biller and TSP is over internet, TSP will use different IP and ports for the Biller BBPOU.
- ✓ Biller BBPOU will conduct a security audit and share the reports with the BBPCU for Risk approval.
- ✓ TSP will not do any internal routing of the transaction outside BBPS and/ or by-passing BBPCU and ensure that there is no bilateral routing of the transactions between other BBPOUs, including TSP itself in case the TSP is a BBPOU.
- ✓ Inasmuch as provision of two default BBPOUs is to ensure continued availability of the billers to the entire BBPS ecosystem and for BCP purposes, it is evident that the BBPOU and its TSP cannot both be default OUs for the same biller. Hence, where the TSP is a default OU for a biller, the BBPOU cannot be default OU for the same biller and vice-versa.

BBPOUs may ensure compliance with the stipulations mentioned above and within the dates as specified in the Circular. As provided in the Procedural Guidelines, BBPCU may audit the arrangement between the TSP and BBPOU for compliance with the Guidelines.

Yours faithfully,



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