

Bharat Bill Payment System [BBPS] Procedural Guidelines

Version 6.0

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About This Document

Date	Version	Section Number	Description
18.11.2015	1.0	NA	Final Procedural Guidelines approved by the Reserve Bank of India (RBI)
28.12.2017	1.1	6.7	Agent-Institution On-boarding Process
20.10.2023	2.0		Changes regarding new features in the Procedural Guidelines and company incorporation of NBBL
28.02.2024	2.1	6.5	Timeline for deactivation of biller
29.03.2024	3.0	All	As per Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024 and BBPS Circulars issued till 20th March 2024
24.06.2024	4.0	Annexures Reference	Change in the reference of annexures to Procedural Guidelines
11.02.2025	5.0	6.1	Changes in Section 6.1
28.11.2025	6.0	3	Changes in section 3

1 Introduction

Bharat Bill Payment System (BBPS) is a Reserve Bank of India (RBI) conceptualized system driven by NPCI Bharat BillPay Limited (NBBL – a wholly owned subsidiary of National Payments Corporation of India) which offers integrated, accessible, interoperable payment and collection services to customers across geographies with certainty, reliability, and safety of transactions.

NBBL is the entity authorized as the Payment System Provider for BBPS. BBPS functions as a tiered structure for operating the bill payment and collection system in India with a single brand ‘BBPS’ providing the convenience of ‘anytime anywhere’ payments to the customers.

An entity other than a biller shall not engage in providing bill payment service outside the scope of BBPS, without authorization under chapter III of Payments and Settlement System Act, 2007. Please refer Section 3 (b) of Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024).

1.1 Objective

The objective of BBPS is to offer interoperable and accessible bill payment services to customers through digital/online channels or a network of agents, enabling multiple payment modes, and providing instant confirmation of payment; at the same time, providing a standardized bill collection platform and settlement guarantee to billers.

1.2 Scope

The scope of BBPS includes payments and collections, both recurring and non-recurring for all categories of billers. This makes the BBPS platform accessible to a wider set of individuals and businesses who can benefit from the transparent payment experience, faster access to funds, and improved efficiency.

1.3 Benefits

The benefits expected to be delivered to the customers and other participants of the BBPS ecosystem are mentioned below:

1.3.1 Customer Benefits

- i. BBPS facilitates “Anytime Anywhere” assured payment of all bills through all the BBPS enabled channels i.e., digital or physical channels including bank branches, business correspondents, customer service points, agents, Automated Teller Machines (ATM), kiosks, etc.
- ii. Provides options to choose from a variety of payment modes like UPI, cash, debit cards, credit cards, prepaid payment instruments including wallets, and other electronic payment options such as net banking, IMPS, NEFT, etc.

- iii. Provides interoperability so that customers can pay bills of any Biller through a single interface.
- iv. Provides accessibility to all segments including un-banked and under-banked population.
- v. Enables customers to fetch, view bill details and provides an instant confirmation of payment made via a payment receipt/confirmation message.
- vi. Provides high level of data security and customer data protection while ensuring certainty, reliability and safety of the transaction.
- vii. Assures trust and confidence amongst customers and provides centralized grievance redressal mechanism.

1.3.2 Biller Benefits

- i. Provides a platform and infrastructure for collection, payment and settlement of bill payments aiding to cost reduction for the billers.
- ii. Facilitates e-presentation of bills and quick e-payment of bills.
- iii. Reduces entry barriers for bill collection by small billers and billers with restricted geographic presence.
- iv. Offers an effective, transparent centralized mechanism for handling customer complaints and grievances.
- v. Offers improved efficiency in bill collection and management with reduction in administrative overheads.

1.3.3 Participant Benefits

- i. BBPS offers standardization in bill payment process through an integrated bill payment platform for its participants.
- ii. Offers a level playing field to all participants and allows them to offer several value-added services related to bill payments to customers, facilitating cost effectiveness.
- iii. For customer facing entities, provides unified and integrated platform to their customers, which facilitates bill collection of bills on a single interface.
- iv. For entities that on-board merchants, provides access to multiple digital and physical channels through a single integration
- v. Offers assured settlement of funds by implementing Settlement Guarantee Fund Mechanism, thereby mitigating settlement / liquidity risk.
- vi. Aligns with the government's Digital India initiative by promoting digital payments, contributes to a less cash economy and enhances financial literacy.
- vii. Provides a centralized platform for bill payments, streamlining the process for both citizens and government entities.

2 Participants

BBPS primarily consists of two categories of entities responsible for distinct functions:

2.1 Primary Participants

2.1.1 Bharat Bill Payment Central Unit (BBPCU)

BBPCU is the entity that operates BBPS; sets operational, governance, compliance, technical, and business standards, and also undertakes clearing and settlement activities for transactions routed through the BBPCU. BBPCU provides a platform connecting customers and billers, through COUs and BOUs, respectively. NPCI Bharat BillPay Ltd. (NBBL) is authorized to operate as the BBPCU .

2.1.2 Operating Unit

Operating Units are entities that operate under the BBPS in a tiered structure and further strengthen the BBPS network. Operating Units may be banks as well as non-banks.

Banks (All Scheduled Commercial Banks including RRBs or Urban Cooperative Banks or State Cooperative Banks or District Central Cooperative Banks), non-bank Payment Aggregators (PAs) and other existing entities authorised as Operating Units can participate in BBPS as Operating Units.

Banks and non-bank PAs, intending to operate as Operating Units, will not require a separate authorisation. They shall intimate DPSS, RBI, and Central Office before commencing operations.

There are three categories in which a Operating Unit can function either as a Biller Operating Unit or as a Customer Operating Unit or Both:

2.1.2.1 Biller Operating Unit (BOU)

Biller Operating Unit (BOU) is an entity that onboards biller(s), either directly or through biller aggregator(s), onto the BBPS platform for collection of its bills or other receivables, as the case may be.

2.1.2.2 Customer Operating Unit (COU)

Customer Operating Unit (COU) is an entity that provides its customers with an interface (physical/digital) to pay bills, either directly or through Agent Institution(s) or its Agents.

2.2 Other Participants

2.2.1 Billers

An entity (including Central and State Government Department or Public Sector Undertaking/individuals) which is connected to BBPS through a BOU (either directly or through a biller aggregator) for collection of bills payments.

Note: Bill means any notice for payment raised by a biller for recurring or non-recurring payments. Bill also includes notice or advice for recharge of prepaid services.

2.2.2 Agent Institution

Agent Institutions are entities which are certified by BBPCU and onboarded by COU. These entities are required to provide customer interface (physical or digital) for bill payments. COU may on-board Agent Institutions which may further on-board Agents as the physical last mile customer service points.

Participating AIs are the entities which are directly integrated with BBPCU. Participating AIs have the ownership of technical integration, safety and security of transaction, maintaining tech infrastructure, as they are connected with BBPCU directly. Participating AIs shall be on-boarded by a COU for fund settlement.

Agent Institution onboarded by COUs may also provide services pertaining to cross border remittances for customers located outside of India towards Bill payments in India.

2.2.3 Agent

Agents are last mile customer touch points onboarded by Customer Operating Unit (COU) in the form of branch offices, collection centers, business correspondents etc.

An Agent provides collection services for different biller categories and accepts payment primarily cash/ AEPS, along with other payment modes as applicable. Agent cannot further onboard Agents (sub-agents) and cannot extend their bill payment connectivity to any other entity(s) such as Technology Service Providers (TSP), Fintech etc.

2.2.4 Biller Aggregators

Biller Aggregators are entities that aggregate the billers for the purpose of enabling them to connect to a Biller Operating Unit (BOU). The requirements pertaining to due-diligence and other ongoing compliances of Biller Aggregator shall be governed by Operating Unit.

2.2.5 Sponsor Bank

A sponsor bank is defined as a scheduled commercial bank which facilitates settlement of non-bank Operating Units with BBPCU.

2.2.6 Technology Service Provider (TSP)

Entities certified by NBBL that provide technical services and solutions to Operating Units, Billers, Agent Institutions or others to integrate with BBPS. TSPs shall not be part of the settlement flow or handle funds. They shall comply with data integrity and security regulations, ensuring secure and efficient operation of BBPS network.

3 Roles and Responsibilities

The indicative roles and responsibilities of the system participants are as below which may be modified and communicated by BBPCU from time to time.

3.1 Primary Participants

3.1.1 BBPCU

Following are the roles and responsibilities of BBPCU vide Section 6(a) of Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024

- i. Setting the rules and regulations governing participation criteria and system operations.
- ii. Setting the technical standards for participation in the system.
- iii. Providing guaranteed settlement of all transactions routed through BBPCU.
- iv. Ensuring that all transactions have Bill Reference Number from the payment initiation stage.
- v. Ensuring no funds in the system flow through any TSP.
- vi. Providing a framework for redressal of customer complaints and resolution of disputes

Additional roles and responsibilities:

- i. Define appropriate measures and controls in case of any breach by the participants.
- ii. Responsible for marketing and brand positioning of BBPS
- iii. Setting up a mechanism for monitoring of suspicious transactions and generate timely warning to participants or implement other necessary controls.
- iv. Governing the due diligence and certification process for participants (Operating Unit, Biller Aggregator, Biller, Agent Institutions, Agents, TSP, etc.)
- v. Maintaining a repository of relevant information for all bill payment for a prescribed period.
- vi. Defining procedures for on-boarding and de-boarding of participants, settlement, and other procedures.

3.1.2 Operating Unit

Common roles and responsibilities of Operating Units are given below:

- i. Compliance with provisions of the on-boarding agreements, other standards, circulars communicated by BBPCU from time to time.
- ii. A non-bank Operating Unit shall open an Escrow account with a scheduled commercial bank exclusively for BBPS transactions and must ensure that necessary arrangements

are made with their sponsor banks. Revised limits, if any, will be configured on the basis of the advice from their respective Sponsor banks to BBPCU.

- iii. Provide an accessible bill payment system to all the segments including un-banked/ under-banked population.
- iv. Operating Unit or its Agent Institution / Agents shall not have bilateral arrangements with another Operating Unit or the BBPS Billers for directly availing Bill payment / collection service which falls within the scope of BBPS, unless an approval has been granted by RBI.
- v. Ensure that all transactions have Bill Reference Number from the payment initiation stage.
- vi. Ensure availability of the required infrastructure, system, hardware, software, network, scanners, and other devices at central site and all physical & digital channels to comply with BBPS guidelines as communicated from time to time.
- vii. Ensure safety and security of transactions, verification of biller information, and adherence to transaction flow standards and rules set by the BBPCU.
- viii. Handle all transactions as per arrangements with the billers and Agent Institutions/ Agents in adherence to the standards set by the BBPCU .
- ix. Resolution of customer grievances and dispute within TAT as per procedures and standards prescribed by BBPCU through the centralized end-to-end complaint management system.
- x. Provide MIS & Reporting and other value-added services to the billers/ biller aggregators/ Agent Institutes/Agents.
- xi. Submit returns, reports, data, etc. in prescribed format within defined timelines, duly signed by the authorised signatory. It shall be noted that filing of timely and accurate returns, reports, data etc. is mandatory.
- xii. Ensure that their Net Debit Cap (NDC) values are adequately increased to comfortably accommodate transactions on all days including holidays (when there is no movement of funds) so as to ensure that there are no transaction declines in the event of the cumulative net transaction value exceeding the NDC limit.
- xiii. BBPS requires a second OU for Billers contributing significant volumes for the purpose of Business Continuity. Hence, every Biller that has two or more BOUs is required to connect with BBPCU through independent connectivity provided by each of these BOUs.
- xiv. Implement all APIs and enhancements released by BBPCU in a time-bound manner.

- xv. Ensure confidentiality and privacy standards are complied with diligence. Customers' data collected in the course of bill payment or customer registration, shall not be used without the consent of the customer or outside the framework prescribed by its BBPCU. Suitable "opt-out" option is to be provided to customers in such case. The Operating Units shall ensure compliance with applicable Laws governing digital personal data protection.
- xvi. Ensure timely submission of data and other records which may be required by regulator from time to time.
- xvii. Select empanelled TSPs based on business needs, bearing all risks associated with the TSP capabilities, owning the liability, and responsibility of TSP connectivity, and shall not have bilateral arrangements for bill payment aggregation outside the BBPS. The Operating Unit shall ensure the TSP complies with Procedures and Guidelines of BBPS and RBI, as may be prescribed from time to time.
- xviii. Ensure that all transactions emanating from the TSP's environment are routed through BBPCU for transaction governance and oversight.
- xix. Maintain Settlement Guarantee Fund as per the Settlement Guarantee Mechanism specified by BBPCU.
- xx. Operating Units shall report fraud trends to BBPS on occurrence and in case of identifying any trends basis the frauds reported BBPCU may provide value added service in mitigating frauds across the ecosystem on analysis.

3.1.2.1 Biller Operating Unit (BOU)

Following are the roles and responsibilities of BBPCU vide Section 6(a) of Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024

- i. Onboarding billers to BBPS.
- ii. Ensuring compliance to due diligence requirements in respect of onboarding of merchants prescribed in Guidelines on Regulation of Payment Aggregators and Payment Gateways dated March 17, 2020, as updated from time to time.
- iii. Ensuring compliance to additional due diligence requirements which may be prescribed by NBBL for specific biller categories.
- iv. Ensuring due diligence of the billers onboarded through biller aggregators.

Additional roles and responsibilities:

- i. Onboarding billers with the following indicative list of due diligence requirements:
 - a. BOUs should have a Board approved policy for biller / merchant on-boarding.

- b. Undertake background and antecedent check of the billers, that such billers do not have any malafide intention of duping customers, do not sell fake / counterfeit and prohibited products/services, etc.
 - c. Ensure that biller's website (as may be applicable) clearly indicates the terms and conditions of the service and timeline for processing returns and refunds.
- ii. Ensuring collection of Biller Consent form / Bulk Biller Consent form as per the prescribed format of BBPCU, prior to on boarding a Biller or Biller Aggregator
- iii. Ensuring compliance with prescribed on-boarding requirements, BBPS Standards, data privacy standards, SOP and other guidelines applicable for Biller, Biller Aggregators and TSPs.
- iv. Ensuring via Biller agreement that they adhere to SLAs, standards (as applicable), and turnaround time for customer grievance redressal as prescribed by BBPCU and have provision for security / privacy of customer data captured through BBPS as per applicable Rules, Regulations, Act etc.
- v. Ensure to implement controls in its system (including Biller and Biller Aggregator, as may be applicable) for security of customer's data.
- vi. Enabling configuration and routing of BBPS transactions for Billers.
- vii. Ensuring resolution of customer grievances and dispute within TAT as per procedures and standards prescribed by BBPCU through the centralized end-to-end complaint management system.
- viii. Work with the billers to provide best possible commercials, in the form of interchange, to BBPS ecosystem.
- ix. For Billers on-boarded through Aggregators, BOU shall continue to be accountable for its current roles and responsibilities defined in this PG.

3.1.2.2 Customer Operating Unit (COU)

Following are the roles and responsibilities of COU vide Section 6(a) of Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024

- i. Providing digital / physical interface to their customers, directly or through agent institutions.
- ii. Ensuring customers (including customers of their Agent Institutions) have access to all billers onboarded on BBPS.
- iii. Providing a system for raising disputes.
- iv. Taking responsibility for the activities of its agent institutions, for which they have entered into agreement with the COU.
- v. Sanction Screening
- a. Ensure the entity should not be bankrupt or insolvent. This should be certified in the Approval Letter.

- b. Ensure the entity is not debarred by any regulatory authorities like RBI, SEBI, FATF, PCI and any of the following sanction list. This should be certified in the [Approval Letter](#)
 - The “ISIL (Da’esh) & Al-Qaida Sanctions List”, established and maintained pursuant to Security Council resolutions 1267/1989/2253, which includes names of individuals and entities associated with the Al-Qaida is available at <https://scsanctions.un.org/ohz5jen-al-qaida.html>
 - The “Taliban Sanctions List”, established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at <https://scsanctions.un.org/3ppp1en-taliban.htm>,
 - Lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time.
 - ‘UNSCR 1718 Sanctions List of Designated Individuals and Entities’, as available at <https://www.mea.gov.in/Implementation-of-UNSCR-Sanctions-DPRK.htm>,
 - Sanction list published by PCI Security Standards Council (PCI SSC)
- VI. Ensure AIs are not permitted to onboard other Agent Institutions or extend BBPS services to any additional digital interfaces. (It excludes Agents on boarded in BBPS)
- VII. COU shall mandatorily conduct field visits of all Agent Institutions (AIs) as part of the onboarding process. These visits must cover verification of the AI’s infrastructure, assessment of its business model, and confirmation that all required information is appropriately displayed in accordance with applicable statutory requirements. Post-visit, COU must prepare and submit both internal and external field visit reports, which shall be duly certified and referenced in the [Approval Letter](#)
- VIII. COU shall confirm and validate the designated contact details and official email ID provided by the Agent Institution for grievance Redressal purposes. This information must be verified for accuracy and accessibility, and its confirmation shall be duly certified and documented in the [Approval Letter](#).
- IX. The Tech Stack Undertaking should be submitted by an authorised signatory of both the COU and AI, as approved by the Board.

Additional roles and responsibilities:

- i. For their customers;
 - COUs and Agent Institutions, Participating AI must render all BBPS Billers on their front-end channels in a timely manner for their customers that have been on-boarded in BBPS across all categories.
 - Selective rendering of Billers is a violation of BBPS guidelines and the BBPCU reserves the right to take appropriate action.

- ii. Ensuring resolution of customer complaints and dispute within TAT as per procedures and standards prescribed by BBPCU through the centralized end-to-end complaint management system in conjunction with BBPCU.
- iii. Ensuring that bill payment connectivity is not extended by Agents to any other entity such as Technology Service Providers (TSP), Fintech, sub-agents etc.
- iv. Disclosing all important terms and conditions in clear and simple language comprehensible to the customers of various billers/users of its services. These disclosures should include:
 - All charges associated with the use of the bill payment facility, and
 - Details regarding complaints and grievance redressal mechanism and modalities including telephone numbers, website address and escalation matrix.
- v. Ensuring that the Agent Institutions including Participating AIs and Agents comply with BBPS standards, procedural guidelines, inter-operability standards and carrying out internal audits, as may be applicable to confirm compliance.
- vi. Ensuring timely submission of data and records required by regulator or BBPCU.
- vii. The roles and responsibilities of COUs towards AI, Participating Agents and Agents are given below:
 - Carry out due diligence, verification, and scrutiny of AI, Participating AI and Agents
 - Educate the AI and Agents about BBPS, customer handling & grievance handling.
 - Ensure adherence to SLAs, standards, turnaround time, and transparency standards as prescribed by BBPCU and updated from time to time.
 - COU shall not use, nor allow underlying entities (AI and Agents) to use customer data collected during bill payment or registration for other purposes without explicit consent of the customer and comply with all regulations, laws, rules pertaining to protection of customer data (Digital and Physical). A suitable “opt-out” option should be provided to customers in all such cases.
 - Ensure to collect and submit consent form and other documents from underlying entities (AI, Agents of AIs, own Agents and Participating AIs) as prescribed from time to time.
- viii. COU shall ensure compliance with all applicable circulars, notices, advisories, enhancement and guidelines for existing AIs on-boarded by them, before approving the onboarding of a new Agent Institution (AI). Further, BBPS shall evaluate the aforementioned compliance status of existing AI's issued by BBPS from time to time, and may discontinue on-boarding of new AIs by COUs until compliance is ensured.

- ix. Non-Bank Digital COUs with their own customer-facing platforms must maintain a business contribution of minimum equal ratio between their own platforms and the Agent Institution (AI) on-boarded by them.
- x. Bank COUs with must maintain a business contribution of minimum equal ratio between their own platforms and the Agent Institution (AI) on-boarded by them.
- xi. COU to confirm refund of failed transaction.

3.2 Other Participants

i. Biller

A Biller may be on-boarded by a Operating Unit or Biller Aggregator on BBPS. Billers may be advised to comply with applicable procedures, guidelines and maintain standards for bill payment interoperability, customer service level agreements (SLAs), and complaint resolution protocols / Grievance Redressal Mechanism based on the Bill Reference Number generated by BBPS.

ii. Biller Aggregator

Biller Aggregator is responsible for integrating multiple billers onto the BBPS platform by connecting them to a Biller Operating Unit (BOU). The Biller Aggregator plays a vital role in the expansion and accessibility of the BBPS network, enabling a broad range of bill payment services.

iii. Agent Institution

Agent Institutions, on-boarded by COUs, are responsible for providing digital touch points and necessary infrastructure for bill payment services. They ensure adherence to BBPS guidelines, transparent communication of fees, ensure resolution of customer complaints, maintain customer data confidentiality, etc. They are tasked with presenting all available billers to customers and ensure instant payment confirmations. Agent Institutions shall ensure all transactions have “Bill Reference Number” from the payment initiation stage.

iv. Agents

Agents onboarded by COUs shall facilitate physical touch points for bill payment, primarily in cash/ AEPS mode, along with other payment modes as applicable, and ensure resolution of customer complaints. They shall provide accurate payment information, maintain privacy, and display compliance with BBPS guidelines through clear communication and branding.

v. Sponsor Bank

Sponsor Banks manage the financial settlements for non-bank Operating Units, ensuring efficient transaction processing within the banking system. Sponsor bank maintains the Escrow Account for non-bank Operating Unit.

vi. Technology Service Provider

Technology Service Providers (TSPs), certified by BBPCU, are entities that provide the necessary technological infrastructure and solutions for billers, Operating Units, and Agent Institutions. They shall comply with data integrity and security regulations, ensuring secure and efficient operation of BBPS Network.

There are two categories of TSPs that exists in BBPS.

1. Where a TSP approaches BBPS directly for certification
2. TSP of a Operating Unit, to be certified as a part of new Operating Unit onboarding process by BBPCU .

4 Participant Management

The onboarding and de-boarding process for the Operating Unit ecosystem participants are given below.

4.1 Primary Participants

4.1.1 Operating Unit

4.1.2 Eligibility Criteria

Banks

All Scheduled Commercial Banks including RRBs/Urban Cooperative Banks/State Cooperative Banks/District Central Cooperative Banks, complying with the procedure, guidelines and participation criteria laid down by BBPS, are permitted to operate as Operating Unit without requiring a separate authorization from RBI.

Non-Bank

All Non-Banks, authorized to operate as a Payment Aggregator under the PSS Act, 2007 are eligible to operate as Operating Units as per RBI BBPS Master Direction released on 29th February 2024. Existing Payment Aggregators with In-Principle Authorization are permitted to operate as Online Payment Aggregators under PSS Act, 2007, thus eligible for operating as a Operating Unit.

Note 1: All existing entities authorized as Operating Units as on 29th February 2024 can continue to participate in BBPS as Operating Units.

Note 2: Billers own collection points are not covered under the scope of BBPS and may be introduced / continued even after operationalisation of BBPS.

4.1.2.1 Onboarding

BBPCU shall initiate certification and on-boarding process for a prospective Operating Unit indicating intent to participate in BBPS. Key requirements of on-boarding process are given below:

- i. Entity shall inform Department of Payments and Settlement Systems-RBI, Central Office of the intent to become a Operating Units
- ii. Entity shall submit prescribed documents as defined in the Operating Unit Onboarding SOP and communicated from time to time.
- iii. An agreement shall be executed between the prospective Operating Unit and NBBL indicating the role applied for (BOU/COU/Both). In case the intending Operating Unit is a non-Bank, a tripartite agreement shall be executed between the non-Bank Operating Unit, NBBL and the sponsor bank.
- iv. Seek NPCI connectivity or other available connectivity to connect their respective applications and undergo the certification process (applicable to only those Operating Units, that are not a part of the NPCINET).
- v. Complete the UAT for certification and other configuration requirements for activation on BBPS.
- vi. Intimate the Department of Payments and Settlement Systems-RBI, Central Office before commencement of operations on BBPS.
- vii. The commencement date for operation on BBPS shall be within 6 months from the UAT certification date.
- viii. Payment of certification fees and other charges as applicable from time to time.

Note: For further details, please refer BBPS Product – Standard Operating Procedure (Operating Unit Onboarding).

4.1.2.2 De-boarding

A Operating Unit may de-board from BBPS after giving a notice of 60 days in writing to RBI and BBPCU and subject to acceptance from BBPCU and approval from RBI.

- i. The BBPCU may verify applicable data and processes viz. pending transactions, refunds complaints, disputes etc. prior to acceptance of de-boarding of the Operating Unit from BBPS.
- ii. The acceptance will be subject to settlement of all outstanding dues and liabilities arising out of complaints/disputes raised on the Operating Unit. All expenses in relation to such review/audit shall be borne by the exiting Operating Unit.
- iii. A Operating Unit may resign from BBPS after giving a notice of 60 days in writing to RBI and BBPCU. The resignation will be accepted by BBPCU subject to approval from RBI post due diligence from its end.

- iv. After receiving approval from RBI, BBPCU shall inform all participants regarding the deboarding of Operating Unit. On the expiration of such a notice, the Operating Unit de-boarding shall cease to be a participant of BBPS. BBPCU will also disconnect its network service to such Operating Unit.
- v. In case of Operating Unit being deboarded, its existing Billers and/or Agent Institutions will be migrated to new Operating Unit.

Note: For further details, please refer 'Annexure 2 - De-boarding - Annex/Deboard/24-25/1'.

5 Operating Procedure

5.1 Transaction Overview

Within BBPS, the transactions are initiated on Agents or Agent Institutions or COU platforms. The COUs facilitate routing of the transactions to BBPCU. BBPCU routes this transaction to the BOUs which are integrated with Biller Aggregators or Billers. BOUs route the transaction & fetch details from Biller systems and finally credit the Billers' accounts. This structure ensures the integrity and settlement of payments across the network. The structure of entities & sequence of events described in section 5.1 are applicable for domestic & cross border transactions.

BBPS offers two bill initiation options to the customers, listed below:

- 1. One-time pay:** In this option for bill payment, customer initiates a transaction by providing his unique identifier to fetch his bill or validate his identifier, and proceeds to initiate the bill payment.
Note: Both the scenarios of Bill fetch (refer section 5.2) and ad-hoc-payment will be accepted.
- 2. Register and Pay:** In this option, customers can setup standing instructions on their recurring payments. Such bills will be automatically fetched (or pushed) from the biller system and presented to the customers for autopay or view-and-pay. This option is facilitated via UPMS (Unified Presentment Management System) module of BBPS.

BBPS has in all 4 Biller transaction flows which are listed below-

- i. **Fetch and Pay:** Customer does financial transaction post fetching the bill (e.g., Electricity bill).
- ii. **Validation and Pay:** Customer does financial transaction post validation of their identifier (e.g., Broadband bill payments).
- iii. **Validation and Pay, basis plan:** Customer does financial transaction post validation of their identifier and chooses a specific plan (e.g.: Mobile plan recharges).
- iv. **Direct Pay:** Customer does financial transaction without any validation of the input or a fetch of a bill (e.g., Donation).

5.2 Settlement Procedure and Escrow Account Operations

Settlement procedure is an integral part of any interoperable payment system. In BBPS, the Operating Units' Agents/Agent-Institutions may collect payments for various Billers, including those who have not been on-boarded by their own Operating Units.

5.2.1 Settlement Procedure

BBPCU will handle the process of clearing and net settlement between the different Operating Units. The Operating Units will route the transaction data to the BBPCU, using which the BBPCU will arrive at the net settlement for each Operating Unit. Based on the net payment obligation arrived at by BBPCU, each Operating Unit 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 Operating Unit to enable them to make the payment in turn to the concerned billers. BBPS has multiple settlement cycles throughout the day.

Settlement Account

- i. The settlement shall be done from the RTGS account of the OU or its Sponsor Bank.
- ii. This account will be used for net settlement of the amounts due to/ from the Operating Unit.
- iii. All entities participating as Operating Units, and their Sponsor banks shall monitor and ensure adequacy of their collateral with BBPCU as per the Settlement Guarantee Fund mechanism.

6 Settlement Guarantee Mechanism (SGM)

In the unlikely event of any participant in BBPS failing to meet the clearing liability at the time of settlement, BBPCU would make use of the fund balance in Settlement Guarantee Fund account (SGF) and complete the settlement. Thereafter, BBPCU would initiate the process of recovering the fund from the defaulting Operating Unit with penal interest as per the terms of Settlement Guarantee Mechanism (SGM). Operating Unit's are required to abide by guidelines laid down in SGM Policy.

Key aspects of the SGF for the Operating Units are given below-

- i. A contribution of 10% of the total required SGF will be collected from participant banks in the ratio of their transaction throughput of past 3 months towards collateral contribution. 90% of the Settlement Guarantee Fund is arranged by BBPCU through a Line of Credit obtained from various banks.
- ii. Net Issuer Banks shall contribute towards 2/3rd of the participant contribution amount.
- iii. Net Acquirer Banks shall contribute towards 1/3rd of the participant contribution amount.

7 Complaint Management and Grievance Redressal

- i. A dispute resolution framework is put in place by BBPCU for centralized end-to-end complaint management system for all bill payment transactions, in compliance with RBI's guidelines on *Online Dispute Resolution (ODR) System* for Digital Payments dated August 06, 2020. Key points from the ODR guideline are mentioned below-
 - a. ODR system is a rule-based, system-driven, and user-friendly mechanism for resolving disputes (related to failed transactions) with little manual intervention.
 - b. Customers shall be provided with multiple channels (website, paper-based form, SMS, branches, mobile app, IVR, etc.) to lodge their disputes and grievances using minimum details that shall be helpful to fetch transaction details.
 - c. Based on the lodged dispute, a reference number shall be provided to customers for tracking the status of the dispute.
- ii. All participating COUs and BOUs will be integrated to the centralized system and enable the customers to raise and resolve disputes following the dispute resolution framework of BBPS. Bill Reference Number generated while initiating the transaction shall be used for this purpose.
- iii. COUs and BOUs shall ensure that failed transactions are dealt with in accordance with the timelines prescribed in RBI's circular on *Harmonization of Turn Around Time (TAT) and customer compensation for failed transactions using 23 authorized Payment Systems dated September 20, 2019*, as updated from time-to-time. Key points from the *Harmonization of Turn Around Time (TAT)* circular are mentioned below-
 - a. The failed transaction is defined where the transaction is not fully completed due to reasons not attributed to customers. It also includes payments which are not affected to the beneficiary account for various reasons.
 - b. Timelines for reversal of the transaction vary according to the incident happened in using payment channels such as ATMs, cards, IMPS, UPI, AePS, etc.
 - c. Customers are eligible for compensation as detailed in the framework for autoreversal and compensation of the RBI circular.

8 Governance and Compliance

8.1 Steering Committee for BBPS

A Steering Committee for BBPS with senior-level representation from the stakeholders is constituted for advising, coordinating and monitoring the implementation and operational issues relating to BBPS. The Steering Committee shall also advise on the development of standards for the bill payment system and oversee the implementation of the standards.

BBPS may invite representatives from 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.

8.1.1 Steering Committee Functions

The Steering Committee has a Governance Model to execute the following functions:

- Deliberating on the proposals and/or presentations by BBPCU on behalf of the stakeholders relating to areas such as project planning, implementation, business expansion, operational and technological matters, etc.
- Decision on the fees and charges to be levied in the ecosystem by various stakeholders.
- Endorsing the decisions proposed by BBPCU on behalf of the stakeholders.
- Deliberating on any matters presented by BBPCU or other stakeholders.
- Advising on development and overseeing implementation of standards for the bill payment system including innovation, implementation timelines, commercials etc.



