

**Circular: NPCI/2019-20/BBPS/003**

**08<sup>th</sup> April 2019**

To,

All BBPOUs and Agent-Institutions,  
Bharat Bill Payment System

Madam/Dear Sir

**Subject: Bharat Bill Payment System - Role of COU and Settlement of funds**

1. As per extant RBI guidelines, the funds received from the customer for payment of bills irrespective of the channel (except the service charges collected from customers) is required to be parked in a nodal account set up by Customer side BBPOU and Biller side BBPOU for the said purpose. Kindly refer to the RBI circular DPSS.CO.PD. No. 1102/02.14.08/2009-10, dated November 24, 2009 and DPSS.CO.PD. No. 940 / 02.27.020 / 2014-2015, dated November 28, 2014 read with BBPS Procedural Guidelines in this regard,
2. In the above context the members to note that BBPS guidelines call for an integrated ecosystem that are role specific and should be in adherence to standards especially from the point of view of acquisition of payment method and customers. In light of the above, BBPOUs facilitating bill payments for billers under BBPS approved categories must ensure that funds emanating from bill payments are remitted directly to their Sponsor bank's account. The members to take note that irrespective of the payment method, guidelines with respect to fund flow and settlement are to be adhered to define ownership of transactions. The aforesaid clarification extends to both ON-US and OFF-US transactions irrespective of the payment method.
3. We have come across cases wherein the bill payment flow is getting convoluted wherein payments are being collected vide a payment method by one BBPOU and then the funds are routed to the sponsor bank account of another BBPOU who is acting as the COU in this instance. This is creating multiple ownership of the transactions which is not compliant with the integrated bill payment architecture of BBPS. Irrespective of the payment method, the funds realized from bill payments transactions have to be pooled into the nodal/sponsor bank's account of the BBPOU who has acquired the transaction/s through a payment method and is playing the role as the COU in the ecosystem.

## Use Case (E.g. For UPI)

### Incorrect transaction flow –resulting in multiple ownership

Apropos UPI transaction flow undertaken on behalf of the customer by digital agents (routing their transactions through a COU) in an extant case:

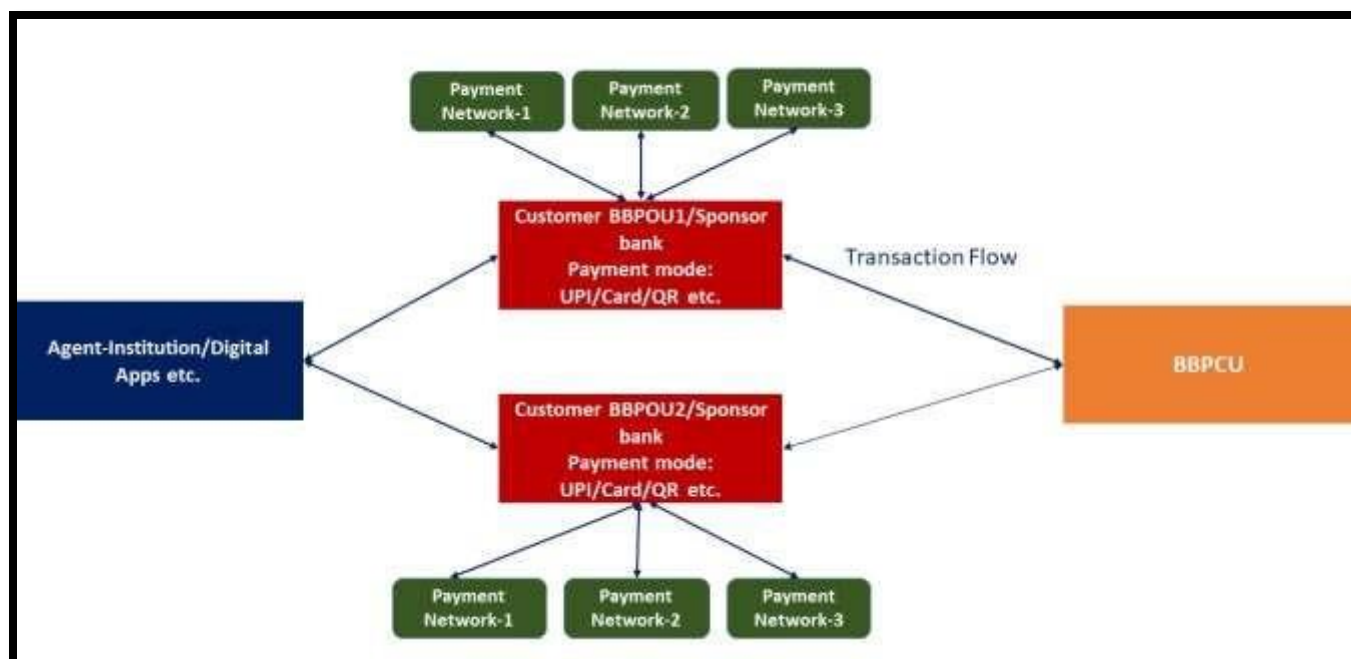
- The funds debited from the customer account towards payment of bills are being credited to an intermediate collection account of a bank (the UPI handle has been created in the bank's name in this instance) as an intermittent hop;
- The funds are then credited from the intermediate collection account of the bank to the COU's sponsor bank account for final payment to the biller.

In this context we find that the intermittent pooling of payment funds in the account with a bank is convoluting the fund movement and as a consequence raising questions about the ownership of the customer induced transactions. The flow in this case is indicative of multiple ownership of transactions that effectively negates ownership of issues that may arise on that account. This also raises questions about the role of the COU owing to the fact that the payment method and the initial crediting of funds is into the account of the intermittent bank. This qualifies the intermittent bank as the COU and the role of the acquirer COU is reduced to that of a TSP. In this context please take note that BBPS guidelines issued by RBI DPSS.CO.PD. No. 940 / 02.27.020 / 2014-2015, dated November 28, 2014 which calls for an integrated ecosystem that is role specific and empahsises on adherence to the standards.

Similarly, for digital agent institutions, in case of card transactions wherein the bank providing card acquiring facility becomes the COU.

### Correct transaction flow –for all type of digital payment methods

The COU should process/acquire the transaction pertaining to various types of digital payments.



The Agent institutions can choose up to two COUs to be on boarded in BBPS.

In light of the above COUs/Agent Institutions are advised to comply by taking urgent steps, if required, to rectify the flow and ensure that funds emanating from bill payments by the customer are remitted directly into the sponsor bank account failing which the digital agents be advised to route their transactions through COUs who are also acquiring transactions through a payment method.

Kindly rectify the same within 30 days of the date of issue of this circular to be compliant with the architecture principles of BBPS framework.

Yours faithfully,

A.R.Ramesh  
Chief BBPS  
Bharat Bill Payment System