

NPCI/UPI/OC-81/2019-20

All Member Banks, Unified Payments Interface (UPI)

Dear Sir / Madam,

Guidelines for Multi-bank model and migration from Single Bank to multibank PSP model

The Multibank PSP model for large Third party app providers to participate in UPI was advised vide our Circular no. 32 dated 15th Sept 2017.

In continuation to the earlier guidelines, we further advise the broad qualifying guidelines for Sponsor Banks and merchant/ tech player (referred as “Third party app provider” or TPAP) as following:

A. Mandatory guidelines for Multibank model:

1. Large TPAPs shall mandatorily participate in UPI through Multibank model only:
 - TPAPs processing more than 5% of the total monthly volume/value of the UPI ecosystem shall be mandatorily on multi bank model only.
2. TPAPs in the multibank model will associate with a minimum of 3 sponsor banks and a maximum of 10 Banks within six months of attainment of the defined multi-bank threshold (excluding the TPAP's that have been already advised).
3. NPCI shall reserve the right to mandate, systemically large TPAPs to on-board on Multibank model, right from the beginning (at the time of 'Go-live).

B. Guidelines for TPAP migration to Multibank model:

1. In order to enable migration from single bank to multibank model given the aforementioned, it will be a must for the TPAP to seek user consent (without any tangible, or intangible incentives) and create handle to the other PSP bank. The user should be prominently shown the option of “opt-out” and if he selects this option, the process stops there (it is the choice of customer to change his UPI ID/handle to the other PSP bank). It may also be noted that the extant guidelines under UPI Circular number 32 dated 15th Sep 2017 (point 14 – reproduced below) already warrant the user to have an option to change the handle to other PSP bank in the multi-bank scenario.

Point 14, UPI OC number 32 (15th Sep 2017): “PSP Bank shall ensure that the customer has the choice of **changing the handle later** through appropriate enablement in the app”.

2. The TPAP shall create / change the device binding in this process to new PSP bank. PSP bank shall authenticate based on this device binding till the time the outbound SMS process is done with the customer directly.

3. The new PSP bank and TPAP may therefore choose to avoid the outbound encrypted registration process since this is an existing UPI user only for 6 months from the date of migration of the customer to new PSP. In the interim period, the new PSP bank relies on the device binding data from the TPAP. This provides smooth migration to the new PSP bank in a time bound manner and allows the single bank TPAP to migrate to multi-bank PSP bank mandate.
4. This process shall be made available to the users who have done at least one successful financial / non-financial transaction in the last 6 months by TPAPs. From the date of the activation, the new PSP bank has 6 months to perform device binding with outbound SMS from the customer's device (for active customers).
5. This single to multi PSP bank migration has to be time bound and should be completed within 6 months of TPAP getting enabled for multi-bank model. This shall include the time for balancing the requirements of the multi-bank (equal & fair distribution of handles) as per point 13 of circular 32 dated 15th Sep 2017 reproduced below. The TPAP shall be responsible to ensure this compliance.

Point 13, UPI OC number 32 (15th Sep 2017): PSP Bank shall ensure that Customer can get the handle of the bank where he/she has their account, by default; and for or all other bank customers (i.e. other than the participating banks) this allocation happens at the back-end on a fair distribution method as agreed between PSP Bank and the third party app provider. Any changes in the handle allocation rule shall require explicit approval of NPCI. In case the handle of the default bank cannot be made available for technical reasons, the handle may be allocated through the fair allocation method.

6. Further, the TPAP and sponsor Banks shall at all times adhere to all compliances issued by NPCI on the Multibank model.

Members are hereby requested to take note of the above and ensure compliance.

Yours faithfully,

Praveena Rai
Chief Operating Officer