

## FREQUENTLY ASKED QUESTIONS

### Bharat Bill Payment System (BBPS)

November 13, 2015

#### 1) What is Bharat Bill Payment System (BBPS)?

**Ans:** Bharat Bill Payment System (BBPS) is an integrated bill payment system which will offer interoperable bill payment service to customers online as well as through a network of agents on the ground. The system will provide multiple payment modes and instant confirmation of payment.

#### 2) Where I can find more details about the BBPS system?

**Ans:** The policy guidelines for the BBPS system were issued by the Reserve Bank of India on November 28, 2014. The document is available in the following link <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9368&Mode=0>. The BBPS will operate as a tiered structure with a single Bharat Bill Payment Central Unit (BBPCU) and multiple Bharat Bill Payment Operating Units (BBPOUs).

#### 3) What is Bharat Bill Payment Central Unit (BBPCU)?

**Ans:** Bharat Bill Payment Central Unit (BBPCU) will be a 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. As indicated in the circular dated November 28, 2015 National Payment Corporation (NPCI) has been identified to act as BBPCU. It will be an authorized entity under the Payment and Settlement Systems Act, 2007.

#### 4) What is Bharat Bill Payment Operating Unit (BBPOU)?

**Ans:** Bharat Bill Payment Operating Units (BBPOUs) will be authorised operational entities, adhering to the standards set by the BBPCU for facilitating bill payments online as well as through a network of agents, on the ground.

#### 5) What is the current scope of Bharat Bill Payment System (BBPS)?

**Ans:** To start with, the scope of BBPS will cover repetitive payments for everyday utility services such as electricity, water, gas, telephone and Direct-to-Home (DTH). Gradually, the scope would be expanded to include other types of repetitive payments, like school / university fees, municipal taxes etc.

**6) Where can we get more details about the activities of BBPCU and BBPOU standards?**

The prospective applicants for authorization / approval to function as BBPOUs may approach National Payments Corporation of India (NPCI) for further details on the Procedural Guidelines and other technical and operational aspects / details.

**7) Who should apply for authorisation to become BBPOUs?**

**Ans:** Banks and non-bank entities presently engaged in any of the above bill payment activities falling under the scope of BBPS and desirous of continuing the activity are mandatorily required to apply for approval / authorisation to Reserve Bank of India under the Payment and Settlement Systems (PSS) Act 2007.

**8) What is the time frame for applying for authorization / approval to the Reserve Bank of India?**

The applications for authorization / approval from non-bank entities and banks will be accepted till close of business on November 20, 2015.

The above timeline has been extended upto December 18, 2015.

**9) What are the eligibility criteria for non-bank entities for seeking authorisation as BBPOUs?**

**Ans:** The eligibility criteria for non-bank entities seeking authorization to function as BBPOUs are given below:

The entity should be a company incorporated in India and registered under the Companies Act 1956 / Companies Act 2013

The Memorandum of Association (MOA) of the applicant entity must cover the proposed activity of operating as a BBPOU

The applicant entity should have a net worth of at least Rs.100 crore as per the last audited balance sheet and the same has to be maintained at all times.

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.

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.

The entity must apply for authorization under the Payment and Settlement Systems Act, 2007 to the Reserve Bank of India for its operations.

**10) How should net worth be computed for a non-bank entity?**

**Ans:** For computation of Net Worth please refer to the instructions contained in our circular [https://www.rbi.org.in/scripts/FS\\_Notification.aspx?Id=9490&fn=9&Mode=0](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=9490&fn=9&Mode=0).

‘Net-worth’ should be computed taking into account paid up equity capital, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets but not reserves created by revaluation of assets’ adjusted for ‘accumulated loss balance, book value of intangible assets and Deferred Revenue Expenditure, if any’.

**11) What is the application procedure for authorization for non-banks?**

**Ans:** The application procedure for non-bank entities is given in the [Press Release](#) issued by the Reserve Bank of India on October 20, 2015.

The non-bank entities should apply as per the prescribed format given in <http://rbidocs.rbi.org.in/rdocs/Forms/DOCs/PSSACRT130215.DOC> along with additional inputs in the template as indicated in the above Press Release and a DD/Cheque for Rs 10,000 favoring Reserve Bank of India. The application may be submitted to the Chief General Manager, Department of Payment and Settlement System, Reserve Bank of India, 14th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai 400001. Such applications will be accepted till close of business on November 20, 2015.

The timeline for receipt of application has been extended till close of business on December 18, 2015.

**12) What is the application procedure for banks to become BBPOUs?**

**Ans:** The application procedure for banks is given in the [Press Release](#) issued by the Reserve Bank of India on October 20, 2015.

Banks are required to submit a letter along with the Board resolution for undertaking this activity. The details of the type of billers and bill payments that is being handled and/or proposed to be handled by them as BBPOUs, and a complete list of billers for whom services are presently offered may also be provided.

**13) Whether it is mandatory for all entities (banks and non-banks) doing bill payments to apply for authorisation to Reserve Bank?**

**Ans:** The entities currently engaged in bill payments which are falling under the existing scope of BBPS will mandatorily have to apply to Reserve Bank for authorisation.

**14) If the entity does not fall under the present scope of BBPS, whether it is still required to apply for authorisation?**

**Ans:** Entities engaging in bill payment activities not covered in the present scope of BBPS need not apply for authorisation now. These entities may be required to apply for authorisation as and when the scope of the BBPS is expanded in future. A separate notification will be issued by the Reserve Bank.

**15) What will happen to the application when the entity meets all the eligibility criteria?**

**Ans:** The Reserve Bank of India will issue in-principle authorisation to entities which meet the eligibility criteria and other due diligence checks carried out as part of authorisation. The final authorisation to commence the business will be issued after submission of System Audit report and obtaining certification from NPCI to join the BBPS system.

**16) What will happen to the application if any entity already engaged in bill payments does not meet the eligibility criteria?**

**Ans:** Those entities which have applied for authorisation but do not presently meet the eligibility criteria will be given one-time extension upto December 31, 2016 to meet the eligibility criteria. During this period, the entities can continue to engage in bill payments activities covered under the scope of BBPS.

**17) Whether an entity which has been granted extension will be required to inform RBI when they meet the eligibility criteria?**

**Ans:** Yes, the entity will be required to report to RBI as and when it meets the eligibility criteria, but not later than December 31, 2016, for obtaining authorisation to operate as BBPOU.

**18) What will happen if an entity is not able to meet the eligibility criteria by December 31, 2016?**

**Ans:** The entities which have been given extension of time but fail to meet the eligibility criteria by December 31, 2016 will be required to become agents of the existing BBPOUs or exit the business of bill payments covered under the scope of BBPS by May 31, 2017.

**19) Will the BBPS guidelines apply to billers own collection centers operated by them?**

**Ans:** No. The billers own collection points will continue as hitherto, even after operationalisation of BBPS.

**20) Whether the entities ( banks and non-banks), who are presently engaged in the bill payment activities falling under the scope of BBPS but want to become an agent only in future of a BBPOU, are also required to submit their application?**

**Ans:** No, the entities (bank or non-banks) presently engaged in bill payment activities covered under the scope of BBPS desirous of operating only as agents under BBPS system are not required to apply for approval/authorisation to Reserve Bank.

**21) In case of entities as indicated in Q.20, till what time such entities will be allowed to continue to provide bill payment service? Is there a timeline for them to join as agent or agent institution of authorised BBPOUs?**

**Ans:** Those entities which have intent to become only agents of BBPOUs can continue to operate their business till December 31, 2016. In case they do not become agents of authorised BBPOUs by then, they will have to wind down their business by May 31, 2017.

**22) In what capacity entities, which have been granted in-principle approval by RBI as a “small bank” or “payment bank”, should apply for BBPOU authorisation - as a bank or a non-bank?**

**Ans:** Such entities will be required to apply for authorisation to Reserve bank under their current legal status.

**23) Whether the non-bank entities will be required to show upfront that they are meeting the capital requirement for BBPOUs?**

**Ans:** If an entity applying for authorisation for BBPOU does not have the required networth as indicated in the eligibility criteria, then they are required to demonstrate unequivocal commitment / sources for raising the funds and also specify the time period within which the funds will be raised.

**24) Whether the window for approval/authorisation will be opened in future date for existing entities (banks and non-banks)?**

**Ans:** Depending on the development, growth and expansion of the scope of BBPS, the Reserve Bank may decide to open approval/authorisation window once again at a future date.

**25) Whether the authorisation window will be opened again by Reserve Bank? In which case, who will be eligible for applying for authorisation at that time? Whether entities (bank and non-banks) currently not engaged in bill payment activities can also apply for approval/authorisation?**

**Ans:** As indicated above, depending on the development, growth and expansion of the scope of BBPS, the Reserve Bank may decide to open approval/authorisation window once again at a future date.

All entities engaging in bill payment activities and meeting the requisite eligibility criteria for authorisation / approval as BBPOUs can apply as and when the window is opened again.

**26) Whether it is mandatory for banks to submit copy of the “Board approval” while applying for approval to Reserve Bank?**

**Ans:** Submission of Board approval will facilitate speedier processing of applications. If, however, a bank is unable to do so, it will be required to clearly indicate the timeline by which they will be submitting their “Board approval” in their application, and the application will be processed only thereafter.