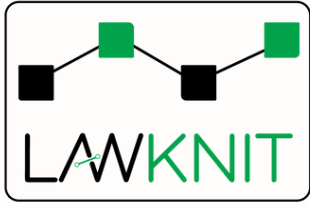


Dated: 05.03.24



# LK ANALYSIS

**Bharat Bill Payment System (BBPS)  
Directions, 2024**

## Executive Summary

1. Revises the existing framework of BBPS
2. NPCI Bharat Bill Pay Ltd (NBBL) authorised as Bharat Bill Pay Central Unit (“BBPCU”)
3. Agent Institution (“AI”) to be certified by NBBL
4. Banks and Payment Aggregators (“PAs”) would not need separate authorisation
5. Non-bank BBPOU to open Escrow Account

The Reserve Bank of India has issued Bharat Bill Payment System Directions, 2024 (“BBPS Directions”) replacing the previous guidelines of 2014. The new directions have been introduced to introduced robustness and transparency in the system. The BBPS Direction is applicable from 1st April 2024.

## Analysis of BBPS Directions:

1. The NBBL acting as BBPCU sets operational, technical, business standards, clearing and settlement functions. It should also provide centralized framework for handling customer disputes.
2. The Bharat Bill Payment Operating Unit (“BBPOUs”) acts as Biller Operating Unit (“BOU”) and/or Customer Operating Unit (“COU”). Bill includes recharge of prepaid services. BOU to conduct due diligence for onboarding merchants including additional diligence prescribed by NBBL for any specific biller categories. The COU to take responsibilities of AIs onboarded through an agreement.
3. No funds in BBPS should flow through TSPs.
4. Escrow Account: Non-Bank BBPOUs to open escrow account for collection of funds from customers and payment towards billers. The list of eligible debits and credits has been provided.

## LawKNIT Analysis:

1. The banks and non-banks PAs are not required to obtain separate PSS Act, 2007 authorisations for acting as BBPOUs but need to intimate DPSS, RBI, Central Office before commencing operations.
2. The Agent Institution would require NBBL certification.
3. The pre-funding systems need to be analysed under the Escrow mechanism.



In case of any queries/clarifications, please feel free to reach out to Mr. Arunabh Choudhary at [arunabh@lawknit.co](mailto:arunabh@lawknit.co); Mr. Amol Apte at [amol.apte@lawknit.co](mailto:amol.apte@lawknit.co); Ms. Tanvi Muraleedharan at [tanvi.muraleedharan@lawknit.co](mailto:tanvi.muraleedharan@lawknit.co)

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