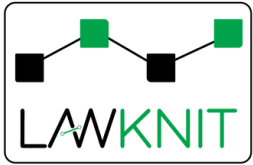


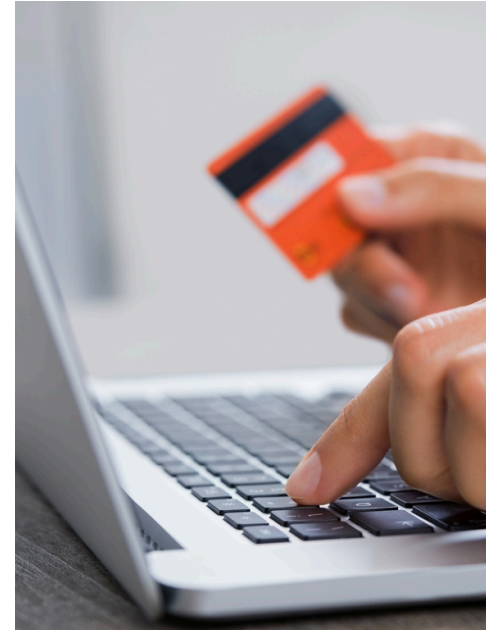
# CREDIT CARD BILLS VIS-A-VIS BBPS- EXPANDING HORIZON



## INTRODUCTION

Recently, the credit card bill payment has been mandated to route through the Bharat Bill Payment System, (“**BBPS**”). This will be a concern for those credit card issuers and the credit card bill payment company who are not yet live on the BBPS platform of the National Payments Corporation of India (“**NPCI**”). To summarise:

- A credit card bill payment application which are not live on the BBPS Platform would not be able to facilitate the bill payment.
- However, there is no prohibition on the payment processed through the website or application of the credit card issuing bank or internet banking.



## ABOUT BBPS

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The BBPS Platform

- It is a bill payment system with a payment interface which processes payment through various modes including the mobile apps, mobile banking, UPI and wallets.
- BBPS is operated by the NPCI Bharat Bill Pay Limited (“**NBBL**”) as a regulatory authority for the BBPS participants which grants approval to go live on BBPS platform. BBPS participants include companies providing the mobile payment applications for making the bill payment, banks issuing instruments for making bill payments and the Payment Aggregators (“**PA**”).

2

The BBPS System Participants

1. **Bharat Bill Payment Central Unit (“BBPCU”)** - It undertakes clearing and settlement activities for transactions routed through the BBPCU. NBBL is a BBPCU.
  2. **Bharat Bill Payment Operating Unit (“BBPOU”)**- The BBPOUs are mainly banks, PA and the company operating the mobile application for making the bill payment authorized by the NBBL to onboard;
    - Merchants (“**Biller**”) on the BBPS platform and provide them bill collection facility.
    - Customers and provides them an interface to make bills payment.
  3. **Sponsor Bank** – A non-bank entity authorized as BBPOU, need to have a separate escrow account from a scheduled commercial bank (“**Sponsor Bank**”) for the collection and remittance of bill payment from the customer to Biller (“**Payment Settlement**”).
  4. **Agent Institution (“AI”)** - AI refers to the entities authorized by the NPPL for providing customer interface for bill payment. An entity acting as the BBPCU can provide the payment interface either by itself or by onboarding the AI.
- Execution of a tri-partie agreement between the sponsor bank, non-bank entity and the BBPCU is a prerequisite for the onboarding of a non-bank entity as the BBPOU.

# SIGNIFICANT RULES FOR BBPOU

- A non-bank BBPOU should open an escrow account with a scheduled commercial bank exclusively for BBPS transactions.
- BBPOU or its AI should not have bilateral arrangements with another BBPOU for the collection or bill payment.
- Prior to onboarding the Biller, BBPOU needs to undertake background and antecedent check of the Billers and ensure that they do not sell fake / counterfeit and prohibited products/services, etc.
- Further the Biller's website should clearly indicate the T&C of the service and timeline for processing returns and refunds.
- Make the disclosure, containing the details about all the charges associated with the use of the bill payment facility. Further provide disclosure about the complaints and grievance redressal mechanism and modalities including telephone numbers, website address and escalation matrix.
- All the Billers onboarded BBPOU should be visible to the customer at the front end of the payment interface and selective rendering of the Biller is prohibited.

## FOCUS POINTS

- **The Customer Convenience Fee ("CCF")** - It may be charged by the BBPOU from the customer for enabling them the service at electronic and physical touch points. CCF charges cannot be more than the charges as determined by the NPPL.
- **Switching Fee** - It is recovered on the successful bill and recurring payments. It is payable to the NPPL.
- **Fetch Fees** – It is levied on all successful fetch transactions exceeding the prescribed limit.



## LK COMMENTS

- BBPS mechanism was implemented on the recommendation of GIRO Advisory Group, ("**GAG**") committee to club the periodic payment of bills under one and centralised bill payment system and to decongest the other payment system.
- The addition of credit card bill payment under BPSS is another step towards giving effect to the one and centralised bill payment system. However, this particular development would have some effect on the alternate TPAP systems created specifically for such payments.

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