



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

Bills Payment System in India

Report of the

GIRO Advisory Group

March 2014

Department of Payment & Settlement Systems

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LETTER OF TRANSMITTAL

March 20, 2014

Shri H. R. Khan
Deputy Governor
Reserve Bank of India
Mumbai

Dear Sir,

We have great pleasure in submitting the Report of the GIRO Advisory Group setup to look into the mechanisms and structure of a nation wide bill payment service.

The Group considered inputs from a variety of stakeholders including billers, aggregator's and banks before coming up with the recommendations you see in this report. We have considered both the standards that would be needed in order to provide a uniform service experience to the customer as well as the structure of the entities making up the system in our recommendations.

The Group itself met on five occasions between October 2013 and March 2014.

On behalf of the members of the Group and on my own behalf, I sincerely thank you for entrusting this responsibility to us.

With warm regards

Yours sincerely,

(Prof. Umesh Bellur)
Chairman

Members

Mr.Pulak Kumar Sinha
(Member)

Smt. Rekha P. Nayak
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(Member Secretary)

Prof. Umesh Bellur
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Abbreviations

ATM	Automated Teller Machine
BBPS	Bharat Bill Payment System
BBPOU	Bharat Bill Payment Operating Unit
BC	Business Correspondent of a bank
BOCP	Billers' Own Collection Point
CSP	Customer Service Point
ECS	Electronic Clearing Service
GAG	GIRO Advisory Group
IVRS	Interactive Voice Response System
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
PSS Act	Payment & Settlement systems Act
RBI	Reserve Bank of India
VAS	Value Added Service

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Executive Summary

1. The bill payments landscape in the country is characterised by the presence of a large number of billers including payment-on-demand service providers / organisations who provide a variety of payment options to their customers. However, a large proportion of payments continue to be cash/cheque based and large sections of the population continue to be deprived of the convenience of making bill payments using more modern payment modes. In addition, the present infrastructure arrangements in place for such payments are mostly biller-specific and thus do not provide an environment to customers to make bill payments through an inter operable system in a seamless and efficient manner at many of the agent / customer service points that exist today. These gaps in delivery of services in large parts of the country thus present an opportunity, as well as potential, for the creation of a centralised bills payment system in the country.

2. Based on the recommendations of the earlier Committee (Chairman Shri G. Padmanabhan, Executive Director, RBI) to study the feasibility of implementation of GIRO based payment systems, the present GIRO Advisory Group (GAG) was formed by the RBI under the Chairmanship of Prof. Umesh Bellur, IIT Bombay. The other members of the GAG were drawn from banks and card payment networks (Annex-I). The broad terms of reference to the GAG included suggesting the nature of organisation to undertake the GIRO based bill payments-either existing organization(s) or formation of new organization; framing guidelines for setting up and operating the bill payments system and recommending the criteria for authorisation of such entities.

3. The Group met on five occasions and deliberated on various aspects of bill payments in the country taking which into account the structure for the centralised bill payment system in the country has to be drawn up. The GAG members also interacted with various stakeholders / institutions from the bill payments industry, specifically on the infrastructural arrangements that need to be part of this centralised system. Further, many organisations with experience and expertise in the area of bill payments also made presentations to the Group sharing their views and providing inputs on setting up of such a centralised system for bill payments.

4. Based on these deliberations, the GAG examined multiple options that are available to establish and run such a system in the country – single entity versus multiple entities, for-profit versus non-for-profit – as well as the roles and responsibilities of such entities. After weighing the pros and cons of these options, the GAG concluded that there is a need for a tiered structure for running the bills payment system in the country. There is also a need for the entire system to operate on a single brand image so as to enjoin the confidence and trust of the customers, besides providing the convenience of ‘anytime anywhere’ bill payment. For this, standardisation of rules and processes is imperative, and it is recommended that such standards and processes are set up by an

organisation which operates on non-commercial terms. However, the job of setting up the technical and operational bill payments infrastructure including on-boarding of billers and setting up of the agent networks has to have its basis on commercial terms.

5. Accordingly, the GAG recommends a tiered structure where the Bharat Bill Payment Services (BBPS) will be the authorised standard setting body (also handling settlement functions) while the Bharat Bill Payment Operating Units (BBPOUs) will be the authorised operational units, working in adherence to the standards set by the BBPS.

6. Hence, the BBPS will function as a 'not-for-profit' organisation (like the NPCI or any other similar entity) which has necessary experience in the payment systems space, while the BBPOUs may be operated on commercial lines by existing entities in the bill payments space as well as new entities interested in this segment. The BBPS will also handle the settlement responsibilities arising out of the transactions in the system.

7. All the entities in this tiered structure will operate under the uniform and single brand of the BBPS. It is also recommended that the BBPS, besides brand building, will ensure a uniform dispute resolution and customer grievance redressal mechanism, so that the trust in the BBPS brand is enhanced and nurtured.

Chapter 1

Payment System in India: Overview and current status

1. Reserve Bank of India, in its Vision Statement for Payment Systems in India (2012-2015), has aimed at proactively encouraging electronic payment systems for ushering in a less-cash society in India and to ensure payment and settlement systems in the country are safe, efficient, interoperable, authorised, accessible, inclusive and compliant with international standards. There is a huge bill payments market in the country that is diverse and complex, consisting of national and regional players with private / state ownership. Amongst the electronic payments systems, ECS occupies a major share followed by cards and bank account funding in payment of bills. However, a large portion of the bill payments continues to be done at billers' locations in the form of cash and by cheques (albeit a small portion) by customers.

2. Today, the payment system in the country offers a variety of payment instruments to the public viz. cheques and various e-payment modes in the form of credit cards, debit cards, pre-paid payment instruments (including mobile wallets) issued by both banks and authorized non-bank entities. In the context of bill payments, the payment delivery channels available to customers/consumers include the traditional brick and mortar bank branches, business correspondents of banks, ATMs, mobile banking, internet banking and agents of various billers/aggregators who facilitate P2B (person to business) payments.

3. While the aggregators play an important role in the collection of payments and reconciliation on behalf of large billers, inter-bank settlement of payment transactions are enabled by various authorized entities and systems, including the NEFT operated by RBI. The ECS (Debit) system, operated by RBI as well as other banks, offers a mandate-based facility enabling utility bill companies to collect payments of periodic and repetitive nature from their consumers in an efficient manner. A similar facility, Automated Clearing House, is offered by NPCI. However, all the above transactions (payments) are effected from the customer's bank to the biller's bank.

4. There is a large opportunity for developing a centralised bill payment system with the participation of various stakeholders – billers, aggregators, banks and other non-banks, thereby providing a anytime anywhere single brand payment point irrespective of the billers' location. It is envisaged that the proposed system would enable the customer touch points located at various areas to accept payments from public for bills raised by various entities which are linked to this system. Beside bill payments, these touch points can also facilitate payment services to a wide range of entities / institutions engaged in offering a variety of services viz. Educational services, Financial and Insurance services, Government services, Technology and Media services,

Telecommunications and Utilities services, Transportation services and various other services.

5. In order to take this forward, a Committee was constituted with Shri G. Padmanabhan as Chairman to study the feasibility of implementation of GIRO based payment systems with the following terms of reference:

- a) Finalise the contours of the GIRO product (electronic and cheque) for the country
- b) Design the procedural and operational guidelines for the GIRO payment system
- c) Draw up a roadmap for implementation of GIRO in India
- d) Lay down the transitional path for switchover from cheque to electronic GIRO over a period of time

The committee submitted its report in April 2013.

6. Based on the recommendations of the above committee and the statement made by RBI Governor Dr. Raghuram Rajan in the third quarter of 2013 on the need for setting up a GIRO based Indian Bill payment system, a GIRO Advisory Group (GAG) was formed by RBI under the Chairmanship of Prof. Umesh Bellur, IIT Bombay, with banks and card payment networks as members. The list of members is attached as Annex-I. The terms of reference for the GAG were as follows:

- Suggesting the nature of organization to undertake the GIRO based bill payments-either existing organization(s) or formation of new organization.
- Framing guidelines for setting up and operating the GIRO based bill payments in the country based on presentations/inputs from technology service providers/other institutions.
- Recommending the criteria (financial, governance, ownership, technical, operational, etc.) for the entity to seek authorization for setting up bill payments system in the country under the PSS Act 2007.
- If the GAG is of the opinion that a new organization be created on the lines of entity like National Payments Corporation of India (NPCI), then make recommendations on the following aspects:
 - a. Nature of the organization (whether Section 25 company or Profit making entity, etc.);
 - b. Identification of the CEO;
 - c. Location of the headquarters for the new organization;
 - d. Membership composition;
 - e. Capital structure & contributions by stakeholders;
 - f. Initial composition of management/steering committee; and
 - g. Other matters incidental to the formation and functioning of the new organization.

Chapter 2

Bill Payments in the country: Issues and challenges

1. Bill payments form a major component of all retail payment transactions. For the purpose of bill payments, bills could include not only the bills generated by the utility services providers but any payment-on-demand service such as school/university fees, examination fees, Govt. payments, pre-paid payment instruments top-up, mobile phones recharge/top-up etc. Presently, customers can make bill payments at Bill Owners Customer Point (BOCP), cheque drop boxes, few bank branches and agent outlets, and through electronic modes.

2. Persons with access to internet banking have the option to pay their bills electronically without a visit to the physical outlets of the billers although they may have to make payment at different sites (of respective billers/service providers). However, a majority of the consumers either have no access to the internet or are still wary of using this option to pay their bills. Even those with access have nevertheless; take the trouble of visiting various websites for making individual bill payments. The transaction volume in ECS (Debit) has been growing at about 5 % per year in the last couple of years and was 176.50 million in 2012-13¹. These volumes are still insignificant in comparison to the total billing volumes of the country. Hence, the vast majority continues to depend on visits to different customer service outlets for payment of each bill which is neither efficient nor convenient to the customer.

3. As on date, there are multiple options that are available to consumers for payment of utility bills / recurring payments etc. such as

- a) Direct payment to billers – biller operated payment centres, Internet Banking / Payment Gateway, ECS.
- b) Aggregators and Banks – Internet Banking, Bill Presentments, Standing Instructions.
- c) Bill Pay Agents – Collection Points, Business Correspondents.

4. However there are certain shortcomings observed in the present scenario of bill collection / payment process, such as:

- a) Absence of Interoperability: Presently, billers are generally having bilateral tie-ups with banks or aggregators for collection of bill payments from their consumers. The agent outlets too usually serve one or more billers directly or through an aggregator, due to which a consumer can only pay the bills which are accepted by the agent. Even at the aggregator level there is limited or no interoperability. As a result, each biller is required to set up and manage its own collection points (BOCPs).

¹ Annual Report of the RBI for the year 2012-13

- b) Consumer preference for BOCP: The consumer's preference for the BOCP is apparently driven by the sense of comfort he or she derives from direct payment at the biller's collection centre and consummation of the transaction evidenced by the instant printed receipt he/she receives for the payment. The lack of visibility and low levels of trust in the agents' networks also contributes to this behaviour.
- c) Poor Accessibility: BOCPs are generally concentrated in urban centers. While a few billers in the public sector have arrangements with the post offices for payment of bills by their consumers, bill payment outlets are not easily accessible to people in rural/remote areas.
- d) Lack of coordinated initiative: The billers are aware of the high cost of collection at the BOCPs. Some billers offer cash incentives to consumers who pay their bills electronically. Though the billers perceive the advantages of a single, interoperable, standardized country-wide billing system and some of them are aware of similar systems in operation in some countries, there has apparently not been any industry-driven initiative to evolve a common interoperable system, which would bring about convenience of payment to consumers and cost and operational efficiency to the Billers.
- e) No single website from where all bills can be accessed and paid for seamlessly.

5. There is, therefore, a need for an interoperable, integrated bill payment system in the country which will -

- a) offer consumers a single bill payment point, not far from their place of work or residence, which will enable payment of any bill at any place;
- b) allow consumers to make payment by cash, cheque, credit/debit cards, prepaid payment instruments etc. at the bill payment points;
- c) include bank branches, post offices, business correspondents, retail agents of aggregators, ATMs, etc.
- d) provide instant confirmation of payment made through SMS or otherwise;
- e) facilitate payment of bills through internet banking (preferably a single website), mobile banking and IVRS
- f) serve as an efficient, cost effective alternative to the existing systems and provide reconciliation services to incentivise billers and aggregators to switch over to the new system, which will eventually set the billing standards in the country;
- g) enhance consumer confidence and experience;
- h) reduce the expenditure incurred by billers on collection of bills at their own collection centres.

The above issues and challenges could be addressed by introducing a centralised infrastructure for bill payments in the country which brings about interoperability supported by standardisation.

Chapter 3

Deliberations of the Giro Advisory Group

1. The GAG met on five occasions between October 2013 and March 2014. The main focus of the Committee during the first round of interaction was to understand the recommendations of the earlier Committee on Giro Based Payment System in India (Chairman Shri G. Padmanabhan, Executive Director, RBI) and arrive at a common understanding of the concept of a centralised bill payment system infrastructure as envisaged in the report. The Chairman of the aforesaid Committee was also invited for the first round of meeting, who gave an insight into the need for such a bill payment system and how the recommendations have been arrived at. It was highlighted that such a system would be a game changer from the payment systems point of view and that its functionality and operational feasibility would be arrived at by the GAG.

2. As part of the GAG deliberations, members of the GAG had interactions with a few major aggregators, billers and national level BCs. Various issues such as the need for a centralised bill payment infrastructure, standardisation, interoperability, role of the aggregators, customer grievance redressal mechanism etc. were discussed in detail. In order to gauge the mind-set and requirements of the different stakeholders, billers like BSNL/MSEB, Reliance Energy and LIC, aggregators like BillDesk and TechProcess, and OxiCash and Suvidha as points of presence operators for collecting payments were also invited for an interaction with the Group members.

3. Simultaneously, it was desired that a few entities that evinced interest in operating a centralised bill payment system and were qualified to do so based on their experience in one or more aspects of bill payment would be invited for giving a presentation to the members of the Committee to deep-dive into the nuances of operating such a payment system. It was felt that this would further strengthen the understanding of the concept and enable the Committee to arrive at a more meaningful way forward. The National Payment Corporation of India (NPCI) and the Institute for Development and Research in Banking Technology (IDRBT) were invited for the presentations during the meeting. In the subsequent meeting, the GAG also invited a few other entities IBM, SWIFT, NSDL /NSEL, MasterCard, Visa and Bill Desk who had the requisite expertise and experience in this area to present their models based on their qualifications.

4. A questionnaire was sent to these identified entities highlighting the parameters which need to be addressed by them during their presentation to the GAG. Some of these parameters included (a) views on proposed centralized infrastructure for bill payments - Standard setting body and/or operating body- Single or multiple operating units (b) major issues and challenges foreseen in the implementation of the proposed payment systems (c) willingness to operate the proposed bill payment system (d) the organisation's "Fit and proper" criteria (High level of integrity ,Impeccable record, Sound financial status, Good experience of managing/ participating in the existing

payment services, Good corporate governance practices and Good Risk management processes) to participate in such a payment business (d) tentative roll-out and business plans for short, medium and long term if such a bill payment infrastructure has to be implemented (e) value propositions for all the stakeholders (f) organisation's presence in the payment system space and how it proposes to expand into the bill payments area (g) views on setting up the touch point distribution model (h) views about working on a 'not for profit' model (h) views on the relevant criteria which are required to be satisfied for operating such a system.

5. Each entity made a presentation based on the above questions and suggested the likely model that could be considered for owning and operating a centralised bill payment infrastructure. Besides providing an operational perspective, many of them also highlighted the issues and challenges that have to be tackled if such a payment system has to be implemented. While a few entities had the expertise to operate such a payment system, certain entities appeared to be more efficient in the standards setting process compared to others. Largely all the presenters expressed the need for such an infrastructure given the diverse nature of bill payment modes prevailing in the country. The need for a single operating unit with a standard setting body or a single standard setting body with multiple operating units was also discussed during the meetings. It emerged that multiple units with a standard setting body would ensure competition and the need for multiple operating units was reinforced by the fact that there are many regional billers. However, the fact whether the standard setting body would also operate as a unified clearing and settlement body did not emerge clearly during these deliberations.

Chapter 4

Models for centralised bill payments in the country

1. The overarching aim of the Advisory Group has been to define a framework that enables the creation of pan India touch points for bill payments (by consumers / customers) in the country irrespective of the geographical location of the billers. The broad framework considered by the Group covers the rules of operation for the billers/aggregators on the one hand and the payment agents (banks and non-banks) on the other, the rules of the settlement mechanism for ensuring timely receipt of funds in a secure manner, responsibility of standardising payment information to the respective entities, and establishing dispute resolution mechanism for participants.

2. The bill payment points should provide the required security and comfort to customers about the delivery of their payments to the billers/ organizations under such a centralised infrastructure. Presently, intermediaries are playing a major role across the bill payment and collections ecosystem in the country facilitating the aggregation of billers, providing back-end platforms for processing as well as linking with front-end platform/service providers. Most of them have acquired the necessary expertise and learning – some for over a decade. The Group recognises the importance of evaluating the options leveraging the offerings of these entities in actively building this infrastructure as well as delivering the same. This would not only hasten the time-to-market but also lead to better and efficient product design and thereby increased use and adoption.

Functional distinction for the bill payments model. The two main ingredients for the successful realisation of the vision for a pan-India integrated bill payment system are –

- (a) standards for information exchange as well as for operational processes including the conduct of centralised payment, clearing and settlement processes
- (b) vibrant competitive set of operational entities which can ensure the bill payment services with a specific brand connecting the billers and the end consumers.

Accordingly, the centralised bill payments infrastructure would have two types of entities carrying out distinct functions – (i) role of standard setting unit / body and conduct of centralised payment, clearing and settlement process–Bharat Bill Payment System (BBPS) and (ii) role of operating unit/s – Bharat Bill Payment Operating Units (BBPOUs).

The roles and responsibilities of these two functional entities/units/bodies are outlined below:

Bharat Bill Payment System (BBPS)

- This entity will be responsible for setting standards - (a) Business standards, rules and processes for on boarding the BBPOUs (b) Process standards, rules and processes for various use cases including management of dispute resolution (c) Information exchange standards.
- The entity would be responsible for marketing and brand positioning of the pan-India Bharat Bill payments system, the oversight and certification for conduct of operations of the BBPOUs
- This entity will be responsible for carrying out payment, clearing and settlement of the transactions carried out at various BBPOUs - both the on-us and off-us transactions as described later in this chapter.
- BBPS shall act as the final dispute resolution escalation point. The first point of contact for dispute resolution shall always be the operating unit.
- It will also set up a single website on behalf of the brand for online payment of bills pertaining to all billers on-boarded by the BBPOUs.
- The entity would be a 'not-for-profit organization' registered under the Companies Act 1956, like NPCI or similar entity. The BBPS shall have a Steering Group comprising of representatives from the participating BBPOUs and other stake holders.

Bharat Bill Payment Operating Units (BBPOUs)

- This entity would be a for-profit company registered under the Companies Act 1956.
- Obtain necessary certification from BBPS for joining the centralised bill payments system.
- On-boarding of billers and aggregators as per standards / rules, appointment of agents- both banks and non-banks; carry out due diligence (set out processes and rules for appointment of sub-agents); ensure confidentiality and privacy standards are in place.
- Infrastructure development - Application development, including APIs where required, by respective BBPOUs – in adherence to standards set by BBPS.
- Transaction handling - Safety and security of transactions, verification of biller information, adherence to transaction flow standards / rules set by BBPS.
- Handling customer grievance / disputes - handle customer grievances and disputes as per set procedures and standards – for billers / agents / end-customers
- Value-added services – provide MIS and Reporting and other VAS to billers / aggregators / agents.

Hence, the model that would evolve is that of a tiered structure with a single standard setting body with payment and settlement functionalities/responsibilities and multiple

operating entities. In other words, there will be one BBPS with the functional responsibilities outlined above and multiple BBPOUs operating with respective responsibilities.

The advantages that accrue to operating such a tiered structure with a single standard setting body with payment and settlement functionalities/responsibilities and multiple operating units (adhering to common standards) certified by this central body are detailed below:

- ✓ More than one BBPOU could be set up as a commercially viable proposition, which may also be necessitated to cover the large geographical requirements in the country.
- ✓ Would generate competition and therefore may lead to better service, efficiency, and innovation.
- ✓ Different BBPOUs may operate as niche players and offer specialised services to consumers.
- ✓ Multiple BBPOUs may help in price discovery and also in generating appropriate business model for all participants.
- ✓ It ensures active and willing participation from all the stake holders.

This would be “quick to market”. Some existing organizations have the technology, knowledge and operational experience, etc. and may run as BBPOUs.

Settlement scenarios

An integral part of any payment systems would be way in which settlement of transactions is handled and processed. Towards this end, for the tiered model of centralised bill payments systems envisaged above, the settlement of payments handled at various touch points / agents could take place either at the BBPOUs level or the BBPS level. Since each of the BBPOUs would have independence in on-boarding their own biller-merchants as well as appointing agents who in turn would be able to cater to bill payment needs of consumers / customers at various locations, the need for having a smooth settlement process would assume paramount importance for the system's functioning as a whole. It is also an essential feature for ensuring interoperability of operations among BBPOUs. The BBPS also has the responsibility to retain and nurture brand positioning as well as redress any grievances that might arise from customers towards various billers and bill payments. Thus, it is envisaged that multiple scenarios could exist as regards the settlement process which would take care of both on-us and off-us transactions as below:

- **On-Us transactions:** In this context, the agent who has collected the payment as well as the biller who has to receive the payment is on-boarded by the same BBPOU.
- **Off-Us transactions:** In this context, the agent who has received the payment from the customer and the biller who has to receive the money belong to different BBPOUs.

The following payment and settlement models are possible under the envisaged tiered structure of single BBPS and multiple BBPOUs.

Settlement model A:

- The BBPOUs' agents may receive payments for various billers – including those who have not been on-boarded by their own BBPOUs
- For the purpose of settlement, the agents (CSPs) will remit the payments (after realisation) to the designated settlement account of the BBPOUs (in the nature of intermediary / nodal account) with a settlement bank
- The BBPOUs will take care of clearing and settlement operations(to billers) only for ON-US transactions
- The BBPOUs will instruct the settlement bank to pay-out the respective amounts due to the billers
- For the OFF-US transactions, the BBPOUs will make the pay-out to the concerned biller based on advisement by BBPS

Settlement model B:

- The agents will receive payments due for billers across various BBPOUs
- The BBPS will take care of the settlement of all transactions (both on-us and off-us) – payments to all billers received through various agents linked to different BBPOUs. The realised funds will be transferred by the agents (of BBPOUs) directly to the designated settlement account (intermediary / nodal account) of the BBPS with a settlement bank
- Thereafter, the BBPS will instruct the settlement bank to pay-out the respective amounts to various billers (to their designated accounts). It would be ideal if the billers' banks had accounts with the same settlement bank.

This would be similar to many other payment systems, for instance, the ECS. This scenario will have two outputs: one data file containing instructions for final credit of amounts to billers' account with their banks; another settlement file containing instructions to the settlement bank to credit the billers' banks with respective amounts.

Settlement model C:

- In this scenario, the BBPOUs will take care of ON-US transactions
- For OFF-US transactions, the information and funds will be sent to BBPS (designated account) by the BBPOUs
- The BBPS will then handle all the OFF-US transactions reported by all BBPOUs and arrive at appropriate settlement for each biller across various BBPOUs; the BBPS will arrange to instruct the settlement bank to make pay-outs to respective billers' banks for credit to billers' accounts

Chapter 5

Recommendations

The assessment of the bill payments landscape in the country as well as the interaction with various stakeholders – the billers, the aggregators, biller agents, banks etc. – has reinforced the strong need for the development of a centralised bill payments system in the country. It is envisaged that this bill payments system will cater to the needs of all segments of consumers / customers across various categories of bill payments including payment-on-demand services. Further, this centralised bill payments system will provide accessible services across all parts of the country through a strong network of operational units / agents who will ensure in making this service accessible in urban as well as rural areas.

Accordingly, the following recommendations are being made by the GAG broadly in line with the terms of reference assigned to it:

1. In order to ensure uniform and efficient implementation of operations of the bill payments system in the country, standards have to be set for process standards (rules and processes for bill payments including dispute resolution and customer grievance redressal), business standards for establishing the relationship between all entities, and information exchange standards for transactions as well as settlements.
2. The standard setting role / function has to be distinct from the operational aspects of the bill payments system. It is, therefore, recommended that the bill payments system follow a 'tiered structure' - the standard setting functions being carried out by a central body / agency (to be named as Bharat Bill Payment System - BBPS) with actual operations being carried out by multiple entities (to be named as Bharat Bill Payment Operating Units - BBPOUs).
3. Hence, it is recommended that the function of the BBPS, may be undertaken by a 'not-for-profit' entity, such as the National Payments Corporation of India, or similar entity which already has necessary experience in setting standards/operating payment systems. This body will also be responsible for brand positioning and carrying out payment, clearing and settlement of the transactions carried out at various BBPOUs.
4. The actual operations of bill payments i.e, BBPOUs, including on-boarding billers and/or aggregators, setting up agent networks and bill payment touch points, handling bill payments through different delivery channels (including self-service and assisted modes) etc. may be provided by other commercial entities including 'for-profit' companies.
5. As regards settlement of transactions, it is recommended that Settlement Model B outlined in Chapter 4 would be desirable.
6. The BBPS, even if it is assigned to an existing entity, will be authorised by the Reserve Bank of India under the Payment and Settlement System Act 2007 as it would be handling aspects of settlements.

7. The BBPS will set necessary standards including those for on-boarding of billers / aggregators which have to be adhered to by the BBPOUs during their operations. These standards have to meet the approval of the Reserve Bank of India.
8. Similarly, the criteria (financial, governance, ownership, technical, operational etc.) for the actual operating units, the BBPOUs, will also be set by the RBI in line with the requirements for other non-banks operating in specific segments of the payment systems once the standards are finalised by the BBPS. The BBPOUs, depending on whether settlement function will be undertaken by them or not, will also be authorised by the Reserve Bank of India, under the PSS Act 2007.
9. The entire bill payments system will operate under a single brand. While the BBPS will have the primary responsibility of brand building, the BBPOUs will operate and enhance this brand value.

List of members of the GIRO Advisory Group

S.No.	Name	
1	Prof. Umesh Bellur Professor, Department of Computer Science IIT Bombay	Chairman
2	Mr. Pulak Kumar Sinha General Manager – Payment Systems State Bank of India	Member
3	Smt. Rekha P. Nayak General Manager Union Bank of India	Member
4	Ms. Supritha Shetty Senior General Manager ICICI Bank	Member
5	Mr. Tushar Trivedi Executive Vice President Kotak Mahindra Bank	Member
6	Mr. Sanjay Nazareth Director Visa	Member
7	Mr. Amitabh Tewary Vice President MasterCard	Member
8	Mr Dilip Asbe Chief Operating Officer National Payments Corporation of India	Member
9	Mr Vijay Chugh, Chief General Manager Department of Payment and Settlement Systems Reserve Bank of India	Member Secretary