

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3422
ANSWERED ON:01.08.2014
CENTRALIZED BILL PAYMENT SYSTEM
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Will the Minister of FINANCE be pleased to state:

(a) whether the committee set up by the Reserve Bank of India (RBI) has suggested a mechanism for a centralised bill payment system in the country; and

(b) if so, the details thereof including the major recommendations and follow- up action taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) and (b): Bill payment is a major component of retail payment transactions. Therefore, it was felt that there is a need for interoperable, integrated bill payment to be set up in the country that offers interoperable and accessible bill payment points to customers, allows multiple payment modes and provides instant confirmation of payment through a network of agents. The bill payment system should also serve as an efficient, post effective alternative to the existing systems, thus setting the standards for bill payments in the country and enhance consumer confidence and experience. Accordingly, a committee was set up to study the feasibility of implementation of General Interbank Recurring Order (GIRO) based payments system under the chairmanship of Shri G Padmanadhan, Executive Director, Reserve Bank of India. After examining the report of the committee, the GIRO advisory group was formed by RBI under the chairmanship of Prof. Umesh Bellur, IIT Bombay as the chairperson. The main recommendations of the Advisory Group are as under:

(i) 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, business standards for establishing the relationship between all entities and information exchange standards for transactions as well as settlements.

(ii) The standard setting role/ function is to be distinct from the operational aspects of the bill payments system

(iii) The actual operations of bill payments including on-boarding billers and/or aggregators, setting up agent networks and bill payment touch points, handling bill payments through different delivery channels may be provided by other commercial entities including 'for-profit' companies.

(iv) The Bharat Bill Payment System (BBPS) will set necessary standards including those for on-boarding of billers/ aggregators which have to be adhered to by the Bharat Bill Payment Operating Units (BBPOUs) during their operations;

(v) Similarly, the criteria for the actual operating units, BBPOUs, will also be set by the RBI in line with the requirement for other non banks operating in specific segment of the payment systems once the standards are finalised by the BBPS.

(vi) The entire bill payment system will operate under a single brand. While the BBPS will have the primary responsibility of brand building, the BBPO use will operate and enhance this brand value.

Based on the recommendations of the Advisory Group and the feedback received from the public, the RBI is in the process of formulating the Draft Guidelines for implementation of Bharat Bill Payment System (BBPS).