

Electronic Bill Presentment and Payment (EBPP) Business Practices

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Introduction

Motivation for Development of Business Practices

Service providers and their customers routinely negotiate terms that provide bilateral protection of interests at mutually agreeable terms. There are situations, however, in which it is desirable to have these business agreements made within a widely adopted set of “business practices” that are recognized and supported by many different parties. Business practices of this sort are particularly helpful if other parties are to be involved in providing some aspect of a new service. Without widely accepted business practices, each participant might need to establish side agreements with every other potential industry participant or to devote significant resources to resolving problems or disputes with others. As Electronic Bill Presentment and Payment (EBPP) services move into the marketplace, now is an appropriate time to set forth suggested business practices as a guideline for industry participants to use in structuring their EBPP business arrangements.

The principal motivations for adopting any business practice are likely to be widely shared among EBPP industry participants. Ideally, a business practice should:

- Promote rapid and widespread adoption of EBPP by billers and customers
- Serve the long-term interests of EBPP by proactively addressing public policy issues before they become public policy problems
- Make the provision of the service more economical and efficient
- Provide a common language and context for EBPP

The reasons for not adopting a proposed business practice must also be weighed carefully. Certainly, no business practice that undermines or contradicts existing laws, regulations, or agreements should be seriously considered. There are also other less obvious reasons for rejecting certain recommendations from becoming formal business practices. The EBPP Business Practices Task Force discussed whether certain issues should be “market driven” (i.e., determined bilaterally between industry participants through the negotiating process) or addressed through a commonly accepted business practice. Before adopting a business practice the following questions should be considered:

- Does it constrain parties’ ability to negotiate business agreements?
- Does it impede service providers’ ability to differentiate their services?
- Does it reduce industry participants’ ability to adapt to new market developments?
- Does it make the service significantly more expensive to implement and operate?

If the answer to any of these questions is yes, are the other benefits sufficiently compelling to offset these shortcomings? In the proposals that follow, the Task Force has used its best collective judgment about how to balance goals that occasionally conflict. The Task Force is cognizant that there is a danger that a service might be too strictly controlled and that restrictions might stifle innovation and that, therefore, a balance must be maintained. The need for specific business practices, therefore, will grow or diminish over time, according to the state of the industry.

Organization of this Document

The Task Force has used a relatively simple organizational framework to present EBPP business practices. There are three principal EBPP processes: service initiation and cancellation, presentment, and payment. Each raises distinct issues that are dealt with in separate sections in this document. Within each section, we have attempted to catalog the expectations of billers and bill payers for an EBPP service. These expectations reflect our experience as billers and their service/payment providers, as well as comments from bill payers and their service/payment providers. Biller and customer expectations are *the* standard against which future EBPP performance is measured and are the justification for the specific business practices recommended here.

For ease of use, we have defined general business practices, which apply to all participants. Additionally, and separately, we have covered each participant's role in the process -- Billers, Billers' EBPP service providers (or BSPs), Billers' payments services providers (BPPs), customers' EBPP service providers (CSPs), customers' payments service providers (CPPs), and customers. [These and other terms used in this document are defined in the Glossary.]

Note that a biller, a financial institution or other company, might perform more than one role in any particular implementation. For example, a bank serving a retail customer base might be both an EBPP service provider (CSP) and a payments services provider (CPP) for its customers. Similarly, some billers might play CSP and CPP roles (e.g., initiating ACH payments on a customer's behalf) in certain EBPP applications.¹

We have organized the business practices into a simple hierarchy. Some practices are critical for the implementation of EBPP and are positioned as "Required Business Practices." We feel EBPP participants *must observe* the rights and obligations outlined in these Business Practices. Other business practices do not meet the "must observe" criterion. We have positioned this class of business practices as "Suggested Business Practices" that participants *should observe*. Suggested Business Practices are often sensible approaches that EBPP participants might elect to use as a means of addressing a Required Business Practice. Other Suggested Business Practices are suggestions that EBPP participants might elect to adopt where they are appropriate.

The last section addresses issues to be included in future editions of the Business Practices and describes how to participate in the revision process.

High Level Findings

As a result of this organizational framework, all participants (Billers, BSPs, BPPs, CSPs, and CPPs) can review the Required Business Practices for each different EBPP role. Many of these practices are inherited from the roles and responsibilities of participants in current paper-based billing practices. While EBPP will improve upon current billing practices in many respects, it should not fall below the safeguards and regulatory standards that apply to bills sent by the conventional postal service. All EBPP participants must continue to comply with existing rules, regulations, and standards in their EBPP initiatives.

¹ These roles, as they pertain to various EBPP operating models, are explained in *An Overview of Electronic Bill Presentment and Payment Models*, available at www.nacha.org/billpay/

In many cases, the obligations for different classes of EBPP participants are very similar to, or reciprocal for, one another. Many stem from a few high level principles that the Task Force has adopted to develop confidence and trust in EBPP services among billers and customers. These principles include:

- Information security and privacy is essential
 - ⇒ All EBPP participants must exercise care to maintain the security and confidentiality of EBPP information
 - ⇒ Information sent from one participant to another (e.g., from the Biller to the Customer) is proprietary and cannot be used by any intermediaries
- Participants in the EBPP process must act upon requests and instructions in a timely manner for the service to meet the needs of billers and customers
- Participants must maintain adequate records and tracking systems to support audit requirements and to research problems in the service
- Participants must inform other concerned participants of problems so that each participant can take the appropriate corrective actions as needed
- Participants must provide customers and each other with contact information to facilitate problem resolution

Many of the most challenging EBPP business issues arise from a difference in opinions among the participants as to how bills should be presented and what payment options should be made available to customers. After lengthy and spirited discussion, it was concluded that existing business relationships must be respected, and maintained, in the *Business Practices* and that a number of issues in the EBPP market should remain outside the context of the Practices to be dealt with in the negotiating process. Advertising, presentment approaches, payment methods/vehicles, procedures for customer enrollment, and Biller activation are among the issues that are important to all industry participants and that are likely to be addressed through negotiation. In the end, each party (Biller, BSP, BPP, CSP and CPP) determines whether it will do business with another.

Although this document addresses the EBPP process, the Task Force recognizes that many of the conventions that are recommended could also be used for other applications, such as the delivery of statements and other documents, service alerts, regulatory notifications and other information.

1 Service Initiation and Cancellation

1.1 Introduction

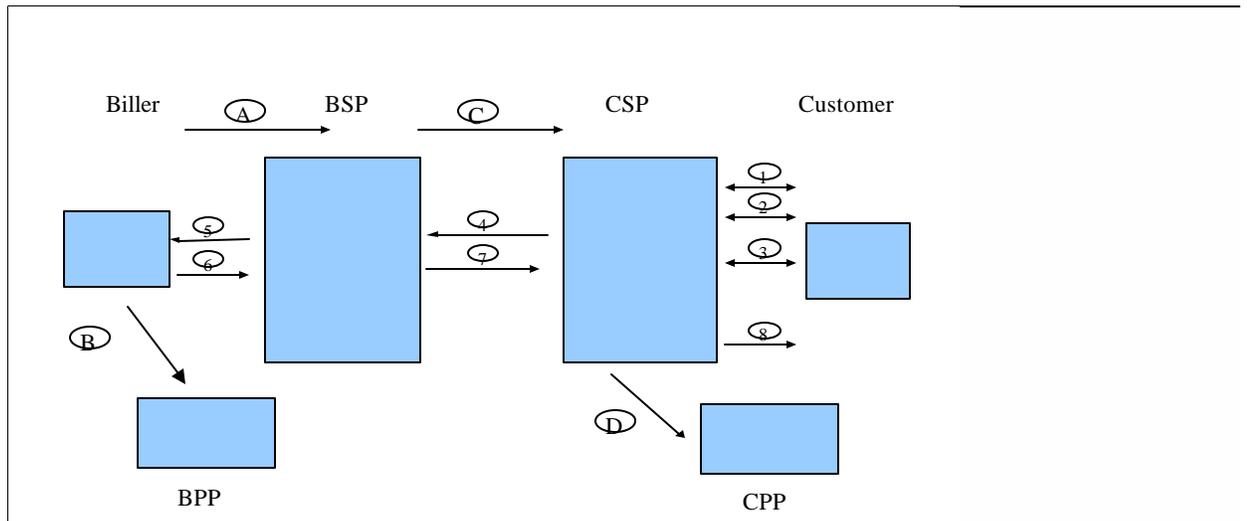
This section describes the service initiation and cancellation processes, which encompass the initiation of EBPP business arrangements among Billers, CSPs, BSPs, and Customers. This is a critical process for a variety of reasons. It establishes service expectations, creates routing directions for bills and payments, establishes the authenticity of participants, and populates the database that will be the foundation for the EBPP service. To be effective, Billers, BSPs, and CSPs must mutually agree on business terms and manage the process of information collection and dissemination flawlessly.

To clarify which type of business arrangement is being described; the Task Force has broken down each portion of the start-up process into a sub-process and given each a distinct name:

- A **commercial relationship** is an agreement between parties to do business together for the purpose of EBPP. It may or may not include a contract.
- **Registration** is the process whereby a Biller establishes a relationship with a BSP. Registration is also a process of BSPs and CSPs establishing relationships with each other. It is expected that a BSP and CSP will have a relationship before they exchange any account activation information. It is expected that a Biller will have a relationship with a BSP before a CSP starts sending activation requests to a BSP for that Biller. It is possible that the Biller will have a relationship with a CSP before that CSP sends activation requests on its behalf.
- **Enrollment** is the process by which a Customer establishes a relationship with a CSP.
- **Activation** is the process by which a Customer selects a Biller account for bill presentment, agrees to the Biller's terms and conditions, and establishes the account within the Biller's and CSP's systems as "active" for bill presentment.

There are several different ways Biller activation can take place. The Task Force reviewed two methods of activation, CSP initiated and Biller initiated. The first assumes that a Customer activates EBPP for a particular Biller by first communicating with a CSP, which then forwards activation request information to Billers. In the second, a Customer might also enroll in an EBPP service with a CSP, and subsequently activate a particular Biller by contacting that Biller directly. The Biller then forwards activation information to the Customer's CSP to complete the activation process. It is both the Biller's and CSP's right to determine if they are willing to accept these activation requests based on their own business requirements. The *Business Practices* outlines the safeguards and obligations of the different parties during activation. In either case, information safeguards are required, and intermediaries must act in a timely manner to fulfill the customer's EBPP service activation request.

The generic flow of CSP initiated service initiation is reflected in the schematic diagram below:



Registration

- Step A: The Biller contracts with a BSP and provides terms and conditions (e.g., payment types accepted, activation questions, etc).
- Step B: The Biller establishes a relationship with a BPP and informs the BSP of the choice of BPP. In some models, the Biller may elect to serve as the BSP and will have direct interaction with the CSP. Steps performed by the BSP, therefore, may not be necessary.
- Step C: The BSP establishes a relationship with the CSP, identifying its biller list and notifies the CSP of the terms and conditions for each Biller.
- Step D: The CSP establishes a relationship with a CPP.

Enrollment

- Step 1: The Customer provides any information that is required for authentication to the CSP. The CSP identifies the Customer and issues an ID and password.
- Step 2: The Customer notifies the CSP that EBPP should be added to the Customer's list of services.

Account Activation

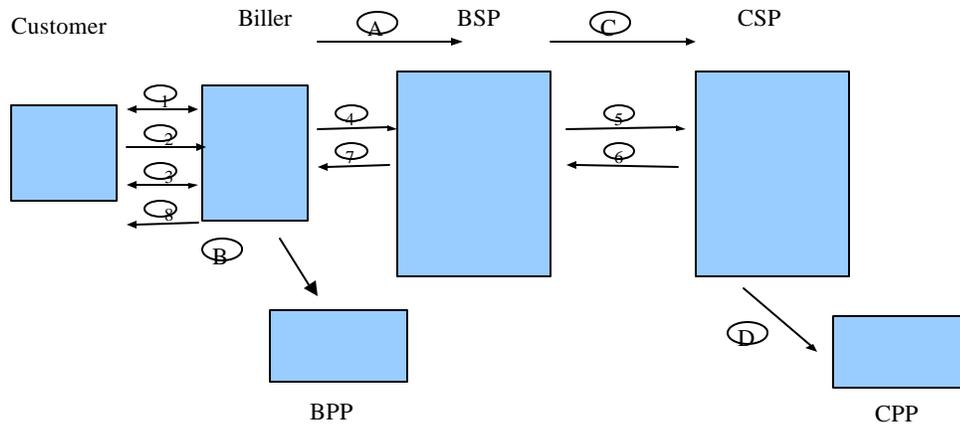
- Step 3: The Customer identifies which Biller he/she wants to access; the CSP presents Biller-provided terms and conditions to the user; and the user provides Biller account specific information.
- Step 4: The CSP notifies the Biller's BSP that the Customer is requesting bill presentment and provides the required customer account information to their Biller.
- Step 5: The BSP notifies the Biller that the Customer has requested bill presentment and provides the account-specific information. This triggers a Biller process to identify the Customer and to activate the Customer's account for EBPP.
- Step 6: The Biller notifies the BSP whether the Customer is accepted or rejected for presentment

(and possibly provides the BSP with additional information to be used for payment processing/posting).

Step 7: The Biller's BSP notifies the requesting CSP that the Customer has been accepted or rejected.

Step 8: The CSP notifies the Customer that the Biller has accepted or rejected the request for bill presentment and provides a descriptive reason if the Customer is rejected.

Conversely, the generic flow of Biller initiated service initiation reflected in the schematic diagram below:



Registration

Step A: The Biller contracts with a BSP and provides terms and conditions (e.g., payment types accepted, activation questions, etc).

Step B: The Biller establishes a relationship with a BPP and informs the BSP of the choice of BPP. In some models, the Biller may elect to serve as the BSP and will have direct interaction with the CSP. Steps performed by the BSP, therefore, may not be necessary.

Step C: The BSP establishes a relationship with the CSP, identifying its biller list and notifies the CSP of the terms and conditions for each Biller.

Step D: The CSP establishes a relationship with a CPP.

Enrollment

Step 1: The Customer provides any information that is required for authentication to the Biller. The Biller identifies the Customer and issues an ID and password.

Step 2: The Biller and Customer notify the CSP that EBPP should be added to the Customer's list of services.

Account Activation

Step 3: The Customer identifies which CSP he/she wants to use to access this specific bill; the Biller presents CSP-provided terms and conditions to the Customer; and the Customer provides CSP account specific information.

Step 4: The Biller notifies the Biller's BSP that the Customer is requesting bill presentment and

- provides the required customer account information to be forwarded to the CSP.
- Step 5: The BSP notifies the CSP that the Customer has requested bill presentment and provides the account-specific information. This triggers a CSP process to identify the Customer and to activate the Customer's account for EBPP for the specified Biller.
- Step 6: The CSP notifies the BSP whether the Customer is accepted or rejected for presentment (and possibly provides the BSP with additional information to be used for payment processing/posting).
- Step 7: The Biller's BSP notifies the requesting Biller that the Customer has been accepted or rejected.
- Step 8: The Biller notifies the Customer that the CSP has accepted or rejected the request for bill presentment and provides a descriptive reason if the Customer is rejected.

1.2 Biller Expectations

Maintaining the validity, completeness, and integrity of information provided in enrollment and activation is vital to efficient and trouble-free EBPP service. Billers' expectations are based on this fact.

- 1.2.1 The Biller expects that the customer-verified information is sufficient for it to manage the activation process accurately and efficiently.
- 1.2.2 The Biller expects that it will receive the information it needs to initiate EBPP service with its customers. The Biller expects to be able to specify what data it needs to identify and, if it elects to do so, to perform its own authentication of a customer requesting EBPP service.
- 1.2.3 The Biller expects to control, or to approve in advance, the terms under which it will provide EBPP services.
- a) The Biller expects that only its customers can initiate requests for EBPP service
 - b) The Biller expects to specify the payment instruments (e.g., checking account or credit card) and payment systems (e.g., on-line debit or ACH) used to effect bill payment
 - c) The Biller expects to know the identity of the CSP that will be used to deliver its bill to the Customer
 - d) The Biller expects that the enrollment, presentment, and payment policies that a CSP use to present its bill will be clear and easily-understandable
 - e) The Biller expects that it has the right, based on its own criteria to establish or to refuse EBPP service to any Customer or through any CSP
- 1.2.4 The Biller expects all participants involved in collection, transmission, or storage of information to perform their required roles thoroughly and to use appropriate care throughout the enrollment and Biller activation process.
- a) CSPs will perform a reasonable authentication at the time of EBPP enrollment
 - b) CSPs will provide Biller-sponsored disclosure information to their customers
 - c) All participants will safeguard enrollment and activation information
- 1.2.5 Many events in the EBPP environment may be outside the Biller's direct control or

- awareness.² The Biller expects that all participants in such events will do their parts to notify the Biller of enrollment and activation changes and to help resolve activation problems between the Biller and the Customer.
- 1.2.6 The Biller expects that enrollment and activation information collected, transmitted, or stored in the EBPP environment is used exclusively for EBPP processing and customer service. The Biller also expects that EBPP participants will make commercially reasonable efforts to maintain the security of this information.
- 1.2.7 The Biller has the discretion to qualify customers and their agents for EBPP. The Biller expects to be aware of, and to choose whether or not to make their bills available to other participants in the EBPP process.
- 1.2.8 The Biller expects to perform any and all roles necessary to support EBPP business. These roles may include Biller, BSP, BPP, CSP and CPP.

1.3 Customer Expectations

- 1.3.1 Customers expect that the process of signing up for (and of canceling) the EBPP service will be simple and user-friendly.
- a) Enrollment in the service and Biller activation will be simple
 - b) The process will provide information about how bills should be paid using the service, appropriate lead times for scheduling payments to each Biller being activated, acceptable forms of payment, and other terms and conditions for the service
 - c) Enrollment and activation requests will be processed reliably, and in a timely manner, regardless of whether they are CSP or Biller initiated.
 - d) The status of enrollment and activation requests will be made available upon request
 - e) Deactivation of the EBPP service for a Biller or de-enrollment in an EBPP service can be done at any time. EBPP participants will notify billers of service deactivation in a timely manner so that other billing arrangements can be established where appropriate
- 1.3.2 Customers expect that requests will be processed in a timely manner and that they will be notified of the timeframes associated with fulfilling requests. This includes disclosure of any circumstance that affects payment timing or response times for Biller or CSP activation requests.
- 1.3.3 Some events in the EBPP environment may be outside the Customer's direct control or awareness, such as Biller acceptance of an activation request or service deactivation, or CSP notification of a customer status change. The Customer expects that all participants in such events will provide timely status notification to the Customer and to other EBPP participants. Further, the Customer expects resolution of such events between the Biller and the Customer (e.g., the Biller is notified of customer-initiated CSP/ CPP change, invoices not yet paid during a transition from one BSP/BPP to another).

² Such events include customer-initiated switching of customer-facing agents (e.g., CSPs or CPPs) or de-enrollment by a Customer.

- 1.3.4 Customers have an expectation that enrollment or activation information collected, transmitted, or stored in the EBPP environment will be used exclusively for EBPP processing and associated error resolution. The Customer also expects that EBPP participants will make commercially reasonable efforts to maintain the security of this information. If an EBPP participant is interested in using any enrollment or activation information for any other purpose, the Customer expects that he/she must first give permission for use of this information.
- 1.3.5 When Customers request activation directly through a Biller, Customers expect the Biller will collect all the data required to perform reasonable authentication by the Customer's CSP. Customer also expects the Biller will provide any CSP-required disclosure information related to that activation.
- 1.3.6 Customers expect to have recourse for any problems associated with any aspect of enrollment or activation.³

1.4 Business Practices and Suggested Practices

1.4.1 General Business Practices

- 1.4.1.1 Only a Customer, or their authorized agents, may initiate a request for activation.
- 1.4.1.2 Only the Biller or Customer, or their authorized agents, may initiate the maintenance of the Biller account information.
- 1.4.1.3 Each participant must employ commercially reasonable measures in the processing and storage of enrollment, activation, deactivation requests, or service cancellation and associated data, to ensure accountability and to provide a sufficient audit trail to facilitate research, and respond to customer inquiries.
- 1.4.1.4 Each participant must employ commercially reasonable measures to ensure the authenticity of the identity of the party with whom they are dealing.
- 1.4.1.5 The principles of data privacy and conditions of use apply to data even after the service or business relationship between the parties to the transaction has terminated.
- 1.4.1.6 Where applicable, all parties may amend their terms and conditions with prior notice to the other parties involved.⁴ Rights and provisions for amendment should be disclosed in each set of terms and conditions.
- 1.4.1.7 All parties must employ commercially reasonable measures to secure data transmissions.

³ For example, notification of contact information and recourse procedures provided at the time of enrollment for use later in the EBPP cycle.

⁴ For example, amendments to the payment types/methods accepted by the Biller, Customer information obtained by the CSP for enrollment, etc.

1.4.1.8 All participants must facilitate error resolution in a commercially reasonable timeframe.

1.4.2 Biller Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

General

- 1.4.2.1 The Biller will identify which payment methods it accepts and any preferences, conditions, and rules that apply to EBPP for registration.
- 1.4.2.2 The Biller will also identify, during registration, the BPP(s) to which payments should be directed.
- 1.4.2.3 The Biller is responsible for informing the Customer that it is severing the Customer/Biller relationship.
- 1.4.2.4 The Biller determines to which CSPs and locations its bills will be directed.
- 1.4.2.5 The Biller determines whether it will continue or discontinue the generation of paper bills to a Customer that has been activated for EBPP. If the Biller terminates paper bill generation it bears the responsibility of ensuring that regulatory requirements are met.
- 1.4.2.6 The Biller must complete account maintenance for activated customers within a commercially reasonable timeframe.
- 1.4.2.7 The Biller must make information available to the CSP in a commercially reasonable timeframe if it has deactivated a customer for the EBPP service.
- 1.4.2.8 The Biller, which, on its own initiative, deactivates a customer for EBPP service but continues the business relationship must notify that customer within a commercially reasonable timeframe.
- 1.4.2.9 The Biller must notify the BSP of changes to customer account information that are needed to facilitate the EBPP service.
- 1.4.2.10 The Biller must provide disclosure to both a Customer and its CSP if it wants to use information as to the identity of the CSP for any purpose other than to facilitate the EBPP activation, deactivation, presentment, or payment processes.
- 1.4.2.11 The Biller that so elects must be able to provide the corrected account number or other identifier back to the CSP during the activation process to facilitate the EBPP service.
- 1.4.2.12 The Biller must employ commercially reasonable measures in the processing and

storage of activation data to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trails to facilitate research and to respond to customer inquiries.

- 1.4.2.13 The Biller must employ a commercially reasonable process for activation data provided by the Customer to ensure that the correct account is activated for EBPP.
- 1.4.2.14 The Biller must keep confidential any information made available by a CSP about the authentication procedures used to identify the Customer during enrollment.
- 1.4.2.15 The Biller must define, and disclose to the BSP and CSP, how much bill detail history will be maintained online.
- 1.4.2.16 The Biller must disclose the following information to the Customer (via the CSP): the payments processing and posting periods, the customer care procedures, the Biller activation security and data use policies and the procedures for paying a bill when EBPP is stopped.

CSP Initiated Activation

- 1.4.2.17 The Biller will define the data needed from the Customer during the activation process to identify and to activate the Customer for EBPP.⁵
- 1.4.2.18 The Biller decides if a customer will be activated for EBPP.
- 1.4.2.19 The Biller/BSP must respond to the CSP with notification of acceptance or rejection of an activation or deactivation request within a commercially reasonable timeframe.
- 1.4.2.20 The Biller must provide its terms and conditions for EBPP to a Customer (via the CSP) as part of the activation process. These terms and conditions should define how the information collected during the activation process will be used. The Biller must not use any new information collected during the activation process for any purpose other than activation without the Customer's expressed consent.
- 1.4.2.21 The Biller must be able to determine which CSP is providing the activation request for each Customer if it so elects.

Biller Initiated Activation

- 1.4.2.22 The Biller must assure the CSP that it has commercially reasonable authentication procedures to identify the Customer during activation upon request.
- 1.4.2.23 The Biller must communicate the CSP-provided terms and conditions to the Customer prior to activation. If the Customer does not agree to the terms and conditions, the Biller must not send the activation request to the CSP. The terms and conditions should include information about how the data collected during the activation process will be used, and should be able to be printed by the Customer if he/she so desires.

⁵ For example, beyond the general pieces of information that a Biller typically needs (e.g., name and address as appear on bill, account number, etc.), the Biller might also have additional data requirements.

- 1.4.2.24 The Biller must fully disclose to the Customer how it will use the Customer's activation information.
- 1.4.2.25 The Biller must not use any new information collected on behalf of the CSP or about the relationship between the Customer and CSP during the activation process for any purpose other than activation, without the express consent of the CSP and Customer.
- 1.4.2.26 The Biller must not ask the Customer for information on behalf of the CSP that is not requested by the CSP for activation. The Biller will send only the data that is requested by the CSP for activation.
- 1.4.2.27 The Biller must notify the Customer if a request for activation or deactivation cannot be fulfilled within a commercially reasonable timeframe and must tell the Customer when he/she can expect the request to be completed and the notification of acceptance or rejection to be generated.
- 1.4.2.28 During the activation process, the Biller must disclose to the Customer, as appropriate, any level of funds which the BPP is handling on behalf of the Customer that are held in uninsured accounts or with unregulated agents.
- 1.4.2.29 The Biller must not use activation data or knowledge of which CSP a customer has enrolled with for any purpose other than to facilitate the EBPP activation, deactivation, presentment, or payment processes, without disclosure to, and express consent from, the Customer and the CSP..
- 1.4.2.30 As permitted by applicable law, the Biller must request data from the Customer that is required by the CSP for activation and provide it to the CSP.
- 1.4.2.31 The Biller must employ commercially reasonable measures in the processing and storage of activation data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and respond to customer inquiries.
- 1.4.2.32 When activation is rejected by the CSP and the CSP elects to communicate rejection reasons to the Customer, the Biller must make this information available to the Customer.

1.4.3 Biller Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

General

- 1.4.3.1 The Biller should notify the Customer (via the CSP), in a commercially reasonable timeframe, when the first electronic bill will be available.

- 1.4.3.2 The Biller that supplements the generation of an electronic bill with a paper bill should notify the Customer that duplicate bills exist.
- 1.4.3.3 The Biller should notify the Customer in all cases of EBPP deactivation, not just of those that it has initiated.
- 1.4.3.4 The Biller that offers electronic bill presentment should also accept electronic payments.
- 1.4.3.5 The Biller should send notification of any changes to the Customer's account information with the Biller to the CSP and the Customer.

CSP Initiated Activation

- 1.4.3.6 The Biller should notify BSPs what information is required to validate the Customer during activation.
- 1.4.3.7 The Biller/BSP should provide activation status⁶ for each Customer back to the CSP within a commercially reasonable timeframe.
- 1.4.3.8 When the Biller rejects activation, the Biller should communicate rejection reasons to the CSP.
- 1.4.3.9 The Biller should notify the BSP and CSP of any restrictions on customers to whom the EBPP service is not available.⁷

Biller Initiated Activation

- 1.4.3.10 The Biller should provide the name and address known to the CSP by requesting the correct information when an activation request is received.
- 1.4.3.11 The Biller should provide the CSPs with the general practices it uses to determine which CSPs it makes available to the Customer for EBPP.
- 1.4.3.12 When the Biller rejects activation, the Biller should communicate rejection reasons to the Customer.

1.4.4 Biller Service Provider (BSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

General

- 1.4.4.1 The BSP must forward all messages received from the CSP or Customer to the Biller in a commercially reasonable timeframe.

⁶ Examples include "pending," "activated," etc.

⁷ For example, geographic restrictions.

- 1.4.4.2 The BSP must notify the CSP, in a commercially reasonable timeframe, if it no longer works with a Biller, because the CSP will no longer have access to that Biller.
- 1.4.4.3 When acting as an agent for the Biller, the BSP must keep confidential any information made available by a CSP about the authentication procedures used to identify the Customer during enrollment.
- 1.4.4.4 The BSP must not use the knowledge of which CSP a customer is using for any purpose other than to facilitate the EBPP activation, deactivation, presentment, or payment processes without disclosing to the CSP and Customer how that information might be used.
- 1.4.4.5 The BSP must not use any new information collected during the activation processes for any purpose other than activation without the Biller's and Customer's express consent.
- 1.4.4.6 The BSP must employ commercially reasonable measures in the processing and storage of activation data, to ensure data security, integrity and privacy, and to provide accountability and a sufficient audit trail to facilitate research and to respond to customer inquiries.
- 1.4.4.7 A BSP must notify the CSP of changes to account information that is needed to facilitate the EBPP service.

CSP Initiated Activation

- 1.4.4.8 The BSP must provide the CSP with notification of acceptance or rejection of an activation or deactivation request within a commercially reasonable timeframe.

Biller Initiated Activation

- 1.4.4.9 The BSP must employ commercially reasonable measures to insure the confidentiality of CSP information gathered during activation.

1.4.5 Biller Service Provider (BSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

General

- 1.4.5.1 The BSP should enact commercially reasonable measures to identify and to authenticate its billers.

1.4.6 Biller Payment Provider (BPP) Business Practices

Currently, there are no Biller Payment Provider (BPP) Business Practices for Service

Initiation and Cancellation.

1.4.7 Biller Payment Provider (BPP) Suggested Practices

Currently, there are no Biller Payment Provider (BPP) Suggested Practices for Service Initiation and Cancellation.

1.4.8 Customer Service Provider (CSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

General

- 1.4.8.1 The CSP must communicate changes to a Customer's service status to all appropriate parties in a commercially reasonable timeframe.
- 1.4.8.2 A CSP must notify the Customer when it learns that a BSP no longer works with a Biller for any reason and no longer has access to that Biller.
- 1.4.8.3 There is no obligation on the part of the CSP to notify the BSP that the Customer wants to sever his/her commercial relationship with the Biller. A statement to this effect should be included in the terms and conditions agreement that the Biller provides to the Customer during activation and in the CSP's terms and conditions agreement with the Customer.
- 1.4.8.4 The CSP must provide service level terms and conditions to the Customer for his/her agreement prior to enrolling the Customer in the CSP's service, and the CSP's terms and conditions must be accessible for printing by the Customer if he/she so desires.⁸
- 1.4.8.5 The CSP may establish eligibility and selection criteria to determine which billers it will make available to its customers for EBPP. The CSP must not unreasonably deny access to billers for individual customers.
- 1.4.8.6 The CSP must disclose the following information⁹ to the Customer: the instructions on contacting customer service, an explanation of the service levels and timeframes that the Customer should expect, the CSP security and data use policies, the conditions and restrictions of activation. .
- 1.4.8.7 The CSP must disclose to the Customer when the bill detail will no longer be accessible to the Customer.
- 1.4.8.8 The CSP must be able to provide the corrected account number or other identifier back to the Customer during the activation process if the Biller elects to provide one

⁸ This would include the terms and conditions of the CPP acting as an authorized agent of the CSP.

⁹ Would include information relative to the CPP.

to facilitate the EBPP service.

CSP Initiated Activation

- 1.4.8.9 The CSP must have commercially reasonable authentication procedures to identify the Customer during enrollment upon request.
- 1.4.8.10 The CSP must communicate the Biller-provided terms and conditions to the Customer prior to activation. If the Customer does not agree to the terms and conditions, the CSP must not send the activation request to the Biller. The terms and conditions should include information about how the data collected during the activation process will be used, and should be able to be printed by the Customer if he/she so desires.
- 1.4.8.11 The CSP must fully disclose to the Customer how it will use the Customer's enrollment and activation information.
- 1.4.8.12 The CSP must not use any new information collected during the enrollment and activation processes for any purpose other than enrollment and activation, without the express consent of the Biller and Customer.
- 1.4.8.13 The CSP must not ask the Customer for information that is not requested by the Biller/BSP for activation. The CSP will send only the data that is requested by the Biller for activation to the Biller/BSP.
- 1.4.8.14 The CSP must notify the Customer if a request for activation or deactivation cannot be fulfilled within a commercially reasonable timeframe and must tell the Customer when he/she can expect the request to be completed and the notification of acceptance or rejection to be generated.
- 1.4.8.15 The CSP must not use activation data or knowledge of which Biller a customer has activated for any purpose other than to facilitate the EBPP activation, deactivation, presentment, or payment processes, without disclosure to, and express consent from, the Customer and the Biller.
- 1.4.8.16 As permitted by applicable law, the CSP must request data from the Customer that is required by the Biller for activation and provide it to the Biller/BSP.
- 1.4.8.17 The CSP must employ commercially reasonable measures in the processing and storage of enrollment and activation data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and respond to customer inquiries.
- 1.4.8.18 When activation is rejected by the Biller and the Biller elects to communicate rejection reasons to the Customer, the CSP must make this information available to the Customer.

Biller Initiated Activation

- 1.4.8.19 The CSP will define the data needed from the Customer during the activation process

to identify and to activate the Customer at the CSP for EBPP.¹⁰ The CSP decides if a customer will be activated for EBPP.

- 1.4.8.20 The CSP must respond to the Biller/BSP with notification of acceptance or rejection of an activation or deactivation request within a commercially reasonable timeframe.
- 1.4.8.21 The CSP must provide its terms and conditions for EBPP to a Customer as part of the activation process. These terms and conditions should define how the information collected during the activation process will be used. The CSP must not use any new information collected during the activation process for any purpose other than activation without the Customer's expressed consent.
- 1.4.8.22 The CSP must be able to determine which Biller is providing the activation request for each Customer if it so elects.

1.4.9 Customer Service Provider (CSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

CSP Initiated Activation

- 1.4.9.1 The CSP should provide the name and address known to the Biller (typically the name and address as it appears on the bill).
- 1.4.9.2 The CSP should provide the BSP with the general practices it uses to determine which billers it makes available to the Customer for EBPP.
- 1.4.9.3 The CSP should provide to the Customer a detailed explanation of the reason for activation rejection of that Customer, if it elects to refuse to send the biller an activation requested by the customer.

Biller Initiated Activation

- 1.4.9.4 The CSP should notify Biller/BSP what information is required to validate the Customer during activation.
- 1.4.9.5 The CSP should provide activation status¹¹ for each Customer back to the Biller/BSP within a commercially reasonable timeframe.
- 1.4.9.6 The CSP should provide to the Biller a detailed explanation of the reason for activation rejection of any Customer.
- 1.4.9.7 The CSP should notify the Biller/BSP of any restrictions on customers to whom the

¹⁰ For example, beyond the general pieces of information that a Biller typically needs (e.g., name and address as appear on bill, account number, etc.), the Biller might also have additional data requirements.

¹¹ Examples include "pending," "activated," etc.

EBPP service is not available.¹²

1.4.10 Customer Payment Provider (CPP) Business Practices

General

- 1.4.10.1 The CPP must disclose to the Customer what payment instruments are offered for payment to a given Biller.
- 1.4.10.2 During the enrollment or activation process, the CPP must disclose to the Customer, as appropriate, any level of funds which it is handling on behalf of the Customer that are held in uninsured accounts or with unregulated agents.

1.4.11 Customer Payment Provider (CPP) Suggested Practices

Currently, there are no Customer Payment Provider (CPP) Business Practices for Service Initiation and Cancellation.

¹² For example, geographic restrictions.

2 Bill Presentation

2.1 Introduction

In today's world of physical presentment, the central component of a bill is simple: it's what a Customer receives in the mail from a Biller reflecting that customer's obligation to the Biller for goods or services. In many cases, however, bills contain a wide spectrum of additional information, such as:

- Information identifying the Customer or their authorized agent, both for purposes of bill delivery and for purposes of linking this particular bill to the Biller's accounts receivable processes: name and address information for the Customer and their authorized agent, the Customer's account number with the Biller (or other means that the Biller has determined for identifying the customer), and the cycle for which this bill was produced
- Amount due from Customer to Biller
- Date remittance is due to the Biller
- Period-to-period reconciliation of activity since the last bill or statement was produced
- Full detail explaining new charges over the billing period; for example, long distance phone bills contain details of each call and other specific charges included in the amount due
- Disclosure information from Biller to Customer; this might include details on the methods used to calculate service pricing, customer protection information, or other terms and conditions that govern the service in question¹³
- Account activity history covering prior billing cycles.
- Biller-controlled advertising and other statement stuffers
- Customer care contact information

In EBPP, the term **Bill Summary** is generally used to encompass the first three of these items (listed above). The term **Bill Detail** is used to include any of the remaining six items, which a Biller may elect to send to its customers.

2.2 Biller Expectations

Understanding the billers' views of electronic bill presentment and payment is essential because satisfied billers are key to industry success. Biller expectations include the following:

- 2.2.1 The Biller expects to determine the bill information and content¹⁴ and expects that this not be modified by any intervening third party without the Biller's express consent. The Biller expects to negotiate certain aspects of the bill (including advertising content, layout, and presentation) with a third party.
- 2.2.2 The Biller expects that all parties to the transaction will use adequate levels of security and privacy.

¹³ In many cases, regulatory agencies mandate the presentment of this information.

¹⁴ That is, the Customer identifying information, amount and date due, account activity, regulatory disclosures, imbedded messages/advertising, etc.

- 2.2.3 The Biller expects to be notified about any planned usage of proprietary data and expects to have the opportunity to decline permission for such usage.
- 2.2.4 The Biller expects to understand how the summary information is presented.
- 2.2.5 The Biller expects that their billing data will not be delivered to an unintended party.
- 2.2.6 The Biller expects to perform any and all roles necessary to support their Bill Presentment and Payment business. These roles may include Biller, BSP, BPP, CSP and CPP.

2.3 Customer Expectations

Customer perspectives and expectations for electronic bill presentment and payment (EBPP) are also critical for success. While it is true that electronic presentment is not possible without billers, customer acceptance is equally important. Changes in the payments industry have not succeeded without widespread customer acceptance. Electronic bill presentment and payment will not succeed unless customers find it convenient and uncomplicated. Customer expectations for bill presentment include:

- 2.3.1 The Customer expects that at least the current level of bill detail and accuracy he/she experiences today with surface mail will be maintained in the EBPP environment.
- 2.3.2 The Customer expects to have the ability to view full bill detail information.
- 2.3.3 The Customer may reasonably expect to have ready and easy access to bill information 24 hours a day, 7 days a week.
- 2.3.4 The Customer may reasonably expect that a bill being presented is actually from the identified Biller (i.e., a bill cannot be “spoofed”).
- 2.3.5 The Customer expects that the bill will not be altered or modified in any way between composition and receipt.
- 2.3.6 The Customer expects to receive information and instructions on whom to contact for customer service or customer care items.
- 2.3.7 The Customer expects that customer access devices, such as personal computers and related pieces of equipment, will not be endangered by destructive acts (e.g., viruses) as a result of using this service.
- 2.3.8 The Customer expects to decide which bills he/she receives and where they are received.
- 2.3.9 The Customer expects that all parties to the transaction will use adequate levels of security and privacy.

- 2.3.10 The Customer expects that his/her bill will not be delivered to an unintended party.
- 2.3.11 The Customer expects to be able to print or otherwise obtain a hardcopy of his/her bill if requested.

2.4 Business Practices and Suggested Practices

2.4.1 General Business Practices

- 2.4.1.1 All participants must employ commercially reasonable measures in the processing and storage of billing data, to ensure data security, integrity and privacy, and to provide accountability and sufficient audit trail to facilitate research and to respond to Customer/Biller and CSP inquiries.
- 2.4.1.2 All participants must employ commercially reasonable measures to ensure the presentment of a bill to the intended Customer.
- 2.4.1.3 All participants must facilitate error resolution in a commercially reasonable timeframe.

2.4.2 Biller Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

- 2.4.2.1 The Biller may establish eligibility and selection criteria in determining to which CSPs bill summary and detail information will be sent by the BSP.
- 2.4.2.2 The Biller may establish criteria to determine whether a customer is eligible for the EBPP service.
- 2.4.2.3 The Biller defines the payment and remittance types/methods it will accept via its BPP, and must inform the CSP accordingly.¹⁵
- 2.4.2.4 The Biller is responsible for ensuring that a bill it presents via the EBPP service is for goods or services provided to the Customer, in accordance with the business relationship between the Customer and Biller.
- 2.4.2.5 The Biller has the right to negotiate the conditions of advertising relating to its bills with the CSP.¹⁶

¹⁵ The CSP and BSP perform these synchronization tasks in the registration processes described in the enrollment section, and at any time that a Customer elects to modify payment instructions which affect payment and remittance types/methods.

¹⁶ Potentially through the BSP as its authorized agent.

2.4.3 Biller Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

- 2.4.3.1 The Biller controls the bill. Subject to Biller approval, the BSP and the CSP may negotiate the specifics of advertising content, etc. The Biller may allow the Customer to elect not to receive advertising inserts with presented bills. That election could include choices indicating no inserts from third parties, no inserts from the Biller, or no inserts at all.
- 2.4.3.2 The Biller may offer the Customer the ability to restrict the Biller from selling the Customer's name and/or other demographic data for advertising purposes.
- 2.4.3.3 The Biller may elect to allow the Customer to have a bill presented through one or more paths or combinations of BSP/CSP linkages.
- 2.4.3.4 The Biller may elect to not to present bills to an authorized agent for the Customer.

2.4.4 Biller Service Provider (BSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 2.4.4.1 The BSP must not use a Biller's aggregate billing information for any purpose other than presentment without disclosure to, and the express consent of, the Biller.
- 2.4.4.2 The BSP must not use customer-billing information for any purpose other than presentment without disclosure to, and the express consent of, the Customer and the Biller.
- 2.4.4.3 The BSP must employ commercially reasonable measures to ensure that the billing data it presents on behalf of a Biller was originated by that Biller.
- 2.4.4.4 When acting as an authorized agent of the Biller, the BSP must be able to negotiate with the CSP on the conditions of advertising relating to bills that it presents on behalf of the Biller. .

2.4.5 Biller Service Provider (BSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 2.4.5.1 The BSP should respond promptly to the CSP's requests for bill status information.

2.4.6 Biller Payment Provider (BPP) Business Practices

Currently, there are no Biller Payment Provider (BPP) Business Practices for Bill Presentment.

2.4.7 Biller Payment Provider (BPP) Suggested Practices

Currently, there are no Biller Payment Provider (BPP) Suggested Practices for Bill Presentment.

2.4.8 Customer Service Provider (CSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 2.4.8.1 Advertising by the CSP, when relating to bills presented to customers is subject to negotiations with the Biller.
- 2.4.8.2 The CSP may establish eligibility and selection criteria to determine from which BSPs and their billers it will receive bill summary or detail information. The CSP must not unreasonably deny access to BSPs or billers for individual customers.
- 2.4.8.3 The CSP must not use aggregate billing information for a Biller for any purpose other than presentment without disclosure to, and the express consent of the Biller.
- 2.4.8.4 The CSP must not use customer-billing information for any purpose other than presentment without disclosure to, and the express consent of, the Customer and Biller.
- 2.4.8.5 The CSP must notify the Biller/BSP originating bill information if it is unable to make the bill available to the Customer within a commercially reasonable timeframe, after having made reasonable attempts to make it available.¹⁷
- 2.4.8.6 The CSP must respond, within a commercially reasonable timeframe, to Biller/BSP requests as to whether or not billing information has been received by the CSP and whether or not a specific bill has been made available to the individual Customer.

2.4.9 Customer Service Provider (CSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

¹⁷ For example, in cases when a Customer has closed the service account with the CSP, not temporary downtime, etc.

2.4.9.1 The CSP is not obligated to validate accuracy of billing information.

2.4.10 Customer Payment Provider (CPP) Business Practices

Currently, there are no Customer Payment Provider (CPP) Business Practices for Bill Presentment.

2.4.11 Customer Payment Provider (CPP) Suggested Practices

Currently, there are no Customer Payment Provider (CPP) Suggested Practices for Bill Presentment.

3 Payment & Remittance

3.1 Introduction

The EBPP payment process consists of the transmission of funds and remittance information to the Biller by the Customer. In many EBPP models, a number of payment service providers act as agents or intermediaries, facilitating payments transmissions. As noted earlier, different types of organizations might perform the same role in the payments process in different EBPP implementations. For example, at the Customer's request, a financial institution initiates EBPP payments as the Customer's Payments Provider (CPP). In other cases, the Customer asks the Biller to take the initial steps to originate EBPP payments. In this case, the Biller acts as the CPP, even though a financial institution will carry out other tasks to fulfill the Customer's payment requests. The CPP might also be an independent service provider engaged by the Customer to provide bill payment, and possibly other payments, services. The logic of the business practices, below, is meant to apply consistently, regardless of the type of organization that plays the CPP or the Biller's Payment Provider (BPP) roles. Similarly, the Task Force has attempted to establish business practices that are valid for any payment method.

3.2 Biller Expectations

Billers participating in EBPP have expectations that the overall service will be useful and predictable. In particular:

- 3.2.1 The Biller expects that all EBPP participants will follow reasonable practices to ensure completeness, integrity, and an audit trail for payment information. The Biller expects that payment processing by all EBPP participants will be subject to timing-based Service Level Agreements (SLAs).
- 3.2.2 The Biller expects that all parties to the transaction will use adequate levels of security and privacy. The Biller should be notified about any planned usage of proprietary data and should have the opportunity to decline permission for such usage. The Biller expects to be notified before a summary bill is presented to the Customer and must agree as to how the summary information is presented.
- 3.2.3 The Biller expects complete and accurate accounts receivable (remittance) posting information, which can be reconciled to the funds provided by the Customer.
- 3.2.4 The Biller expects to specify which payment remittance systems and instruments are acceptable.
- 3.2.5 The Biller expects to specify where payments will be directed.
- 3.2.6 The Biller expects to specify which payment instruments are acceptable.
- 3.2.7 The Biller expects to perform any and all roles necessary to support their Bill Presentment and Payment business. These roles may include Biller, BSP, BPP, CSP and CPP.

3.3 Customer Expectations

Similarly, customers participating in EBPP expect that the overall service will be trustworthy and convenient compared to the payment methods they currently use. In particular:

- 3.3.1 The Customer expects to be provided with clear definitions of the roles and responsibilities of the players involved in the service, including:
- a) The right of the Customer to determine the amount and frequency of payment
 - b) The rights of the Customer in resolving payment problems, including specific recourse.¹⁸
 - c) The right to know whether the payment information is used for purposes other than 'settlement of the account'/payment process
 - d) The right to deny the use of this information, if identifiable by Customer, for other than the 'settlement of the account'/payment process
 - e) The right to select the payment instruments from the choices offered by the CPPs
- 3.3.2 The Customer expects that payment and remittance information generated, transmitted, or stored in the EBPP environment is used exclusively for EBPP processing and associated error resolution. The Customer expects that any other planned uses of customer-provided payment information will be disclosed and that his/her consent must be granted before such usage can take place. The Customer also expects that commercially reasonable efforts will be used to maintain the security of this information.
- 3.3.3 After authorizing payment, the Customer expects to have payments posted to their Biller accounts accurately, and according to disclosed lead times.
- 3.3.4 The Customer expects to have recourse in case of problems or questions with any aspect of payment. Recourse includes notification of contact information and specific recourse procedures.
- 3.3.5 The Customer expects that payment method(s) offered for payment of presented bills are known and trusted.
- 3.3.6 The Customer expects to be informed of any and all fees associated with the payment service.
- 3.3.7 The Customer expects to be informed of any lead times for initiating payments to ensure that the payment and remittance are received at the Biller's designated location in time to meet the Biller's posted due date.
- 3.3.8 The Customer expects that payments initiated from an electronically presented bill will be electronic.

¹⁸ For example, maximum response time from a Biller on written billing and payment inquiries, customer 'hold-harmless' protections in case of Biller 'spoofing.'

- 3.3.9 The Customer can reasonably expect to have ready and easy access to scheduled payment initiation 24 hours a day, 7 days a week.

3.4 Business Practices and Suggested Practices

The following sections outline Business Practices for the payment component of electronic bill presentment and payment. Sections are segmented by participant: Biller, Biller Service Provider, Biller Payment Provider, Customer Service Provider and Customer Payment Provider. In addition to the business practices, which outline *what* should be done, each section includes suggestions on *how* the practice might be implemented. These suggested practices are intended to improve overall EBPP adoption rates.

3.4.1 General Business Practices

- 3.4.1.1 All participants must comply with applicable payment system rules, and legal, regulatory, and industry requirements.
- 3.4.1.2 All participants agree to resolve exceptions such that no party is unjustly enriched.
- 3.4.1.3 All participants are responsible for the actions of their agents. Such responsibility includes, but is not limited to, losses due to bankruptcy by payment providers.
- 3.4.1.4 All participants must facilitate error resolution in a commercially reasonable timeframe.
- 3.4.1.5 Any payment authorization made by the Customer must be duly honored, and the payment instrument must be clearly disclosed.
- 3.4.1.6 All participants must employ commercially reasonable measures in the processing and storage of EBPP data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and to respond to customer inquiries.

3.4.2 Biller Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

- 3.4.2.1 The Biller must enact commercially reasonable business practices in identifying and authenticating the BPP.
- 3.4.2.2 The Biller must be able to specify the type of payment and format of remittance data to

the BPP.¹⁹

- 3.4.2.3 The Biller must notify the Customer when the Biller will initiate a previously authorized recurring payment on the Customer's behalf.²⁰
- 3.4.2.4 The Biller must post to the Customer's account within commercially reasonable timeframes for each payment instrument.
- 3.4.2.5 The Biller must not change payment information that has been authorized by the Customer or the Customer's authorized agent other than to make corrections to payment and remittance data to allow posting to occur.
- 3.4.2.6 The Biller must employ commercially reasonable measures in the processing and storage of payment and remittance data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and to respond to customer inquiries.
- 3.4.2.7 The Biller must post the dollar amount of the payment remitted by the Customer to the Customer's account, subject to Customer Credit Counseling Services (CCCS) procedures or other agreements.

3.4.3 Biller Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated.

- 3.4.3.1 The Biller may specify to the appropriate participants any approved payment instruments²¹ and the payment instructions²² that the Biller will accept during the Biller activation process.
- 3.4.3.2 The Biller should perform industry standard audit and control functions on inbound or outbound payment data.²³
- 3.4.3.3 The Biller should notify the Customer or the BPP within a commercially reasonable timeframe if there are posting errors with the remittance data.
- 3.4.3.4 The Biller should provide sufficient information to ensure the Customer knows the lead-time necessary to meet the Biller's payment due date.
- 3.4.3.5 The Biller should notify the CPP originating a payment within a commercially reasonable timeframe if the payment is unable to be posted.

¹⁹ To facilitate account reconciliation, etc.

²⁰ May be in the bill detail, not necessarily in the bill summary.

²¹ For example, VISA, MasterCard, ACH Standard Entry Class (SEC) Code, etc.

²² For example, into which bank account payments should be deposited.

²³ For duplicate validations and file control validations, etc.

3.4.4 Biller Service Provider (BSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.4.1 The BSP must not change payment information that has been authorized by the Customer or the Customer's authorized agent, other than to make corrections to payment and remittance data to allow posting to occur.
- 3.4.4.2 The BSP must not use aggregate payment information, summarized by Biller or Customer, for any purpose without disclosure to, and the express consent of, the Biller and Customer, as applicable.

3.4.5 Biller Service Provider (BSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.5.1 The BSP should provide sufficient information to ensure the Customer knows the lead-time necessary to meet the payment due date.

3.4.6 Biller Payment Provider (BPP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BPPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.6.1 The BPP must employ commercially reasonable measures in the processing and storage of payment and remittance data, to ensure data security, integrity, and privacy. Additionally, the BPP must provide accountability and sufficient audit trail to facilitate research and responses to customer inquiries.
- 3.4.6.2 The BPP must not change payment information that has been authorized by the Customer or the Customer's authorized agent, other than to make corrections to remittance data to allow posting to occur. Even these corrections must be authorized by the Biller.
- 3.4.6.3 The BPP must not use aggregate payment information, summarized by Biller or Customer, for any purpose (other than to facilitate the EBPP processes) without disclosure to, and the express consent of, the Biller and Customer, as applicable.
- 3.4.6.4 The BPP must disclose to the Biller any level of Biller funds that are held in uninsured

accounts or with unregulated agents, which the BPP is handling on behalf of the Biller.

3.4.6.5 The BPP must return funds to the CPP when authorized by the Biller within a commercially reasonable timeframe.

3.4.6.6 The BPP must notify the Biller within a commercially reasonable timeframe, of delays affecting the timely processing of payments.

3.4.6.7 The BPP must provide payment and remittance data to the Biller in the format dictated by the Biller.²⁴

3.4.7 Biller Payment Provider (BPP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. BPPs should refer to the Biller Business Practices section when implementing the Business Practices.

3.4.7.1 The BPP should perform industry standard audit and control functions on all payment data, inbound or outbound.²⁵

3.4.7.2 The BPP should notify the CPP, within a commercially reasonable timeframe, of delays affecting the timely processing of payments.

3.4.8 Customer Service Provider (CSP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

3.4.8.1 The CSP must disclose the identity of the Biller requesting payment to the Customer.

3.4.8.2 The CSP must employ commercially reasonable measures in the processing and storage of payment and remittance data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and to respond to customer inquiries.

3.4.8.3 The CSP must not change payment information that has been authorized by the Customer, other than to make corrections to payment and remittance data to allow posting to occur.

3.4.8.4 The CSP must disclose the Biller's delivery lead times for initiating payments to the Customer.

²⁴ To facilitate account reconciliation, etc.

²⁵ For duplicate validations and file control validations, etc.

- 3.4.8.5 The CSP must not use aggregate payment information for a Biller pertaining to any purpose other than facilitating payment processing without disclosure to and the express consent of the Biller.
- 3.4.8.6 The CSP must not use a customer's billing information for any purpose other than presentment and payment without disclosure to, and the express consent of, the Customer and Biller.
- 3.4.8.7 The CSP must pay the Biller using a payment method or type acceptable to, and agreed upon with, the Biller.
- 3.4.8.8 The CSP, upon request, must provide the Customer with a list of the available/acceptable payment methods each time the Customer initiates a payment instruction.

3.4.9 Customer Service Provider (CSP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CSPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.9.1 The CSP should verify Biller account information with the Biller to help ensure proper remittance information for posting.
- 3.4.9.2 The CSP should perform industry standard audit and control functions on payment data inbound or outbound.²⁶

3.4.10 Customer Payment Provider (CPP) Business Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CPPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.10.1 The CPP must employ commercially reasonable measures in the processing and storage of payment and remittance data, to ensure data security, integrity, and privacy, and to provide accountability and sufficient audit trail to facilitate research and to respond to customer inquiries.
- 3.4.10.2 The CPP must not change payment information that has been authorized by the Customer, other than to make corrections to payment and remittance data to allow posting to occur.
- 3.4.10.3 The CPP must disclose contact information for the Customer to use in case of payment problems.

²⁶ For duplicate validations and file control validations, etc.

- 3.4.10.4 The CPP must disclose to the Customer any level of funds which the CPP is handling on behalf of the Customer that are held in uninsured accounts or with unregulated agents.
- 3.4.10.5 The CPP must disclose the Biller's delivery lead times for initiating payments to the Customer.
- 3.4.10.6 The CPP must not use aggregate payment information for a Biller pertaining to any purpose other than facilitating payment processing without disclosure to and the express consent of the Biller.
- 3.4.10.7 The CPP must not use a customer's billing information for any purpose other than presentment and payment without disclosure to, and the express consent of, the Customer and Biller.
- 3.4.10.8 The CPP must pay the Biller using a payment method or type acceptable to, and agreed upon with, the Biller.

3.4.11 Customer Payment Provider (CPP) Suggested Practices

Biller business practices that imply biller/customer communication are applicable to and must be supported by the BSP and CSP—unless otherwise stated. CPPs should refer to the Biller Business Practices section when implementing the Business Practices.

- 3.4.11.1 The CPP should offer electronic payment if it relates to an electronic presentment.
- 3.4.11.2 The CPP should attempt to validate the Customer's billing account information sent with the payment.²⁷
- 3.4.11.3 The CPP should hold a Customer's funds in regulated or insured accounts at all times.
- 3.4.11.4 The CPP should perform industry standard audit and control functions on payment data inbound or outbound.²⁸
- 3.4.11.5 The CPP should provide sufficient information to ensure that the Customer knows the lead-time necessary to meet the Biller payment due date and that the Biller knows when the Customer's account is debited.

²⁷ For example, by using check digit routines or tying the presented bill information to the payment information.

²⁸ For duplicate validations and file control validations, etc.

4 Future Considerations

Subsequent versions of *Electronic Bill Payment/Presentation Business Practices* will address additional issues as they arise, as EBPP implementation becomes more widespread. The Task Force will continue to review and update the Business Practices, focusing on term and structural consistency. Additional Business Practices will be available for comment at cebp.nacha.org prior to their inclusion in this document.

Your company's input is valuable to the quality of this document. There are two ways to assist us as we keep this document current, accurate, and relevant:

- **Comment-** Please take the time to comment on the business practices so that we can measure the scope, relevance, and accuracy of this document.
- **Participate -**The Business Practices Task Force is open to all Council for Electronic Billing and Payment members. Membership, which enables your company to take a more active role in future editions of this document, is available to all EBPP stakeholders. Additional information on Council membership can be found on NACHA's Council for Electronic Billing & Payment homepage at cebp.nacha.org.

Compliance with these Business Practices, while voluntary, is strongly recommended. Please let us know if your company will comply with these practices.

Appendix A: Glossary

Activation - The process of a Customer's selecting a Biller account for bill presentment, agreeing to Biller terms and conditions, and establishing the account within the Biller's and the CSP's systems.

Agent - An individual or business, other than the customer or biller that receives and originates bills or notices on behalf of the Customer or Biller.

Amount to be Paid - The amount that the Customer has authorized for payment to its Biller.

Authentication - The process of reliability that determines the identity of a party.

Bill/Invoice - An electronic or paper document sent to a customer associated with a payment due.

Bill Consolidator - A Bill Service Provider that consolidates bills from other Bill Service Providers or Billers and delivers them for presentment to the Customer Service Provider.

Bill Detail - Information from a Biller that provides invoice line level information to a customer. This may include specific billing event information such as credit card charges, telephone calls, or kilowatts used. Also: Invoice Detail.

Bill Summary - The summary information from a Biller that is essential to a Customer to understand what is owed. Typical information may include; Amount Owed, Date Due, Biller, Biller's Account Number. Also: Summary Record, Summary, Invoice Summary, Invoice Summary Record, Bill Summary Record.

Bill Notification - A process whereby a Customer is notified that an electronic bill is available for review and payment.

Biller - A company or organization that sends a Bill or Statement, usually a request for payment for a product or service, to a Customer.

Biller Payment Provider (BPP) - An agent of the Biller that accepts remittance information on behalf of the Biller.

Biller Service Provider (BSP)- An agent of the Biller that provides an EBPP service for the Biller.

Commercially Reasonable Time Frame - A period of time generally considered acceptable for a process within a given industry, taking into consideration the circumstances of the parties to the transaction.

Commercial Relationship- An agreement between parties to do business together for the purpose of EBPP. It may or may not include a contract.

Customer – An individual or entity that receives goods or services which are the subject of bills or statements. The typical receiver of a bill.

Customer Account Information - A detail field within Remittance Information, usually the account number assigned to that customer by the Biller. This can also be used to mean the Customer's billing name and address as well as any other information that the Biller uses to identify the Customer.

Customer Payment Provider (CPP) - An agent of the Customer that originates payments on behalf of the Customer.

Customer Service Provider (CSP) – An agent of the Customer that provides an interface directly to customers, businesses or others for bill presentment. CSP enrolls customers; enables presentment and provides customer care, among other functions.

Electronic Bill Presentment and Payment (EBPP) - Electronic presentment of customer bills that contain a mechanism that enables the Customer to pay the bill.

Electronic Payment - Any non paper-based type of payment.

Email Address - A digital address, in this document usually belonging to the Customer.

Enrollment - The process associated with a Customer establishing a relationship with a CSP.

Funds - A vehicle for the storage of value. Usually refers to value on deposit at a bank.

Interactive Financial Exchange (IFX) - A standard for the exchange of financial data and instructions independent of a particular network technology or computing platform. It builds on previous industry experience including OFX and GOLD, which are currently implemented by major financial institutions and service providers to enable electronic exchange of financial data between themselves and their customers.

Payment - A vehicle to effect the transfer of value. Typically transfers funds from one bank depository to another, but may also transfer funds to or from a debt instrument, such as a credit card. Also Funds Transfer.

Payment Due Date- The date by which the Biller requires payment from the Customer.

Payment Instructions – Instructions for routing/posting the payment (e.g. into which bank account payments should be deposited).

Payment Instruments- The instruments required to initiate a payment (e.g. checks, credit cards, debit cards).

Payment Method – A method used to facilitate and process payment. Includes Payment Instruments and Payment Systems.

Payment Posted Date- The date by which a payment is posted to an account.

Payment Systems- A system or network used to process payment (e.g. ACH, debit card and credit card networks).

PFM – Personal Finance Management or Manager - Software used by a Customer to manage his/her checking account, etc. Often includes categorization, reporting, and graphing capabilities.

Registration - The process of a Biller's establishing a relationship with a BSP. Registration is also a process of BSP's and CSP's establishing relationships with each other. It is expected that a BSP and CSP will have a relationship before they exchange any account activation information. It is expected that a Biller will have a relationship with a BSP before a CSP starts sending activation requests to a BSP for that Biller. It is also possible that the Biller will have a relationship with a CSP before that CSP sends activation requests for that Biller.

Remittance Information - Information required by the Biller to effectively post customer bill payments.

Remittance Method - The method used to deliver funds and remittance information

Service Initiation- The overall term encompassing registration, enrollment and activation.

Spoofing - The practice of presenting a bill that does not originate from the biller (i.e. fraudulent bill).

Statement/Notice – An electronic or paper document sent to a customer/agent that does not have a payment due associated with it.

Appendix B: Guidelines for Commenting on the EBPP Business Practices

The Business Practices Task Force of NACHA's Council for Electronic Billing & Payment (CEBP) is looking for feedback on the Draft for Comment of Version 2.1 of the Electronic Bill Presentment and Payment (EBPP) Business Practices. The EBPP Business Practices are developed by CEBP as part of the Banking Industry Technology Secretariat's InteroperaBill initiative. Comments are due by 5pm EST on June 9, 2000 to cwhaley@nacha.org

General issues for commenting on Version 2.1 of the EBPP Business Practices:

- Is the document self-explanatory?
- Are the practices clear?
- Is the structure consistent with the development of the EBPP industry?
- Are the expectations realistic?
- Does it promote rapid adoption of EBPP?
- Does it impede the ability of participants to compete?
- Does it endorse or exclude any particular EBPP operating model?
- Are there any additional issues that should be addressed?

Comments on specific practices (cite number):

- Is there any Business Practice that your organization is unable to implement? Cite the reason why it can't be implemented.
- Is there a specific practice that needs clarification?

Comments can be submitted via email (cwhaley@nacha.org). Comments are due to NACHA by 5:00pm EST on June 9, 2000.

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