

Opportunity to become SMWallet Provider for providing Semi Closed Prepaid Instrument (SM-Wallet) & associated services to customers across India on non-exclusive basis

File No. VAS-21/ Policy-Semi-closed Prepaid Instrument-2016

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BSNL invites proposal, on revenue sharing basis, from interested and eligible firms/ companies for association with BSNL to generate revenues from mobile based Semi Closed Wallet (SMWallet hereinafter) under Semi Closed Prepaid Instrument as authorized by RBI.

BSNL is currently operating its GSM mobile services across the nation except in Delhi and Mumbai and has a mass subscriber base of more than 100 million. BSNL also has a landline subscriber base of 18 million. BSNL is providing different Value Added Service on SMS, MMS, GPRS, EDGE and 3G etc. to its Cellular customers. BSNL is envisaging to progressively generate revenues from mobile based semi closed Wallet. The technology shall enable transactions through SMS, GPRS, USSD, WAP and Internet etc.

The SMWallet Provider shall be required to establish a platform preferably in Disaster Recovery mode & according to latest RBI Guidelines for Prepaid Instruments and TRAI QOS requirements for financial services. BSNL may launch other SMWallets in association with the SMWallet Provider in same or different geographical areas.

It is expected that the SMWallet Provider approaching BSNL for partnership in this business shall be in the know of the revenue streams/costs involved/business case of this business and shall have sufficient knowledge and resources to operate the services.

The Ecosystem of SMWallet business has following stakeholders:

- a) BSNL will be providing the requisite connectivity and other network resources as per the requirement of the service.
- b) SMWallet Provider will be the issuer of SMWallets who will provide the SM Wallet platform, operate the services, onboard the merchants and develop the business.
- c) Customers who would avail the facilities/services – users

The salient points regarding eligibility conditions, documents required and major terms & conditions are provided below:

1. Eligibility Criteria for SMWallet Provider

- 1.1 The company should be registered & incorporated under the Indian Companies Act, 1956/ 2013 or as amended time to time.
- 1.2 The SMWallet Provider/ its parent company should have at least Two years experience of successfully operating the SMWallet service globally (including India) at the time of applying to BSNL.
- 1.3 Technology offered should have been in satisfactory operation for minimum last two year for the SMWallet services at the time of application.
- 1.4 Should have RBI approved PPI License and permission to run a co-branded Semi Closed Wallet.
- 1.5 Should have a minimum user base of 1 Crore.

1.6 The SMWallet Provider / its parent company shall have a combined minimum annual turnover (audited) of Rs.20 Crores in the field of financial/VAS/IT applications/Telecom applications during the last financial year. The company/ its principal shall submit a turnover certificate from the CA in this regard. However the SMWallet Provider which will front end the arrangement shall have a minimum annual turnover of Rs.10 Crore alone in the field of financial/VAS/IT applications/Telecom applications during the last financial year.

2. List of documents to be submitted as part of the proposal

- 2.1 Copy of the Article of Association & Memorandum of Association.
- 2.2 Turnover certificate from the company's Auditors/ CA mentioning the field of turnover as required under the eligibility conditions.
- 2.3 Latest audited Annual Report of the company, in case printed copy is not available then copy of the same duly certified by the Company Secretary/ Director/ Managing Director of the company.
- 2.4 List of Directors including their names(s) and address(es) along-with contact telephone numbers, DIN of each director & CIN of the company.
- 2.5 Certified True copy of Board's/ Management's resolution in favor of authorized signatory.
- 2.6 Specimen signature of the authorized official duly attested by Company's/authorized signatory's Banker along with PAN card.
- 2.7 To submit relevant documents pertaining to GST compliance
- 2.8 Non-refundable processing fees of Rs. 50,000/- in the form of DD drawn in favor of AO (Cash), BSNL, New Delhi shall be submitted along with the proposal.
- 2.9 Non-Disclosure undertaking, duly notarized on non judicial stamp paper of Rs.50/- (NDA format enclosed).
- 2.10 Technical details of the solution and business plan.
- 2.11 Contact details i.e. Name, mail id, phone no., mobile no., fax no. of a responsible person for liaising in this matter.
- 2.12** The SMWallet Provider shall submit an irrevocable undertaking duly signed by it/ its parent company, if applicable, stating that all of them i.e. the SMWallet Provider, its parent company shall be liable for due performance of the contract jointly and severally, failing which both of them shall be liable to be barred from having any business dealing with BSNL for a period of three years.
- 2.13** Commitment / undertaking to submit Performance Bank Guarantee of Rs. 20 Lakhs at the time of signing the agreement.

2.14 In case the SMWallet Provider does not satisfy the eligibility criterion for turnover or experience and the same is fulfilled by the respective parent company then the said company/ technology provider shall submit a declaration cum an Undertaking from its parent company stating that the M/s ----- is the PARENT COMPANY of M/s ----- and it (PARENT COMPANY) will support and take responsibility to enable its subsidiary company <THE SMWALLET PROVIDER> to perform the contractual obligation of the agreement to be signed by <THE SMWALLET PROVIDER> with BSNL.

3. Scope of work for SMWallet Provider:

The SMWallet Provider shall be responsible for due performance of the contract including continued post execution support of the project. SMWallet Provider remain responsible for non-performance inter-alia any other act that may lead to barring of business dealing with the SMWallet Provider or banning business with them. BSNL intends to launch in partnership with already established vendors, to allow its own customers as well as customers of any mobile service providers to store money in their dedicated wallets & use such balance for any merchant transactions & even for BSNL topup.

The following broad scope of work (SOW) is only indicative/ tentative and may differ on case to case basis at the time of discussions with the SMWallet Provider based on type of solution proposed and responsibility matrix. The actual SOW shall be made part of agreement in each case, on case to case basis.

3.1 Technical Requirements:

- i. **Provision of Hardware/ Software:** Provision of SM-Wallet Platform Solution - relevant hardware, equipment, software/related software licenses, SM Wallet customer/agent mobile application, SM Wallet web application for agents. Provisioning of the service.
- ii. CAPEX (hardware & software), AMC, updation of system & operations of the system to be deployed by VAS Partner and other costs associated with deployment.
- iii. **Installation:** To do installation, testing, commissioning at its own cost of the SMWallet system/ solution and launch the services within 6 months of signing of agreement. BSNL reserves the right to extend the period based on requirement.
- iv. **Operations:** It shall also be responsible for operation and maintenance of all the equipment (hardware, software, help desks, etc.) and application/ solution/ servers on 24X7X365 basis by a team at its own cost for providing the Service(s). It will also include execution & monitoring of defined rules and day to day operations, configuring commission, Tariff/charges of the services. Selfcare website development, Operations & maintenance related to SMWallet-Website development. Generation of MIS report- Automatic. Reconciliation on the basis of MIS reports and otherwise.

- v. **Integration:**
 - a) Integration with BSNL network as per scope of work.
 - b) Integration with various Payment Gateways for loading of Wallet.
 - c) Integration with BSNL customer care portal.
 - d) BSNL Top-up, SMWallet Provider should integrate with existing E-pin vendor of BSNL.
 - e) BSNL Postpaid Bill Payment- SMWallet Provider should integrate with existing aggregator/ or directly with BSNL as decided by BSNL.
- vi. SMWallet Provider shall be responsible to onboard 3rd part Merchants for selling merchandise like other operator's Airtime, DTH, utility bill payment etc as per market requirements.
- vii. To put a Disaster Recovery set up at a geographically different location from day one, in case of launch of the product/ services or the architecture shall be as per satisfaction of BSNL & should meet all the norms & regulations etc. of RBI & TRAI.
- viii. The platform shall be capable of providing following services:
 - a) Loading of wallet through Net banking, Credit/Debit cards.
 - b) Transfer of money from SMWallet to Bank
 - c) P2P Services (Fund Transfer from one Wallet to another Wallet)
 - d) Payment of BSNL services where BSNL is a biller (Postpaid mobile/ Telephone bill payment, Prepaid top up, VAS purchase etc.)
 - e) Bill payments of Billers(Electricity, Water, Rail Tickets, , Other Telco's bill payment and top up, House Tax, Property Tax, Civil SMWallet Provider Tax, DTH etc.)
- ix. To establish a technical call centre (all levels) for fault rectification, for handling service disruption/de-gradation, etc. during regular working hours.
- x. SMWallet Provider may be made responsible for online sale of BSNL's SIMs as per BSNL Policy.
- xi. To provide password protected access of MIS to various functionaries of BSNL.
- xii. The solution shall ensure handling & prevention of all kinds of fraud scenarios viz. hacking SMS, stolen handset etc or any other security threat.
- xiii. SMWallet Provider shall be completely responsible to comply with all security and fraud related guidelines issued by RBI or any other competent agencies time to time.
- xiv. The SMWallet Provider shall be responsible for any loss of money due to any technical problem/ incapability / security lapse which will be attributable to the said platform/ solution or the officials of the SMWallet Provider or its partner. The SMWallet Provider shall indemnify BSNL in all such cases. If any action is brought against BSNL in such cases by any other SMWallet Provider / individual, the SMWallet Provider shall defend the same at its own cost and consequences and shall indemnify BSNL all the costs and other expenses that BSNL may incur in this connection.
- xv. **Hosting Infrastructure:** Infrastructure including AC/ Power/ space / connectivity to local BSNL Network etc. shall be provided by BSNL for this business at no cost to SMWallet Provider in case deployment is done in BSNL Premises.
- xvi. To provide training as per BSNL requirement: Instructional training to the designated Training centre staff of BSNL to implement the services, if required & providing training material.

- xvii. SMWallet Provider shall be responsible for Security of data available in the SM-Wallet system/ providing money trail.
- xviii. SMWallet Provider shall be responsible for Keep back up data for defined duration as per RBI guidelines.
- xix. SMWallet Provider shall be responsible for Providing Key resource personnel for the project/ service.
- xx. SMWallet Provider shall be responsible for getting the testing done before launch.
- xxi. SMWallet Provider shall be responsible for Business Operations including business analysis
- xxii. SMWallet Provider shall be responsible for Complying with all Legal requirements relating to Operation of SM-Wallet services as per RBI/ Govt. guidelines- implementation part.
- xxiii. SMWallet Provider shall be responsible for Project Management, Project planning, quality control and change management.
- xxiv. SMWallet Provider shall be responsible for operational support including on-going changes to the SM-Wallet user Interface, services management, helpdesk support, local technical support.
- xxv. SMWallet Provider shall be responsible for Local support required for system integration
- xxvi. SMWallet Provider shall be responsible for Bug fixes, SM-Wallet platform maintenance & upgrades
- xxvii. SMWallet Provider shall be responsible for Developing biller community, servicing billing & settlements with third party billers/Merchants.
- xxviii. SMWallet Provider shall be responsible for Changes, up-grades & improvements to the platform
- xxix. SMWallet Provider shall be responsible for proactively manage the customer client application on a day to day basis.

3.2 Performance Bank Guarantee

The SMWallet Provider shall submit a performance bank guarantee of Rs. 20 lakhs to BSNL which shall be valid for the entire duration of 5 years of agreement plus 6 months. BSNL shall reserve the right to encash the PBG in case of violation of terms and conditions of the agreement without prejudice to other rights and remedies available to BSNL.

3.3 Branding

The service shall be co-branded.

4. BSNL's responsibilities:

- i. Interacting with DoT/ TRAI
- ii. Provision of Space, Infrastructure -AC/ power & local connectivity etc.
- iii. BSNL shall provide various short/long codes as per the requirement of the service, however the decision of BSNL shall be final.
- iv. Push SMS capacity as per requirement.
- v. Toll free/ UAN/ any other no. for operation of call center

5. Cost to be borne by each entity (BSNL & SMWallet Provider) on its own :

- i. Travel
- ii. Admin expenses

6. Marketing

- 6.1** SMWallet Provider will market/promote its services at its own cost. The expenses for promotion Campaign(s) and the extent and scope of such media advertisements etc. shall be at the discretion of SMWallet Provider. BSNL will not be liable to pay any cost under any circumstances what so ever.
- 6.3** SMWallet Provider shall mention BSNL's applicable brands in all its promotions specific to the services.
- 6.5** BSNL and SMWallet Provider may work out special promotion schemes etc. on mutually agreed basis. The cost incurred shall be shared in accordance to the respective revenue share and will be adjusted only from the revenue generated from the business.
- 6.6** Necessary Telecom infrastructure for enabling promotion of services through BSNL network shall be provided by BSNL. However the decision of BSNL shall be final.

7. Duration of agreement: 5 years initially and thereafter on mutual negotiations.

8. BSNL Procedure to Proceed with Proposals:

- i. The proposal should be submitted by SMWallet Provider duly signed by authorized signatory to GM (VAS), BSNL Corporate office, Janpath, N.Delhi-110001 after giving a presentation about the proposal.

9. Revenue Share: As the money would be deducted from SMWallet against the purchase of merchandise, BSNL would raise the monthly invoice to SMWallet Provider for desired revenue share as per agreement. BSNL shall pay SMWallet Provider applicable commission for selling BSNL R/C, STV, TOPUPs etc. and postpaid Bill payment as per the rates approved from time to time. No revenue share to BSNL (as business partner) shall be payable on said charges paid by BSNL (as Merchant).

On Customer fees and Merchant Commissions earned from selling third party merchandises like other telecom operators R/c, TOPUPs, STV, DTH R/c, other telecom operator's bill payment, Utility Bill payment etc., through cobranded SM wallet, a revenue share of 65%:35% (SMWallet Provider: BSNL) shall be applicable. However, Before sharing the revenue share, (i)15% of share of BSNL's revenue (i.e. 15% of 35% of top line revenue) on account of spectrum fee/ License fee etc., (ii)Payment Gateway charges would be deducted from topline revenue i.e. Customer fees and Merchant Commissions.

The Payment Gateway charges for load money shall be calculated based on BSNL approved rates for similar arrangements and as amended from time to time.