



## **TERMS OF REFERENCE**

### **CONSULTANCY FOR NATIONAL PAYMENT GATEWAY AND PAYMENT SYSTEMS**

**STATE BANK OF PAKISTAN**

## TERMS OF REFERENCE

### CONSULTANCY FOR NATIONAL PAYMENT GATEWAY AND PAYMENT SYSTEMS

#### 1. Background

The State Bank of Pakistan (SBP) is incorporated under the State Bank of Pakistan Act, 1956, which gives the Bank the authority to function as the central bank of the country. The SBP Act mandates the Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest. Detailed Information on the SBP can be found on the website <http://www.sbp.org.pk/>

In recognition that the payments system is an integral part of the financial system in Pakistan, and is vital for its financial stability, monetary policy implementation and capital markets development, SBP is committed to the safety and efficiency of Pakistan's National Payment System (NPS). SBP is working to develop a modern and robust Payment system as outlined in its Vision 2020.

In order to achieve the strategic objective as outlined in its Vision 2020, the SBP intends to establish a fully integrated national payments processing system, which will:

1. Provide foundation for the development of a range of innovative payment systems and services
2. Accelerate the move towards adoption of Digital payment instruments.
3. Reduce risks in the financial system in line with the Principles of Financial Market Infrastructure (PFMIs).
4. Promote efficiency and convenience, and foster trust, in the NPS for both individual and institutional users.

The SBP in order to achieve the above objectives, intends to hire the services of a reputable and experienced consultancy firm to provide consultancy for the state of art, fully integrated and interoperable National Payment Systems Platform, under the umbrella of World Bank's Financial Inclusion Infrastructure Project (FIIP).

#### 2. Current Infrastructure at SBP

State Bank of Pakistan currently owns and operates Pakistan Real-time Interbank Settlement Mechanism (PRISM) system capable of performing real-time gross settlement for the participating institutions including Banks/MFBs, Development Financial Institutions, Clearinghouses and Payment Systems Operators etc. PRISM Systems also offers the traditional RTGS Systems features such as Intraday Liquidity Facility, Gridlock Resolution and Queuing for interbank payments as well as Government Securities Settlement on Delivery vs Payment functionality.

#### 3. Objective

Consultancy for the National Payment Systems Platform comprising Automated Transfer System (ATS+), covering appropriate architecture to support real time retail as well as wholesale payments as well as settlement and integration of the proposed platform with other payment systems operating in Pakistan where applicable. Project Management for the Implementation of the proposed platform.

#### **4. Scope of Work and Deliverables**

##### **1) Study of existing payment systems landscape in Pakistan**

- Scan the existing Payment Systems Infrastructure in Pakistan and provide recommendations for the improvement in the existing infrastructure.
- Engagement with the potential participants, operator and beneficiaries of the system to establish common understanding and align plan according to the objectives, goals and requirements of ATS+ system under National Payment Strategy.
- Analysis of legal, regulatory and operational environment to identify requirements, constraints and specific action items.
- Recommendations for the adaption of International Messaging Standards i.e. ISO 20022 by the banks and payment systems in Pakistan.
- Identify the innovative payment methods and instruments such as e-money and m-money that can be used to encourage payment digitization.

##### **2) Work plan including benchmark and targets to be achieved i.e. State-of-the-art ATS+ system**

- Prepare an overall framework, design and architecture of ATS+ system infrastructure requirement.
- Develop industry and enterprise architecture of the required ATS + system on an internationally recognized standard.
- Provide complete security architecture of the system.
- Provide specifications, design, scheme and integration of existing platforms with the new system.
- Review and align with the goals and objective for the acquisition and implementation of ATS+ system aligned with National Payment System Strategy.
- Providing benchmarks and critical timelines in the form of a Gantt chart for the project management for the acquisition and implementation of ATS+ system
- Provide detail, testing, assessment and acceptance criteria and plans as per the scope of work.
- Identify technical requirements and develop detail technical design including core, ancillary and integration components (end-to-end)

##### **3) Assist in implementation and provide project management consultancy for project life cycle for installation of State-of-the-art ATS+ system at State Bank of Pakistan.**

- Provide detailed Procurement documents (Such as EOI, RFP/Bidding documents, evaluation criteria, evaluation/comparison reports) as per World Bank and/or SBP's Procurement rules.
- Assist in implementation and provide project management consultancy for the overall governance and supervision of project life cycle. The supervision will be involved in procurement, acquisition and implementation of the system to guide developments, resolve issues and document activities at all stages as per the recommended work plan by the consulting firm.
- Assist SBP in completing the bidding formalities with approval of SBP
- Supervision of the Installation of ATS+ till finalization in light of the scope of work to the satisfaction of SBP Procurement and Technical team
- Assess implementation against the prescribed requirements, criteria and standards and all project development and provide recommendations for the final acceptance and closure of the project.

##### **4) Developing SBP officials' capacity and post-implementation requirements**

- Provide complete history of developments, activities, knowledge, learnings before the end of the combined (and assist in doing so as per requirement).
- Develop SBP officials' functional, technical and operational capacity to manage the ATS+ system in the long run.
- Provide an optimized institutional structure, roles, responsibilities and associated resource requirements to run and manage the system.
- Provide SOPs, support and guideline manuals for all components of the system.
- Provide future strategic recommendations for sustainable development and operations of the system.
- Provide on-site assistance and support during post implementation phase for a period of at least six months.

### 5. Duration and Timelines

The consultancy for National Payment Systems Implementation is expected to start from December 2019. The conclusion of the project will be dependent upon consulting team's project management of the implementation and testing of the SBP-operated payment systems until go-live that is expected not later than February 2022. Expected duration is between 2 to 2.25 years maximum.

### 6. Payment Terms

Sr. #	Deliverables for Consultancy of National Payment Systems Implementation	Timeline	Payment Schedule
1	Prepare an overall framework and design architecture based on use cases for retail and high value payment systems and payment instruments based on best practices and international principles.	90 days from the signing of the contract	15%
2	Develop a work plan including benchmark and targets to be achieved during consultancy.	180 days from the signing of the contract	10%
3	Assist in implementation and provide project management consultancy for project life cycle for installation of State-of-the-art ATS+ systems at State Bank of Pakistan. This includes developing an RFP for the ATS+ and provide consequent project management for the procurement of the same. The deliverables include the following four (4) tranches: <ul style="list-style-type: none"> <li>• Providing technical and business to SBP on IT platforms required for the wholesale, retail and micro payments.</li> <li>• Developing an RFP based on the technical and business recommendations as per World Bank rules</li> <li>• Assist SBP in completing the bidding formalities with approval of SBP</li> <li>• Supervision of the Installation of ATS+ till finalization in light of the scope of work to the satisfaction of SBP Procurement and Technical team</li> </ul>	570 days from the after the work plan has been developed	40% (in four different tranches, 10% each)

4	Develop SBP officials' functional, technical and operational capacity to implement wholesale, retail and micro payment platforms.	60 days from successful installation of ATS+	15%
5	Project Completion Report after satisfactory completion of all deliverables	On project completion/ending	20%
	Total Duration of the Consultancy	810 days (27 months)	

**7. Reporting & Coordination**

The main point of contact for this exercise from SBP will be:

Rajeev Gulrajani  
Assistant Director  
Payment Services Division  
State Bank of Pakistan  
II Chudrigar Road  
Karachi

Tel: +9221-33113449

**8. Ownership of Confidential Information**

The consulting firm would ensure that all the data/ information collected under this consultancy is kept confidential and will be the sole and exclusive property of SBP. The consulting firm will not, acquire any right, title or interest in or to any of the confidential information collected for this consultancy.

\*\*\*\*\*