

TERMS OF REFERENCE: ECOSYSTEM IMPACT AND REGULATORY ANALYSIS OF RNDPS SCHEME

BACKGROUND

Aligned with the Government's vision to boost electronic payment transactions, Rwanda is actively implementing the Rwanda National Digital Payment System (RNDPS) to establish an interoperable retail payment system among financial service providers. This implementation aligns with the RNDPS blueprint adopted by the financial industry in 2018.

The RNDPS is a platform designed to facilitate instant payments in Rwanda. The System operates continuously to enable households, businesses, and government agencies to execute and receive payments in real-time within 10 seconds. The system is accessible to all Payment Service Providers (PSPs), including but not limited to banks, microfinance institutions (MFIs), savings and credit cooperatives (SACCOS), electronic money issuers (EMIs), payment aggregators, and certain direct billers. The platform supports a diverse range of use cases, including P2P, P2B/P2M, P2G, bulk payments from government agencies and businesses. There are also plans to expand the use cases of the RNDPS at the cross-border level.

In May 2022, the first use case was launched, facilitating person-to-person transfers between the two telecom operators in Rwanda, a key priority outlined in the RNDPS blueprint. Subsequently, additional financial institutions joined the platform, enabling seamless transfers for customers across different financial entities.

RSwitch, serving as the Scheme Operator and Manager, is tasked with delivering on this strategic initiative, poised to revolutionize Rwanda's financial ecosystem. To expedite access to financial services, it is crucial to design a reliable, efficient, inclusive platform that provides value for all stakeholders.

The successful implementation of the project relies on several key factors, including a robust infrastructure, an effective business model, and a supportive legal and regulatory framework.

While regulators have collaborated closely with the industry to establish a conducive regulatory environment for Rwanda's payment system, the introduction of the RNDPS requires adaptations to the existing legal and regulatory framework. This creates a need to review and update the framework to enhance efficiency and encourage greater adoption and usage of the RNDPS.

In this context, AfricaNenda is seeking a consultancy service to support RSwitch and the regulator to assess the current legal and regulatory framework for Rwanda's retail payment system, with a particular focus on instant payments, and propose necessary changes.

OBJECTIVES

The primary objective of the assignment is to:

- Perform an in-depth review of the legal and regulatory frameworks and policies governing the retail payment systems, with a specific focus on instant payment transactions in Rwanda.
- Recommend changes to the existing legal and regulatory frameworks and policies to support the efficient and successful implementation of instant payments in Rwanda.
- Examine principles that would guide end user pricing for RNDPS use cases.
- Design a comprehensive and practical roadmap to guide the implementation of the regulatory framework for instant payments in Rwanda.

SCOPE OF WORK

The selected firm will be responsible for the following:

1. Stakeholder Consultations

- Engage with regulators, government institutions, payment service providers, and payment system operators involved in the implementation of the RNDPS to understand their expectations regarding the system.

2. Regulatory Assessment

- Assess the existing legal and regulatory frameworks and policies for retail payments in general with a particular focus on instant payments
- Evaluate the impact of the current legal and regulatory frameworks on retail payments, highlighting challenges faced by key stakeholders.
- Identify the barriers affecting the efficiency and adoption of the RNDPS and propose mitigation strategies.

- Propose general principles and minimum standards for implementing instant payments, aligned with global best practices.
- Propose changes on the current legal and regulatory framework and policies to promote efficient and effective instant payment ecosystem in Rwanda.

3. Assessment of competitive Systems

- Evaluate the impact of other electronic payment systems on RNDPS use cases.
- Review the existing regulatory frameworks and guidelines that govern existing payment platforms such as RIPPS, bilateral arrangements for retail payments in Rwanda, and asses their implications on the RNDPS business model.

4. Impact Analysis

- Assess the economic impact of the proposed legal and regulatory framework on instant payment processing, clearing, and settlement in Rwanda, considering the potential benefits for businesses, consumers, and overall economic growth.

5. Implementation Planning

- Develop a holistic and practical implementation plan for the proposed regulatory framework for instant payments.
- Propose measurable ways to track progress and assess effectiveness of regulatory changes on the success of RNDPS.

DELIVERABLES:

The assignment comprises the following deliverables:

1. **Inception Report**
 - Initial findings, methodology, and work plan.
2. **Situational Analysis Report**
 - Comprehensive analysis of retail payment system and instant payment regulatory frameworks and policies in Rwanda.
3. **Draft Proposal**
 - Proposed changes to the current regulatory framework to support retail payment and instant payments in Rwanda.
 - Proposed cost-reflective tariff structure and usage limits for RNDPS use cases.
4. **Implementation Plan**
 - Detailed roadmap for implementing the regulatory framework for instant payments.

QUALIFICATIONS OF THE CONSULTING FIRM

- Demonstrable expertise in digital payments ecosystems, particularly in interoperable systems.
- Experience in governance frameworks, rulebook development, and regulatory analysis.
- Proven ability to deliver concise, actionable reports under tight timelines.
- Team expertise in global payments, with knowledge of regional interoperability schemes.

EVALUATION CRITERIA

Proposals will be evaluated based on experience, budget, and track record of similar work.

Technical Criteria	
Experience of the Consultancy Firm	Experience of the firm: demonstrate ability to achieve the required levels of quality based on experience in similar assignments.
Quality of Team	Quality of Team Leader: demonstration of domain knowledge
	Quality of the proposed team: skills, knowledge, and expertise of team; capacity to deliver; team structure
Methodology & Approach	Demonstration of approach to TOR and methodology focused on results
	Quality of management systems to deliver and quality assure the work
	Ability to manage stakeholder relations and quality of communications
Workplan	Workplan Detailing Methodology and approach

PROPOSAL SUBMISSION

Interested firms should include the following in their proposals:

- Company profile and relevant experience.
- A detailed approach and methodology for completing the project.
- Key personnel profiles and their roles in the project.
- Timeline and milestones for deliverables.
- Financial proposal, including breakdown of fees.

Interested firms should submit proposals by 29th January 2025 to info@africanenda.org