



**NATIONAL TREASURY & ECONOMIC PLANNING**

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**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE  
RECOVERY (SAFER) PROJECT**

**COMPONENT 3: TECHNICAL ASSISTANCE AND PROJECT  
MANAGEMENT**

**BENEFICIARY – SACCO SOCIETIES REGULATORY AUTHORITY**

**- SACCO CENTRAL KENYA**

**TERMS OF REFERENCE**

**CONSULTANCY TO PROVIDE TECHNICAL SERVICES FOR  
IMPLEMENTATION OF A SACCO SHARED DIGITAL SERVICES  
PLATFORM FOR SACCO CENTRAL KENYA**

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**March 2025**

## 1.0 INTRODUCTION

### 1.1 Project

The Supporting Access to Finance and Enterprise Recovery (SAFER) project aims to increase access to financial services, enhance the capabilities, and support the post Covid-19 recovery of Micro, Small and Medium, Enterprises (MSMEs) in Kenya. The project seeks to address market failures in providing finance to MSMEs, which were exacerbated by the negative impact of COVID-19.

SAFER comprises the following components:

- a) **Innovation and Liquidity Support to MSMEs**
  - (i) Sub-Component 1(a): Liquidity support to microenterprises through digital channels
  - (ii) Sub-Component 1(b): Liquidity support to MSMEs through SACCOs and Micro Finance Banks (MFBs)
- b) **De-risking Lending to MSMEs**
  - (i) Support the setup of a partial Credit Guarantee Scheme (CGS) Company
    - o SGS Company incorporated.
    - o Improved access to finance for formal sector MSMEs by using the CGS and other new and improved financial instruments.
- c) **Technical Assistance to build resilience.**
  - (i) TA assistance to set up CGS company and receivable financing platform.
  - (ii) TA to Participating Financial Institutions (PFIs).
  - (iii) TA to Financial Sector Regulators.
  - (iv) TA to MSMEs

**Sub-Component (iii)** of the SAFER Component 3 focuses on providing technical assistance to build the resilient capacity of the MSME finance ecosystem beyond the project lifecycle.

### 1.2 Overview of SACCO Industry and Effects of COVID-19

The non-bank financial institutions (NBFIs) ecosystem in Kenya is characterized by the presence of both regulated institutions, such as Savings and Credit Cooperatives Societies (SACCOs), microfinance banks (MFBs) and digital lenders (DCPs); and unregulated credit-only microfinance institutions (MFIs), who primarily lend to underserved market segments including the MSMEs. While commercial banks have a significant share, the loans and deposits held by the SACCOs are from the household and MSEs segment as they do not serve government and corporate firm(s).

Over the years of implementing the SACCO Societies Act and Regulations, SASRA has observed that the opening and operating of new branches, ATM and mobile phone-based services, and other physical places of business is a capital-intensive venture that many SACCOs, especially the smaller ones are unable to undertake. Yet, these SACCOs are still expected to effectively meet the financial needs of their membership in diverse locations of the country.

Similarly, the costs associated with the acquisition and implementation of effective MIS, internal and external auditing services, and back-up services for critical records in compliance with the law, has been a challenge to many SACCOs due to the huge capital outlays and maintenance or professional fees involved.

In addition, the costs of the technical expertise required to operate such MIS, together with the associated

ICT infrastructural requirements also remain out of reach for many DT-SACCOs, particularly those in far-flung geographical locations of the country. These challenges were emphasized by a research study commissioned in 2018 by the Authority, and financed by the Financial Sector Support Project (FSSP), to determine the feasibility and viability of establishing and operationalizing SACCO shared services model in Kenya.

Despite having financial resources for good IT systems, the larger SACCOs also face challenges of their own. One such challenge is cyber security which has proved too complex and expensive to tackle. In addition, failure to integrate to the formal national financial ecosystem has made SACCOs uncompetitive and unable to attract transactional accounts. Few consumers in Kenya rely on SACCOs as their sole financial institution or as a place to put transactional savings as they desire ready access to their funds. This has led SACCOs to rely on banks and third parties for integration to the National Payments System (NPS) through arrangements that are unfavourable and expensive to SACCO members.

During the COVID-19 pandemic different SACCOs were affected differently based on their business models. Notably, SACCOs that trace their roots in the public sector and stable private industry firm(s), demonstrated greater resilience due to sustained liquidity from their members, most of whom have stable earnings from employment. SACCOs in general also benefited from the fiscal measures put forth by the Government at the height of COVID-19 pandemic to cushion household and enterprises.

This, while not different from banking industry, raises critical questions on the future of the hundreds of small and community SACCOs that are seeking to meet the financial services needs of members who are generally micro and small entrepreneurs, employees of small and medium size enterprises/organisations and often includes small-holder farmers spread across the urban and rural Kenya.

The evolving situation in the SACCO industry is a source of concern both from a regulatory and business sustainability perspective. Additionally, the Kenyan financial services industry is advancing its digital evolution with new non-traditional financial service providers joining the space. This has introduced stiff competition to SACCOs beyond the usual Banks, Microfinance and informal lending schemes. SACCOs must respond to the digital finance revolution if they are to guarantee their future but face many constraints. These constraints range from low investment in technology and in IT functions, lack of liquidity support and exclusion from national and international payment systems.

Consequently, from the study undertaken on the feasibility of a SACCO shared services framework and based on benchmarks from other jurisdictions, it was recommended that, for SACCOs to tackle the challenges expressed above, there was a need for them to come together and cooperate in solving the challenges. The viable solution recommended was for SACCOs to establish a secondary Co-operative as a special purpose vehicle to solve the challenges of technology, liquidity management and national payments integration. The Secondary Co-operative will provide SACCOs an opportunity to modernize the way they conduct and manage their business and leverage technology to enhance capabilities and drive economies of scale to ensure affordable digital financial services for members through the participating SACCOs. The Secondary Co-operative will be modelled similar to the Payment System Credit Union of America (PSCU) and Central1, Credit Union of Canada.

### **1.3 The SACCO Central Kenya**

The Kenya SACCOs Central Liquidity and Shared Services Co-operative Society Limited (hereinafter referred to as “The SACCO Central Kenya”) is a secondary Co-operative registered in June 2021. The

objects of the SACCO Central are to promote financial stability and competitiveness of member SACCOs by providing Central Liquidity Facility, a Shared Technology Platform, and access to the National Payment System. It is a special purpose vehicle to realize the vision of a shared services hub for the member SACCOs established to explore opportunities to modernize the way SACCOs conduct and manage their business including leveraging technology to enhance capabilities and drive economies of scale to ensure affordable digital financial services for members.

To enable SACCO Central to define its business proposition and implementation roadmap, a business strategy has been completed that sought to help the SACCO Central determine its value proposition, how to deliver the value to, and ensure sustainable business with member SACCOs, SACCO sub-sector, Regulators, and other national and international financial players.

## **1.4 Implementation of SACCO Central Business Strategy**

Initial research and engagements with SACCOs indicated Technology and Central Liquidity as the universal problem that affected SACCOs and needed immediate solution. As outlined in the Business Strategy, the SACCO Central will embark on implementing the SACCO Shared technology platform as a priority, which aims to streamline operations, enhance service delivery and improve data management across all SACCOs. This will be followed by the establishment of a Central Liquidity fund to optimize liquidity across member SACCOs, ensuring financial stability and better resource allocation.

### **1.4.1 The SACCO Shared Services Technology Platform**

The SACCO Central Shared Services Technology Platform will address the technology needs of SACCOs which often struggle to implement state of the art core banking systems. The shared platform will make state-of-the-art technology more affordable and accessible for SACCOs of various sizes. This will enhance efficiency, improve information security and ensure scalability thereby enabling SACCOs to fully realize their potential in promoting financial inclusion. In addition, the shared platform will facilitate better data management and reporting capabilities, empowering SACCOs to make more informed decisions. It will also encourage innovation as it will provide a robust infrastructure that supports the integration of financial solutions. The Technology platform is envisioned to have the following components:

- (i) **Core SACCO Enterprise Software:** This “Core Banking level” engine for member SACCOs and SACCO Central operations automation will offer customer creation & management, accounts, lending, payments, among others.
- (ii) **Payments Switch capability:** This will enable integration into the National Payment system as well as integration to third-party switches to create inter-operability and reduce overall transaction costs. In addition, the payment switch will enable SACCOs to share physical infrastructure (ATMs) and create inter-operability amongst member SACCOs.
- (iii) **Technology Infrastructure:** Cloud based Data Centre and servers to be offered to SACCOs on Infrastructure as a Service (IaaS) basis.
- (iv) **Information Security:** Endpoint and End-to-End security, Continuous threat monitoring and overall Cyber Security.
- (v) **Digital Omni Channels:** Mobile SACCO, SACCO Agency & Internet-based Services

#### 1.4.2 The SACCO Central Liquidity Fund

The development of DT SACCO business to offer demand deposits and transaction accounts similar to those offered by banking institutions has presented new challenges with liquidity and operational risks, both at institutional and industry levels. The SACCO Central Liquidity Fund will serve as a SACCO Industry liquidity management system incorporating elements of the Interbank Money Market and the Liquidity Reserve requirements. This will provide a source of short-term liquidity for SACCOs with temporary shortfalls, an investment avenue for SACCOs with excess liquidity as well as an industry self-regulatory framework to improve overall stability of the co-operative financial system.

The International Credit Union Regulators Network (ICURN) principle on liquidity and funding risks states that Regulated institutions must develop reasonable and prudent liquidity management strategies and contingency plans, including Central Bank Borrowing, standby facilities and/or liquid reserves in a regulated central financial facility, which cover the funding of the institution and the ongoing monitoring of the regulated institution's liquidity/funding position". The SACCO Central will provide a Liquidity management service with the following components:

- i). **Liquidity Reserve Account for meeting settlement shortfalls:** The various payment propositions include participation in the National Payment System (NPS) - to access the RTGS and EFT settlement systems. This necessitates a reserve account in case SACCO Central members fail to meet any payment obligations. SACCO Central will build a reserve account at the Central Liquidity Fund (CLF) to meet the liquidity requirements set by the Central Bank of Kenya (CBK) to participate in the NPS.
- ii). **Inter-SACCO Lending (ISL):** SACCO Central will disintermediate on short term liquidity funding versus investment rates through the ISL. The inter-SACCO lending options offering will include a Central pooling and Bilateral/peer to peer lending.

#### 1.4.3 Participation of SACCOs in the National Payment System and Inter-SACCO Settlements

Financial systems across the world have become increasingly complex with the advancement of technology. This complexity has brought in payment exposure risks and by extension threat to the credibility of the financial systems. To mitigate this threat, Central Banks implement National Payment Systems to minimize payment exposure risks and enhance the safety and efficiency of the Payment Systems.

In Kenya, the development of financial sector infrastructure has become a top priority of the economy and the Government together with the Central Bank of Kenya has been at the forefront to ensure that an efficacious system is developed and maintained to facilitate smooth operations of payment systems and the stability of the financial markets.

Payment instruments include cheques, credit and debit cards, and direct debits, these are pull arrangements initiated by the payee. Then there are a series of push arrangements initiated by the payer. These include RTGS and EFT, including regional RTGS. Payment Service Providers operate e-money services. Transfers from account to account between institutions are provided through switches, sometimes through intermediaries such as Fintechs. These Services are operated through switches which connect institutions to clearing facilities and settlement mechanisms.

The SACCO Industry in Kenya participates indirectly in the National Payment System as it is not part of the automated clearing and Settlement services which are offered by Banking Institutions. Accordingly, for one to participate directly they would require to be either a bank or an institution

authorised by the Minister for Finance in consultation with the Central Bank of Kenya.

Member SACCOs in SACCO Central Kenya have expressed the need to participate directly in the National Payment System as a priority service. Under the current legal and regulatory framework, the supervision and regulations of SACCOs is the mandate of SASRA. Participation in the Payment System may or may not require for the review of the Central Bank of Kenya Act and the National Payment System Act. During this review SACCO Central Kenya will need to adopt to an Institutional Framework that would facilitate SACCOs integration with the CBK and Banking Sector Payment Clearing and Settlement System Infrastructure. In addition, SASRA will be required to engage with the Competition Authority of Kenya to agree on compliance with the provisions of the Competition Act.

## **1.5 SACCO Central Kenya Technical Support Services**

As of today, SACCO Central Kenya is a registered entity with a fully constituted Board of Directors, working group members from the participating SACCOs and is soon on-boarding staff. Additionally, it is worth noting that for the first 18-36 months, SACCO Central Kenya will be on project mode putting together the technology platform and necessary internal policies and procedures that will enable it to function. It is on this basis that the SACCO Central Kenya seeks the services of a consultancy firm(s) to support its implementation of the three-year business objectives.

The main responsibilities of the Consulting firm(s) will be to provide key officers with technical skills who shall work closely with SASRA, SACCO Central Kenya Board, Staff and member SACCOs' Working Groups to prepare comprehensive action plans, including resources, timeframes and budgets for the ICT platform and supporting activities. These Terms of Reference (TORs) outline the roles, qualifications and experience of the required Consulting firm(s) to support the SACCO Central.

## **2.0 SERVICES TO BE RENDERED**

### **2.1 Objectives**

The main objectives of the consultancy are as follows:

- i. To Support the SACCO Central Kenya to implement a robust, secure and fit-for-purpose SACCO Shared technology platform as proposed in the SACCO Central Kenya Business plan and relevant feasibility study recommendations.
- ii. To assist SACCO Central Kenya to develop a roadmap and seek a direct participation in the national payments system as well as a mechanism for a SACCO Industry instant payment system.
- iii. To support SACCO Central Kenya in the establishment and operationalization of the business services and the Central Liquidity facility in accordance with the business plan.

### **2.2 Scope of the Work**

#### **2.2.1 SACCO Central Kenya Participation in The National Payment System and Inter SACCO Instant Payment Services**

- a) Prepare a roadmap for SACCO Central participation in the National Payments System based on the business strategy developed. This will include:
  - i. Outline the mechanism for the participation of the SACCO industry/SACCO central in the national payment system while detailing proposed timelines for integration.
  - ii. Performing a detailed economic analysis to quantify the benefits of SACCO Central's participation for both the institution and the broader financial system.

- Assessing potential cost savings, efficiency gains, and revenue opportunities for the SACCO sub-sector including impact on the final beneficiaries with an emphasis towards SMEs and entrepreneurs involved in productive economic activities.
- iii. Identifying and assessing potential risks associated with direct participation in the National Payment System with a clear risk mitigation strategy to address identified risks
- b) Engagement Strategy Development through Stakeholder mapping
- i. Formulating a comprehensive engagement plan, outlining strategies and tactics for effective communication and negotiation with each stakeholder.
  - ii. Coordinate advocacy and lobbying efforts to build support for SACCO Central's admission among key stakeholders.
  - iii. Organize and participate in meetings, workshops, and consultations with stakeholders.
  - iv. Develop a robust communication strategy to keep stakeholders informed and engaged throughout the admission process.
  - v. Foster positive relationships with key stakeholders through regular interactions and updates.
  - vi. Address concerns and feedback promptly to build trust and credibility.
  - vii. Provide training and capacity-building support to SACCO Central inception team, Board and stakeholders to ensure they are well-prepared for direct participation in the National Payment System.
  - viii. Support the SACCO Central Kenya in ensuring continuous stakeholder management and strong communication with partners such as payments infrastructure service providers, member SACCOs technology providers and system integrators.
- c) Documentation Support through preparation and submission of the application for direct participation through ensuring all required documentation is complete, accurate, and aligned with regulatory requirements. This will include:
- i. Developing detailed process documentation outlining the steps and procedures for SACCO Central's admission and ongoing participation.
  - ii. Drafting and refining responses to queries and requests for additional information from regulators.
  - iii. Preparation and presentation of the SACCO Central Kenya payment implementation roadmap to Central Bank of Kenya and The National Treasury for necessary policy reforms to support the SACCO Central Kenya National Payment participation.
  - iv. Prepare presentations and reports for regulatory review and approval.
- d) Operationalization of National Payments System and Inter SACCO Instant Payments
- i. Explore the trends and needs within the payment industry and identify areas where SACCO Central Kenya can play a pivotal role on behalf of its member SACCOs.
  - ii. Develop the project documents to support Instant Payment Systems implementation and pre-project technical advice to SACCO Central Kenya member SACCOs and other stakeholders.
  - iii. Advise and offer technical inputs in the design of use-cases (P2P, P2B, G2P and CICO payments) for real time payment systems and SACCO-to-SACCO Payments.
  - iv. Document technical input on technological and regulatory specification for SACCOs and Fintech providers' integration to real time payment systems and create guides for interoperability integration.
  - v. Assessment, identification and development of the payments technical solution system

- architecture.
- vi. Assist in drafting real time payment scheme rules within SACCO Central Kenya and harmonization with other payment scheme rules approved by the Central Bank of Kenya.
- vii. Develop the project documents to support Instant Payment Systems implementation and pre-project technical advice to SACCO Central Kenya member SACCOs and other stakeholders.
- viii. Support the SACCO Central Kenya and SASRA in liaising with regulatory authorities and other relevant stakeholders in formulating standards meant to guide member SACCOs, Fintechs integration and open APIs.
- ix. Identification of all critical policy, organizational, staffing and training issues to support payment services within SACCO Central.
- e) Knowledge Transfer and Capacity Building through workshops and training sessions. This activity will include:
  - i. Conducting of workshops and training sessions for the SACCO Central Kenya staff and other relevant staff on the National Payment System, KEPSS on-boarding, KEPSS operating rules and other regulatory requirements.
  - ii. Provide ongoing support and guidance to the SACCO Central Kenya staff throughout the admission process.
  - iii. Offer expert advice on emerging issues, challenges, and best practices to ensure the successful completion of the admission process.

### **2.2.2 Business Development and Central Liquidity Services**

- a) Formulate and implement business strategies that align with SACCO Central's Kenya goals and objectives as guided by the business strategic plan and the SACCO Central Board.
- b) Develop and implement a fully functional CLF Operational Model:
  - i. Review and benchmark best practices from Interbank Money Markets and similar industry systems.
  - ii. Design and implement robust liquidity management systems and processes.
  - iii. Ensure compliance with industry standards and regulations.
- c) On-board SACCOs into the various SACCO Central Kenya Use Cases and continuously improve the Use Cases (at product level) based on market feedback.
  - i. Package the various technology and payments use cases into product propositions that will be attractive to SACCOs.
  - ii. Develop detailed product features, pricing schedules, terms, conditions, and product guidelines for each use case.
  - iii. Facilitate product negotiations with member SACCOs to finalize pricing, terms, conditions, and dispute resolution guidelines.
- d) Support the execution of Central Liquidity Operational Framework:
  - i. Establish an appropriate SACCO Central Kenya liquidity risk management program
  - ii. Identify primary and contingent funding sources needed to meet daily operations, as well as seasonal and cyclical cash flow fluctuations.
  - iii. Establish a funding structure commensurate with the SACCO Central's risk profile for



new and ongoing liquidity needs.

- iv. Establish procedures for measuring and monitoring liquidity. Procedures generally include static measurements and cash flow projections that forecast base case and a range of stress scenarios.
  - v. Ensure liquidity management strategies are consistent with the board's expressed risk tolerance.
  - vi. Develop a method of computing the SACCO Central's cost of funds
  - vii. Identify the type and mix of permitted investments pooled fund
  - viii. Ensure sufficient resources are available to meet contingent liquidity needs.
  - ix. Make appropriate plans for potential stress events and effective internal controls and independent reviews to minimise their effects.
  - x. Draft relevant policies, procedures and rules for effective liquidity management for the SACCO Central.
  - xi. Convey the board's risk tolerance by establishing target liquidity ratios and parameters under various time periods and scenarios; and include a contingency funding plan (CFP) that identifies alternate funding sources if liquidity projections are incorrect, or a liquidity crisis arises and describes potential stress scenarios.
  - xii. Align the operational framework with industry standards to support effective operations and service delivery.
- e) Support in the development of SACCO-facing Operating Guidelines:
- i. Participate in the development of standards and procedures for on-boarding new SACCOs joining SACCO Central, Payments Scheme Rules for SACCO-to-SACCO payments, Inter SACCO Lending operations, Liquidity Reserve Account operations, and a Dispute Resolution Framework.
  - ii. Ensure guidelines are clear, comprehensive, and facilitate seamless operations.
  - iii. Develop pricing and fee structures, fee sharing and transfer pricing arrangements with third-parties where necessary.
- f) Support SACCO Central Kenya staff with on-boarding the Initial/Pilot SACCOs per use case:
- i. Assist with the on-boarding of initial/pilot SACCOs to test and validate the operational framework and guidelines.
  - ii. Provide hands-on support and troubleshooting to ensure successful integration and operation.
- g) Provide Additional Support to the SACCO Central Kenya staff:
- i. Support additional initiatives as directed by SACCO Central Kenya or SASRA
  - ii. Coordination between internal teams and external member SACCOs/payment gateways, networks for business, commercial, compliance and legal requirements.
  - iii. Generate regular reports on business performance, market trends, and strategic initiatives for senior management and stakeholders.
  - iv. Collaborate with tech teams to ensure business strategies are supported by technological capabilities.

- v. Drive market awareness of SACCO Central Kenya offerings and continuously train SACCO staff upon on-boarding to the various Use Cases.

### 2.2.3 Shared Technology Platform Acquisition and Implementation Services

- a) Review and update previous ICT requirements based on technological advancements and new SACCO needs such as NWDT SACCOs, Diaspora and Digital SACCOs. The review will include but not be limited to:
  - i. Additional technical and business services/resources necessary for the SACCO Shared Technology Platform.
  - ii. New user application requirements and specifications, including interconnectivity with additional financial sector players, based on subscribing to SACCO's unique needs.
  - iii. Review and update the regulated SACCOs' TO-BE business process map in readiness for the SACCO Shared Technology Platform.
  - iv. Review and update the technical and functional specifications for all the technology components based on the design to be implemented in the SACCO Shared Technology Platform, ensuring compliance with cyber security standards.
  - v. Review and update the infrastructure requirements (including Data Centres, Hyper Converge Infrastructure, Software Defined Network, and Zero Trust Security framework) based on recent technology advancements required to implement the recommended SACCO Shared technology solution.
  - vi. Review and update the staffing structure and skill set required to effectively utilize and administer the proposed SACCO Shared Technology Platform. Prepare staggered staffing plans and capacity building for SACCO Central Kenya based on their needs. Guide the staff hiring based on the staffing plan and SACCO Central Kenya objectives.
- b) Review, update and execute the strategy and detailed roadmap for the SACCO Shared Technology Platform implementation and operationalization:
  - i. The strategy should include setup options such as at SACCO Central Kenya premises or third-party in county locations, possible models for components acquisition such as outright purchase and software/infrastructure as a service.
  - ii. Develop and execute ICT Strategies and related ICT standards in support of and to enable SACCO Central Kenya business strategy.
  - iii. Conduct member SACCO readiness assessments.
  - iv. Design, develop, implement and coordinate systems, policies and procedures.
  - v. Establish, measure, and define IT goals and maintain an IT roadmap for the SACCO Central.
  - vi. Developing, updating and implementing the SACCO Central's IT policy and best practice manuals.
- c) Support in preparation of the Tender / RFP documentation for the SACCO Shared Technology Platform implementation and operationalization.
- d) In coordination with SACCO Central Technical Working Group, the consultant will provide after-care implementation support to SACCO Central and SASRA on the implemented digital platform.

- e) Provide Change Management and Project Management Services to SACCO Central Kenya while on-boarding various SACCOs to the SACCO Shared Technology Platform:
- i. Prepare a detailed service offering on-boarding plan.
  - ii. Oversee the technical aspects of the ICT platform and guiding SACCO Central Kenya team and vendors in technical matters and supervising the ICT platform implementation and support.
  - iii. Attend requirement validation workshops scheduled by vendors to confirm(s) business requirements, technical specifications, interface requirements and schematics.
  - iv. In collaboration with vendors, participate in the implementation and roll out of the new infrastructure (including coordination of the adaptation of procedures and systems with member SACCOs).
  - v. Oversee installation and configuration of hardware, operating systems and applications.
  - vi. Oversee the set up and on-boarding of new SACCO accounts and profiles and manage their access.
  - vii. Ensure the vendors provide complete documentation and manuals for all technology components, including sufficient warranty and appropriate maintenance provisions
  - viii. Guide and oversee on-boarding and deployment of various technology services subscribed to by SACCOs
  - ix. Provide subscribed services on-boarding and deployment status reports to SACCO Central Kenya Board.
  - x. Assist in setting up and institutionalizing management practices such as Information Technology Service Management.
  - xi. Provide Vendor Management services by coordinating the service delivery of the various technology partners.
  - xii. Coordinate and where necessary perform maintenance of essential ICT platform infrastructure, including operating systems, security tools, applications, servers, email systems, laptops, desktops, software, and hardware.
  - xiii. Keep the ICT platform running smoothly and ensure users get the maximum benefit from them.
  - xiv. Set up mechanisms to ensure the platform runs smoothly and ensure users get the maximum benefit from them.
  - xv. Set up mechanisms for maintaining the platform systems, software and networks, resolving technical problems whilst coordinating with outsourced services contract to vendors.
  - xvi. Plan and ensure adequate training and operational support for all procured SACCO Shared technology platform components.
  - xvii. Undertake a Post-Implementation Review: At the end of the consultancy period, conduct an assessment of the implementation of the various SACCO Shared Technology Platform components and on-boarding of the services offerings by SACCOs including:

- xviii. Monitor and analyze the success of the SACCO Central's ICT Platform initiatives and projects including any future or new technologies and tools required.
- xix. Document lessons learnt
- xx. Recommend areas and improvement and additional services/technology solutions requirements.

### 2.3 Expected Deliverables and Payment Schedule

These deliverables will be submitted with a supporting deliverables acceptance certificate to the Chairperson, SACCO Central Board or a designated member of senior management. A copy shall also be delivered to the CEO, SASRA and the SAFER Project Implementation Unit (PIU) at the National Treasury. The Consultant shall provide the following substantive deliverables during the period of the assignment:

1. **A detailed inception report** including a detailed work plan with methodology and timelines of delivering functional Shared technology, Central liquidity and payments system.
2. **Updated SACCO Shared Technology Platform Requirements report:** The report should contain updated SACCO Business process maps (TO-BE process maps, updated Technical and Functional requirements for the various technology components, procedures and processes to be automated. The report should also detail the required updated infrastructure requirements including Data Centres, Hyper Converge Infrastructure, Software Defined Network, Zero Trust Security framework) requirements as guided by the architecture developed in milestone item no. 2 above. It should also include updated automation requirements for the SACCO internal processes and operations
3. **Input to the Proposal (RFP) documents:** The updated RFP should include Draft technical specifications and bill of materials, Draft functional requirements, develop cost estimates, define delivery timelines, Develop procurement plan, Draft request for bids and Draft evaluation criteria
4. **A roadmap** outlining the rationale and business case and steps for SACCO Central's direct participation in the National Payment System which includes analysis of national interest, financial inclusion benefits, alignment with regulatory frameworks and stakeholder engagement.
5. **Use Case Implementation Plan:** A comprehensive plan for converting use cases into products, including detailed product features, pricing strategies, terms, conditions, guidelines, and a summary of negotiations and final product details.
6. **Payment system architecture assessment report:** for the National Payments System integration and SACCO-to- SACCO payments including scheme rules. These are sequence of payment processing actions that securely transfer funds between a payer and a payee. Typically, it involves the authorization, verification, and settlement of transactions through electronic payment systems.
7. **Central Liquidity facility management rules,** Liquidity Policies and Procedures, Investment Policies and Procedures.
8. Support SACCO Central on implementation of SACCO Shared technology platform
9. **An operational liquidity management facility** ready for member SACCO on-boarding
10. **Periodic Progress/Milestone reports** based on the agreed vendor (contracted) milestones on

implementation of the Shared technology platform, Liquidity management and payments system.

11. **Completion report** on the successful setup, configuration and commissioning of the various SACCO Shared Technology Platform components.

<b>Deliverable</b>	<b>Payment Milestone (%)</b>	<b>Timeline</b>
Inception Report	20%	Month 1
Payment system architecture assessment report, for SACCO Central's participation / integration in the National Payments System, SACCO-to-SACCO payments, including scheme rules; Central Liquidity Facility assessment report including management rules, Liquidity Policies and Procedures, Investment Policies and Procedures; Updated SACCO Shared Technology Platform Requirements report; Input to the Tender (RFP) documents for system including Shared Services Platform, NPS integration and CLF, as shall be determined by SACCO Central and SASRA	50%	Month 6
Periodic and Completion report on the setup, configuration and commissioning of all SACCO Shared Technology Platform components	30%	Month 12 <i>(Subject to the timelines of the platform procurement)</i>

## 2.4 Reporting Requirements

The consultant will report directly to the SACCO Central Kenya Board of Directors, and consult with Chief Executive Officer, SASRA and the SAFER PIU.

## 2.5 Duration of Assignment

The consultancy is expected to be carried out over a period of twelve (12) months with input from the various experts as follows:

- a) Payments System Experts - Six (6) Months
- b) Business Development and Central Liquidity Experts – Six (6) Months
- c) Technology Experts – Twelve (12) Months

## 2.6 Counterpart Resources

The project sponsor (SASRA) and the SACCO Central Kenya will make available the physical facilities like office space and equipment for consultants.

### 3.0 QUALIFICATIONS OF THE CONSULTING FIRM(S)

The consultancy should preferably be conducted by a consulting firm or consortium (in Joint Venture) with combined experience gained from providing similar consultancy work in a financial services firm within the Banking or SACCO sub-sector, within the last 5 years.

The consulting firm(s) must have relevant work experience of at least 10 years in the area of ICT, Business Development, Operations and Strategy and Payment Systems.

The consulting firm(s) should demonstrate availability of experts with experience to facilitate on-boarding onto the National Payment System, change management, knowledge of regulatory frameworks and policy development relevant to Payments System, SWIFT membership rules and payments standards; business conceptualization development, and implementation, knowledge and previous exposure to liquidity management in deposit-taking financial institutions and an understanding of the interbank money market, including its fundamental design elements and day- to-day operations.

Should demonstrate experience and competences within the Kenya financial services sector and the Eastern Africa region in core Banking/SACCO/Microfinance Systems design, development, and implementation.

The consulting firm(s) shall provide a team of experts made up of:

- a) **Payments System Experts** (minimum two experts) with the following qualifications:
  - i). Degree in Information and Communication Technology, Engineering, Banking, Business Management, or related field.
  - ii). A senior Consultant with at least 10 years' demonstrable experience in overseeing and supporting policy development, and operational expertise to support the on-boarding of SACCO Central to the national payment system.
  - iii). Strong knowledge of Financial Markets Infrastructure, with a minimum of 5 years' experience.
  - iv). At least 5 years' experience working with banks payment system, payment aggregators and open payment system vendors on National Instant Payment Systems with added focus on regulation of new (Fintech related) technologies and innovation.
  - v). Be experienced in the day-to-day operations of a payments system or national payments systems. Experience with KEPSS will be an added advantage.
  - vi). Must have in-depth knowledge of latest RTGS systems and its components - In-depth knowledge of Payment Systems in developed and developing countries.
  - vii). Have experience in large project management of national or industry scale
  - viii). Should demonstrate a deep understanding of payment system architectures, including clearing and settlement mechanisms, transaction processing, and payment methods (e.g., mobile payments, card payments, digital wallets).
  - ix). Should demonstrate having familiarity with the broader financial services industry landscape, including trends, challenges, and opportunities in payment systems and digital banking.
  - x). In addition, the team would be expected to possess expertise in Mobile Banking and Banking/SACCO Agency Systems and digital lending.
  - xi). Project Planning skills with strong ability to define project scope, objectives, deliverables, and timelines in collaboration with stakeholders. Added advantage if candidate has consulting skills and ability to carry out feasibility studies and gap analysis assessments.
  - xii). Track record in facilitating discussions or understanding rules and standards that determine how a payment system is governed, managed, and operated.

- xiii). Demonstrated experience in developing and implementing projects/programs in the payment ecosystem, and around digital payments.
  - xiv). Previous working experience in at least one African market or region is required.
  - xv). Ability to translate complex technical ideas to a non-technical audience both verbally and in writing.
  - xvi). Excellent English, writing and presentation skills.
  - xvii). Experience working with infrastructure service providers and payment systems at a National or regional level.
- b) **Business Development and Central Liquidity Experts** (minimum two experts) with the following qualifications:
- i). Bachelor's degree in business administration, finance, economics, computer science, information technology, or a related field. A master's degree or an MBA is preferred.
  - ii). Possession of accounting qualification (CPA, ACCA, CFA) will be an added advantage
  - iii). Minimum of 10 years of experience in business development, strategy, or a related role within the Banking, Microfinance or SACCO industry.
  - iv). Be familiar with the workings of deposit-taking institutions and with demonstrated working knowledge of the Commercial Banking and SACCO business model and operation in Kenya.
  - v). Experience in working with industry players to achieve consensus in national-level industry-wide initiatives will be an added advantage.
  - vi). Have at least 5 years' experience at senior level in banking operations, including business development, credit management, marketing and treasury management.
  - vii). Have knowledge of liquidity management and fund management in deposit-taking financial institutions and the interbank money market, including its fundamental design elements and day-to-day operations.
  - viii). Experience and competencies in financial services / money market product development including product pricing, revenue share structures, development of operating procedures, and financial management, including transaction reconciliation frameworks will be an added advantage.
  - ix). Strong analytical, strategic planning, leadership, and communication skills. Proficiency in market analysis, financial management, and negotiation.
- c) **Technology Experts** (minimum three Experts) with the following qualifications:
- i). A minimum of a bachelor's degree in a relevant field such as computer science, information technology, software engineering, systems engineering, or a related discipline.
  - ii). Demonstrable experience in implementing IT systems for financial services institutions including regulators, deposit-taking institutions SACCOs or Credit Unions, Cooperative/Community Banks, Banks, Micro Finance Institutions (MFIs) or similar financial institutions
  - iii). Experience in project and change management, business process reengineering with knowledge of the review and alignment of IT with core business objectives.

- iv). Experience in systems analysis, design and implementation.
- v). Experience in SACCOs/Banking/Microfinance in areas of IT and business process analysis, Mobile Banking and Agency Systems, Digital Credit and Data Analytics, Suitable IT hardware, software and networking and User training.
- vi). Knowledge and Experience in payments systems, digital finance, card systems and payments settlement.
- vii). Certification in Project Management – Prince 2 Practitioner or PMP. Certification in Agile Project management will be an added advantage.
- viii). Knowledge and experience in system security standards (ISO 27000, NIST, PCI DSS, ISO 27000, NIST, PCI DSS).
- ix). Knowledge of IT Service Management and Governance Standards (COBIT, ITIL, ISO/IEC 20000-1).
- x). Experience and working knowledge of Core Banking systems. Proficiency in systems design and development, network design and protocols
- xi). Knowledge of programming languages (e.g., Java, C++, Python) and scripting languages will be beneficial.
- xii). Understanding of systems architecture principles and methodologies.
- xiii). Knowledge of database design and management, including SQL and NoSQL databases.
- xiv). Strong analytical and problem-solving skills to design effective systems and troubleshoot issues.
- xv). Excellent written and verbal communication skills to interact with stakeholders and convey complex technical information clearly.
- xvi). Knowledge of project management principles and methodologies is beneficial, as systems designers often work closely with project managers.
- xvii). Ability to create detailed documentation for systems designs, including specifications, diagrams, and manuals.
- xviii). Understanding of cybersecurity principles and best practices to ensure systems are secure and compliant with regulations.