

ANNOUNCEMENT

ABOUT THE CLARIFICATION OF THE INVITATION NR. 3

Public tender with the code "CBA-2024-018" for the selection of an organization for provision of transaction advisory services for the modernization of its real-time gross settlement (RTGS) system (called the electronic payment system (EPS)) for the needs of the Central Bank of the Republic of Armenia

The Central Bank of the Republic of Armenia presents below the questions and clarifications dated 12.07.2024 regarding the invitation to the procurement procedure with the code "CBA-2024-018" organized for provision of transaction advisory services for the modernization of its real-time gross settlement (RTGS) system for the needs of the Central Bank of RA.

1. QUESTION FOR CLARIFICATION

Regarding the required experience ("The bidder must provide references for similar projects completed within the past 5 (five) years, including client contact information.") - will the experience of the bidder's subcontractors (partners) be taken into account as a satisfied criteria or it has to be the experience of the bidder?

CLARIFICATION

It has to be the experience of the bidder.

2. QUESTION FOR CLARIFICATION

Different vendors have different solutions with RTGS systems often being the foundation to the IPS modules. Is being considered pure RTGS or a hybrid RTGS/ISP system? Is there ACH or IPS already in place?

CLARIFICATION

Looking forward to the applicant's advice. There is no ACH nor IPS in place.

3. QUESTION FOR CLARIFICATION

What are the operating hours of the current RTGS system?

CLARIFICATION

The hours are 9:30-16:00.

4. QUESTION FOR CLARIFICATION

What is the current RTGS system reference architecture? Can you share with us high-level system architecture / blueprint (e.g., its integration with other payment schemes and banks / foreign payment schemes)?

CLARIFICATION

The current system consists of three components: a messaging system, a settlement module, and a proprietary network. Each participant in the system has a messaging terminal through which it communicates with the RTGS system. A separate SWIFT module is integrated with the settlement

engine to conduct CB's international operations. The RTGS system, per se, is not integrated with any foreign payment schemes.

5. QUESTION FOR CLARIFICATION

Is EPS integrated with other major global payment systems? If yes, which ones? If not, do you plan to integrate?

CLARIFICATION

For the first part, please refer to the answer to question 4. The integration with a foreign payment system falls within the realm of payment policy. The actual initiative aims to address any technical bottlenecks that may arise if such a policy decision is made.

6. QUESTION FOR CLARIFICATION

Is there any feedback from banks regarding the current RTGS system?

CLARIFICATION

Communications with system participants highlighted the need for an up-to-date monitoring and management system. This includes dedicated accounts, a queuing mechanism, a prioritization mechanism, API integrations, and transaction tracking functionality. Importantly, the extension of operating hours was raised by the majority of interviewees; however, this issue is primarily related to policy decisions rather than technology.

7. QUESTION FOR CLARIFICATION

Who are the key RTGS participants to engage for feedback on current system challenges and desired features, and is there an existing protocol / desired format for this interaction? (e.g. survey / workshop, etc.).

CLARIFICATION

All participants, including commercial banks, the government, the Armenia Securities Exchange, and ancillary systems such as ArCa and Stak, can provide useful insights regarding RTGS issues. There are no limitations on the communication method. Any method found effective can be applied.

8. QUESTION FOR CLARIFICATION

Can you list the financial initiatives and systems that the existing RTGS is currently intertwined with, and which are the most critical integration points to consider for potential bottlenecks?

CLARIFICATION

Critical integration points:

1. Central bank general ledger,
2. Commercial bank systems,
3. Proprietary communication system,
4. Ancillary retail payment systems,
5. Security settlement system,
6. Repo system.

9. QUESTION FOR CLARIFICATION

Does the current RTGS system entail liquidity saving mechanisms for banks?

CLARIFICATION

There is no LSM in place.

10. QUESTION FOR CLARIFICATION

Do you have the possibility to provide APIs to enable real tracking of messages and to enable participants to monitor transactions on a real-time basis?

CLARIFICATION

The current RTGS system does not provide APIs and lacks functionality for tracking messages. Participants can only monitor their account balances by requesting them via a special message. Otherwise, information about balances is sent to participants automatically every five minutes.

11. QUESTION FOR CLARIFICATION

Which value added services does the current RTGS has? E.g., in the RFP it is mentioned that queueing and billing mechanisms are not supported.

CLARIFICATION

Only the monitoring possibilities mentioned in the answer to question 10 can be noted as a value-added service.

12. QUESTION FOR CLARIFICATION

Do you have robust collateral management in place to allow banks to execute transactions in markets or instruments that are illiquid?

CLARIFICATION

The following systems are integrated for provision of intraday liquidity in the form of intraday repo.

1. Repo system operated by CB RA, where the pools of eligible securities for each commercial bank are maintained and which accepts the bids for initiating repo and intraday repo transactions,
2. SSS (security settlement system) system for government securities operated by CB RA, which maintains the securities accounts and provides the securities settlements, including the transactions between commercial banks securities accounts and central bank repo pooling securities account for government bonds,
3. SSS system for commercial securities operated by Central Depository of Armenia, which maintains the securities accounts and provides the securities settlements, including the transactions between commercial banks securities accounts and central bank repo pooling securities account for commercial bonds,
4. 'Operational day' system operated by CB RA, which maintains the settlement accounts for RTGS system participants, and which automatically credits the commercial banks' settlement accounts based on electronic instruction from Repo system.
5. Currently there is no automatic provision of intraday repo liquidity – participant bank must monitor its settlement account balance and initiate intraday repo transaction if needed extra liquidity.

13. QUESTION FOR CLARIFICATION

Several limitations of the RTGS system were mentioned. For example,

1. Lack of flexibility. What are key issues with flexibility and what does this issue limit?
2. What are the key limitations of the current messaging system?

CLARIFICATION

1. The limitations stem from the RTGS being hardcoded in the general ledger. Any incremental change requires revisiting the entire system.
2. The lack of throughput scalability, as well as challenges while migrating to data-rich formats, can be mentioned as the main limitations of the current messaging system.

14. QUESTION FOR CLARIFICATION

What are the key future developments that CBA aims to enable / integrate with the modernized RTGS system?

CLARIFICATION

Looking forward to applicant's advice.

15. QUESTION FOR CLARIFICATION

Should this RTGS modernization be dealt with as a completely new product or an update on the existing EPS?

If the latter, what are the limitations on maintaining legacy system?

CLARIFICATION

Looking forward to applicant's advice.

16. QUESTION FOR CLARIFICATION

Outline any digital economy needs RTGS modernization is looking to address?



CLARIFICATION

Digital transactions, etc.

17. QUESTION FOR CLARIFICATION

What is the target operating hours of the modernized RTGS system?

CLARIFICATION

There are no target operating hours defined.

18. QUESTION FOR CLARIFICATION

If CBA decides to implement the RTGS Modernization in-house, would the detailed operating model be needed (e.g., hiring requirements, Job Descriptions) or only revision of organizational structure is in scope?

CLARIFICATION

In the case of in-house implementation, a detailed operating model would be needed.

19. QUESTION FOR CLARIFICATION

Is there a minimum number of Banks that would be required to be consulted for the RTGS design?

CLARIFICATION

There are no limitations regarding the number and type of system participants to be consulted with during the project.

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