



Terms of Reference

Digital ID and Electronic Know Your Customer (eKYC) Specialist

February 2025

Prepared by FinMark Trust

1. About FinMark Trust

FinMark Trust (FMT) is an independent trust whose purpose is to make financial markets work for the poor by promoting financial inclusion and regional financial integration. FMT does this by conducting research to identify the systemic constraints that prevents consumers from accessing financial markets, and by advocating for change based on research findings. Thus, FMT has a catalytic role, driven by its purpose to start processes of change that ultimately lead to the development of inclusive financial systems that can benefit all sectors.

2. Background and contextual information

FinMark aims to focus on inclusive finance with real sector outcomes, particularly for women, in South Africa and the SADC region. The core objectives of FMT's financial inclusion programme are to i) support economic growth and the job creation agenda in the region, ii) expand access to basic services, and iii) help secure a sustainable future, while best using the existing and adjacent capabilities of FMT. For the SADC region programming, FMT recognises that South Africa dominates the region's financial sector and economy, contributing a disproportionately larger value of deposits and loans. In addition, the migration of workers, especially men, from across the region to South Africa is significant, leaving many female-headed homes in rural regions of SADC. Workers' remittances, especially from South Africa, have as a result become an important source of domestic resources in the region.

Given these historical and economic links, South Africa can contribute significantly to the economic development of its neighbours through integrating the regional financial system to enable the free flow of capital, trade, and much needed workers' remittances. These cross-border flows are a critical source of income and survival for many small businesses and families who use South Africa as their economic hub across the region.

The SADC Payment System Subcommittee (PSS) was set up to carry out the mandate to coordinate the regional payment strategy in line with institutional arrangements outlined in Annex 6 of the SADC Protocol on Finance and Investment. The PSS plays a role to foster financial sector stability in the SADC region and its current strategy covers the period of 2023 – 2026. One of the focus areas is on fostering financial integrity, and a SADC wide KYC and identity and information sharing framework has been identified as one of the interventions of this focus area. The aim is to reduce regulatory barriers to formal financial services for migrants in the region. This objective falls under Strategic Focus Area 1 (SFA 1), which seeks to foster financial integrity in the SADC region by the harmonisation of anti-money laundering and combating the financing of terrorism (AML/CFT) policies, to address access barriers to digitised payment products and services and leveraging of new technologies in collaboration with financial and non-financial regulatory authorities. The goal is to develop a digital eKYC system to reduce the cost of KYC compliance, enhance efficiency in regional payment systems, and promote financial inclusion for millions currently excluded from formal financial systems in the SADC region. This implies that systems should be in place to virtually onboard customers and facilitate cross border interactions with digitised national ID systems.

The task of developing a proposed framework was assigned to FMT which receives support from the PSS' project office. To achieve the set objective, targets were set leading to 2026 when it is envisioned that the proposed framework will be adopted by SADC member states. The target for 2024 is to generate a report based on outreach engagements with Financial Intelligence Units, Exchange Control, Home Affairs Ministries and others to establish the requirements of these authorities, that will enable a conducive environment for SADC wide KYC and identity and information sharing framework. In pursuit of this, FMT requires the expertise of a digital ID and eKYC expert to support the process of achieving the milestones as described.

3. Scope of work

The specialist will support delivery of two projects namely,

- Diagnostic report based on outreach engagements with Financial Intelligence Units, Exchange Control, Home Affairs Ministries and others to establish the requirements of these authorities that will enable a conducive environment for SADC wide KYC and identity and information sharing frameworks.
- Feasibility report on a centralised KYC registry for the SADC region.

FMT has already started the process of data collection for the two research areas. The Specialist will be onboarded to review the draft report, identify and fill the gaps where necessary. The Specialist will also be required to facilitate training of regulators and FSPs on how digital ID and eKYC fit within the context of the Risk Based Approach to ML/FT/PF rule application. This will require developing training material.

It is expected that the Specialist will be available for a maximum of 20-man days between March and June 2025.

4. Output/ Deliverables

- Complete and sign off on sections in the reports related to digital ID and eKYC as per the two outputs described in the previous section.
- Develop training materials on how digital ID and eKYC fit within the context of the Risk Based Approach to ML/FT/PF rules.
- Facilitate training of regulators and financial service providers on digital ID and eKYC.

5. Proposal/CV Content

Individuals should submit a detailed CV and a financial proposal.

6. Safeguarding

In addressing the Terms of Reference, the selected candidate has the responsibility to i) consider and be aware of potential safeguarding issues, ii) consider the project's potential to integrate gender dimensions, iii) contribute to the advancement of gender equality, and iv) be able to demonstrate due diligence in relation to the protection and safeguarding of children and vulnerable groups, as per strategies designed to support and manage ongoing risk and abuse, exploitation or neglect of participants in this research project.

7. Required skills and qualifications

Applications from interested individuals must provide evidence of the technical capacity to undertake this exercise. This includes capacity to deliver the results in the timeframe provided, as well as some indication of prior experience in coordinating large projects and supporting stakeholder engagements. Individuals /core team members' CVs must be included, as well as a description of any further resources that may be required. Required skills / qualifications include the following:

- College or University degree in Economics, International Trade, Social Science, Development Finance, International Development, or other relevant fields;
- A minimum of ten years of relevant experience in digital technology and its role in financial integrity and financial inclusion is advantageous;
- Demonstrated capacity to apply gender analytical frameworks;
- Excellent computer literacy, including research and report writing skills;
- Personal commitment, efficiency and flexibility, teamwork spirit with the ability to work independently or under minimum supervision; and
- Excellent communication, written and verbal skills **in English is essential.**

8. Selection criteria

Contract selection criteria and award will be made based on the following scoring mechanism:

	Criteria	Weighting
1	Competence and previous experience	30%
2	Knowledge of the Risk Based Approach in financial integrity and the role of digital ID and eKYC	30%
3	Local capacity	10%
4	Budget	30%
	Maximum score	100%

9. Submission and timing

CVs: CVs should be submitted by close of business on **26 February 2025** at 17:00 (SAST) by email to **Tumelo Ramapela, tumelor@finmark.org.za**. The successful bidder will be notified by **7 March 2025**.

Timing: It is envisaged that the project duration will be **4 months** from the date of contract signature.

The selected consultant must be prepared to meet with FMT on a date to be announced, for a briefing. Once the selection process has been completed, FMT will issue a contract confirming the appointment of the consultant. Any queries relating to the preparation of the application should be referred to **Diane van Eeden, dianev@finmark.org.za**.

In line with FMT's policy of transparency, answers to queries from one candidate will be circulated to all who indicated their intention to submit a proposal.

Guidance notes to bidders

FinMark Trust reserves the absolute right to use its discretion in the interpretation of these award criteria. The following notes are intended to provide broad guidance only on how proposals will be evaluated. Bidders may be required to clarify their proposals by way of a telephone call or presentation.

"Relevant, demonstrated competence of firm(s) in this area" - you should aim to demonstrate how the firm's collective past experience can be applied (or adapted) to address the specific brief set out in the terms of reference. You are welcome to describe the firm's general experience of financial sector development issues (e.g. in other geographies or topical areas) but the evaluation will focus particularly on the application of that experience for the specific task at hand.

"Demonstrated expertise of key individuals to be involved in this project" – the evaluation places considerable emphasis on the role and demonstrated expertise (i.e. track record) of the key individuals to be involved on the project rather than on the expertise of the firm itself.

"Use of local professional capacity (consulting, analysis, coordination etc.)" – FinMark Trust wishes to ensure that local capacity is used and developed. International firms are therefore encouraged to partner with local organisations.

"Content, quality and originality of proposal" – proposals should address the brief set out in the terms of reference in a comprehensive manner. Bidders should aim for innovation as well as professional presentation. Whilst similar, relevant experience in other markets will be an advantage for a bidder, each market is different and so proposals need to reflect the particular characteristics of that market, as well as the challenge set by the terms of reference.

"Fee basis" – value for money, as well as absolute cost, will be taken into account.

10. Important to note

If no communication has been received from FMT after one month of your submission, please consider your application as unsuccessful.

