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Terms of Reference for
Consultancy Services to Develop the National Cheque Standardization and Cheque Truncation System (CTS) Framework

Consultant Service (Firm):	Cheque Standardization and Cheque Truncation System (CTS) Framework
Reporting to:	ED, Banking Operations and Currency Policy Group
Type of Appointment/Service:	Consultant (firm)
Duration:	12 Months
Duty Station:	CBS HQ, Mogadishu, Somalia.

1. Introduction and Background

In May 2025, the Federal Republic of Somalia, through its Ministry of Finance (MoF) launched the Somalia Productive, Resilient, and Inclusive Growth (SPRING) project. The project development objective is to promote private sector-led growth and job creation by improving the business-enabling environment, strengthening the financial system, and enhancing access to finance.

The SPRING project is organized around four components (three mutually-reinforcing and one supporting): (i) Component 1: Improving the enabling environment for the private sector; (ii) Component 2: Deepening financial sector reforms and strengthening institutional capacity; (iii) Component 3: Enhancing access to finance and resilience for MSMEs; and (iv) Component 4: Project Management. A wide range of activities will be implemented as part of this project to reach its development objective, such as improvements to regulatory/institutional frameworks, the rollout of the digital ID system, financial sector reforms, the creation of a risk-sharing mechanism, and the provision of business development services for micro, small and medium enterprises in select economic sectors, among others.

The MoF received US$105 million from the World Bank, including US$10 million from the Somalia Multi-Partner Fund to implement the SPRING project. As part of this initiative, Component 2: Deepening financial sector reforms and strengthening institutional capacity, the MoF intends to apply part of the proceeds from the World Bank to finance the procurement of the National Cheque Standardization framework and implement a Cheque Truncation System (CTS).

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The Central Bank of Somalia (CBS) is responsible for promoting a secure, efficient, and interoperable National Payment System (NPS) to support financial stability and economic development. In recent years, CBS has undertaken important modernization initiatives, including the introduction of IBAN, the rollout of SOM-QR, and other enhancements to digital payment infrastructure aimed at improving interoperability and efficiency across the banking sector.

Despite these advancements, cheque usage remains an important payment instrument in Somalia's banking sector, particularly for institutional and business transactions. However, cheque processing currently faces several challenges. Banks use different cheque formats, layouts, and security features, and clearing largely depends on manual processing and physical exchange of cheques, resulting in operational inefficiencies, longer clearing cycles, and increased operational risks.

To address these challenges and modernize cheque processing, the Central Bank of Somalia intends to introduce a National Cheque Standardization framework and implement a Cheque Truncation System (CTS). The CTS will enable electronic image-based cheque clearing, allowing banks to exchange cheque images and data digitally rather than physically transferring paper instruments.

This initiative will improve clearing efficiency, enhance security, strengthen interoperability among banks, and reduce operational risks, while supporting the broader objectives of SPRING Project Component 2 to strengthen financial sector infrastructure and institutional capacity in Somalia.

2. Objectives of the Assignment

- Conduct a comprehensive assessment of current cheque usage, design, and clearing practices in Somalia.
- Develop National Cheque Standardization Guidelines, policy, and procedures aligned with international best practices in the East African Community (EAC).
- Design the operational and technical framework for a national Cheque Truncation System (CTS).
- Develop National Cheque Clearing and Truncation Rules (CCTR).
- Provide technical specifications and requirements to support the procurement of a CTS vendor.
- Provide capacity building and training for CBS and financial institutions.

3. Scope of Work

3.1. Assessment of Current Cheque Practices

- Review cheque formats used by commercial banks.

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- Assess existing cheque clearing procedures and operational processes.
- Evaluate cheque security features and operational workflows.
- Assess and identify gaps in operational procedures, as well as the legal and regulatory framework
- Conduct benchmarking against regional and international best practices.
- Propose any relevant cheque printing equipment

3.2. Development of National Cheque Standardization Guidelines

- Define standard cheque dimensions and layout.
- Specify cheque design templates, paper quality, and printing specifications.
- Define mandatory security features.
- Develop MICR encoding and machine-readable specifications.

3.3. Cheque Truncation System (CTS) Framework Design

- Design end-to-end cheque image capture and clearing workflows.
- Define image quality standards and transmission protocols.
- Define clearing and settlement workflows.
- Develop exception-handling and dispute-management processes.

3.4. Development of National Cheque Clearing and Truncation Rules (CCTR)

- Draft relevant policies and procedures framework.
- Define the roles and responsibilities of participating institutions.
- Define cheque presentment procedures and settlement cycles.
- Develop dispute resolution and compliance frameworks.

3.5. CTS Technical Requirements and Procurement Support

- Develop functional and technical requirements for the CTS.
- Define system architecture and infrastructure requirements.
- Support preparation of the Request for Proposals (RFP) for vendor procurement.

3.6. Stakeholder Engagement

- Facilitate consultations with CBS, commercial banks, and other stakeholders.

3.7. Training and Capacity Building

- Develop training materials and deliver workshops for CBS and banks.
- Train stakeholders on cheque standardization and Truncation protocols
- Provide operational and security training.

3.8. Fraud Prevention and Security Framework

- Recommend anti-counterfeit cheque features and fraud monitoring mechanisms.

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4. Deliverables

- Inception Report
- Assessment Report
- National Cheque Standardization Guidelines
- Cheque Truncation System Concept Framework
- National Cheque Clearing and Truncation Rules (CCTR)
- CTS Functional and Technical Requirements Document

5. CTS Implementation Roadmap

- Stakeholder Consultation Report
- Training Materials and Workshops
- Final Consultancy Report

6. Key Experts Required

Expert	Minimum Qualification	Experience
Team Leader / Payment & Clearing Expert	Master's degree in Banking, Finance, Economics, Business Administration, Payment Systems, or a related field.	Minimum **10 years** of professional experience in payment systems, cheque clearing and settlement operations, banking operations, or financial market infrastructure. Demonstrated experience in developing cheque clearing frameworks, cheque standardization guidelines, payment system policies, operational rules, or similar assignments for central banks, payment system operators, or financial sector regulators. Strong knowledge of cheque clearing operations, MICR standards, image-based clearing concepts, payment system governance, and international best practices. Experience leading multidisciplinary consultancy assignments and stakeholder engagement is required.
Technology Expert	Master's degree in Information Technology, Computer Science, Software Engineering, Information Systems, or a related field.	Minimum **8 years** of professional experience in payment systems technology, financial market infrastructure, enterprise architecture, or banking technology. Demonstrated experience in designing the operational and technical architecture for payment systems, cheque truncation systems, image-based clearing solutions, or similar financial sector infrastructure. Proven experience in developing functional and technical requirements, system architecture, interoperability standards, security requirements, integration frameworks, and technical specifications to support procurement of payment system solutions. Familiarity with international standards relating to cheque processing, image exchange, and secure financial messaging is an added advantage

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7. Qualifications and Experience of the Consultant Firm

The consulting firm should have:

- 10–15 years' experience in payment systems, banking operations, and financial market infrastructure.
- Proven track record with central banks, commercial banks, and financial institutions, including cheque standardization and cheque truncation system implementation.
- Expertise in cheque clearing operations, MICR, image-based clearing, and international cheque standards (ISO 1004).
- Experience in payment system regulations, operational guidelines, and compliance monitoring.
- Strong fraud prevention and security expertise, including anti-counterfeit and real-time validation systems.
- Capability in stakeholder engagement, consultations, training, and capacity building.
- Familiarity with regional or emerging market banking practices, ideally including Somalia.
- Ability to provide a multidisciplinary team covering payment systems, CTS architecture, legal/regulatory compliance, and banking operations.
- Team members with relevant degrees and professional certifications in banking, finance, IT, or payment systems.

8. Duration of the Assignment

The consultancy will be conducted over a 12-month period from contract signing.

9. Reporting and Supervision

The consulting firm will report to the Executive Director – Currency, Banking Operations, and Financial Markets Group at the Central Bank of Somalia.

10. Payment Schedule

- Inception Report – 10%
- Assessment Report – 20%
- Draft Standards, CTS Framework & CCTR – 30%
- Final Guidelines & Implementation Roadmap – 30%
- Training and Capacity Building – 10%

11. Confidentiality and Ownership

All documents, data, and deliverables developed during this consultancy will remain the exclusive property of the Central Bank of Somalia. The consulting firm must maintain strict confidentiality regarding all information obtained during the assignment.

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12. Submission Guidelines

Interested and qualified firms are invited to submit their proposals in accordance with the following requirements:

- **Language of Submission:**
  All proposals must be prepared in **English**
- **Submission Method:**
  Proposals shall be submitted electronically via email to:
  - **Primary Email:** bid.scaledup@piu.mof.gov.so
  - **Copy (CC):**
    - Project.coordination@centralbank.gov.so
    - cbs.tender@centralbank.gov.so
- **Subject Line:**
  "CBS Cheque Truncation System (CTS) Consultant Service Application"
- **Submission Period:**
  From 15 April 2026 to 28 April 2026 (5:00 PM Mogadishu Time)