



EDBS/KH/C/48/2017

25<sup>th</sup> September, 2017

**The Chief Executive Officers**

All Retail Banks

All Payment Service Providers

Manama

Kingdom of Bahrain

Dear Sir/Madam,

**Re: Wage Protection System Solution – Request for Proposal**

As you will be aware, the Government of the Kingdom of Bahrain is considering setting up a Wage Protection System “WPS” affective from January 2018. Under the proposed WPS, the CBB would be willing to allow the Know-Your-Customer “KYC” process to be conducted using the information collected by the Labour Market Regulatory Authority “LMRA”, while participating bank(s) and Payment Service Provider(s) “PSPs” to have a direct access to the KYC information available with the LMRA.

Accordingly, the CBB wishes to invite proposals from Retail Banks and PSPs for suggesting the most appropriate and effective WPS framework that must provide end-to-end solution for salary collection, clearance and disbursal of wages. Any proposed solution framework must include, at a minimum, the following features:

- “Collection” function entailing collection of salaries from various employers;
- “Clearance” function entailing auditing and documenting payroll payout;
- “Disbursement” function entailing payments to workers via prepaid cards, e-wallets and/or any other medium/method;
- Regular Management Information System “MIS” reporting to the LMRA;
- The process for enrolment of the employers as well as the employees in the scheme; and
- The control mechanism and safeguards against any fraud or money laundering.

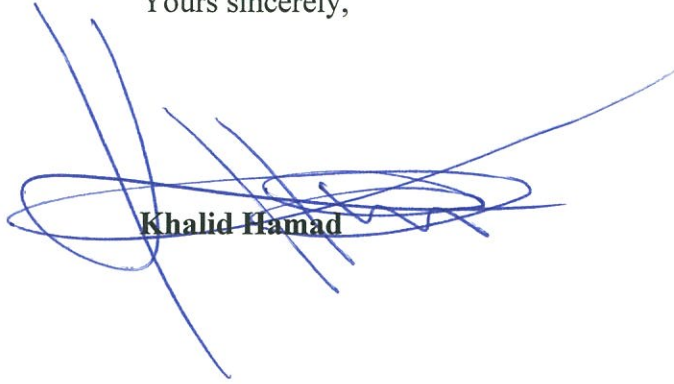
Additionally, the proposed solution framework should ensure that there is no adverse financial impact on the employees and minimal cost to the employers and is ready for implementation w.e.f. January 2018.

Furthermore, as far as the CBB’s existing rules pertaining to KYC, pre-paid cards’ limits (under the CBB’s Rulebook Volume 5) and any other relevant areas to the solution are concerned, it is open to discussions as well as new ideas.

All interested Retail Banks and PSPs must submit their proposals, along with an illustrative diagram of the end-to-end WPS framework, to the undersigned by no later than 5<sup>th</sup> October, 2017.

Subsequent to the submission of the proposals, the CBB and other stakeholders such as the Economic Development Board "EDB", LMRA, etc... will be holding meeting(s) with participating solution provider(s).

Yours sincerely,



**Khalid Hamad**