



# NSFAS

National Student Financial Aid Scheme

## REQUEST FOR INFORMATION FOR DIRECT PAYMENT OF ALLOWANCES TO STUDENTS

The purpose of this Request for Information is to invite service providers to furnish NSFAS with suitable information to meet the organisation's need to disburse allowances directly to students.

Date issued	15 May 2020	RFI number:	RFI:1 of 2020
Closing Date:	12 June 2020	Closing Time:	11H00

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## 1. BACKGROUND

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NSFAS is a statutory body, funded primarily by the South African National Department of Higher Education and Training (DHET). NSFAS provides bursaries to eligible students who wish to study at the 26 public universities and 50 Technical and Vocational Education and Training (TVETs) colleges.

The organisation was established and is governed by the NSFAS Act (Act No. 56 of 1999) which mandates the NSFAS to:

- (1) Provide loans and bursaries to eligible students.
- (2) Develop criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training.
- (3) Raise funds.
- (4) Recover loans.
- (5) Maintain and analyse a database and undertake research for the better utilisation of financial resources.
- (6) Advising the Minister on matters relating to financial aid for students and undertaking other functions assigned to it by the NSFAS act 56 of 1999 as amended or by the Minister.

Since the inception of NSFAS in 1999, funds allocated to NSFAS have increased substantially from R441million in 1999 to R36.7 billion in 2020/21 financial year. During this period, the processes and operations at NSFAS have remained largely unchanged. Furthermore, the December 2017 Presidential pronouncement on Fee Free Education, has led to the need to redesign and restructure the organisation to enable it to deal with its existing requirements and, more importantly, to create a platform for the future as a full bursary provider.

According to the NSFAS regulations, the organisation must disburse allowances directly to students. The mandate further prescribes that any third-party appointment to disburse allowances be vetted and approved by the NSFAS. Currently, many institutions have appointed third-party agents to disburse student allowances and the NSFAS does not have direct line of sight on these transactions.

In order to remove all commercial interests from the disbursements and payments processes and mitigate internal risks associated within the processes, this Request for Information (RFI) seeks to invite eligible service providers in the financial sector to submit information on how they would disburse allowances directly to students.

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## **2. NSFAS DISBURSEMENT PRINCIPLES**

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The organisation's value proposition hinges on the following payment of allowances principles:

- (1) Correct payment for the correct allowance to the right student.
- (2) Timeous and predictable payment of allowances.
- (3) Payment to the right student at the right institution.
- (4) The beneficiary is in the know about their status in the funding process.
- (5) The student has the ability to decide how and when to utilize bursary allowance based on the needs of the student.

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## **3. REQUEST FOR INFORMATION**

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NSFAS requires information from qualified South African financial institutions and/or registered payment solution providers about their capability to pay allowances directly to students funded by the organisation. The solution must be informed by the following requirements. NSFAS may consider more than one service provider and allow students to choose their preferred payment channel.

### **3.1 FUNCTIONAL REQUIREMENTS**

- 3.1.1 The solution must disburse funds to students for books, meals, and other allowances as determined by NSFAS, on a periodic basis (usually monthly). However, the solution must also be able to pay allowance on an ad-hoc basis based on student needs.
- 3.1.2 The solution must provide students unrestricted ability to transact with a wide variety of service providers including supermarkets, food chains, bookstores, transport providers and provide the ability to access cash where required.
- 3.1.3 The solution must provide ability to physically verify the identity of the student at the point of issuing the facility and regularly during the period as recipients of NSFAS funding.
- 3.1.4 The solution must NOT allow NSFAS staff to have access or the ability to edit or update a transacting facility details (or the equivalent thereof) and all data must be securely stored within the service providers environment.
- 3.1.5 The solution must be able to produce daily, weekly and monthly reports on the distribution of allowances for students and students' spending patterns (this is important to track in cases where students spend allowances on non-essential goods).

- 3.1.6 The solution must ensure that students have complete visibility of all transactions and balances at all times via different approved platforms (preferably online, APP or other physical facilities).
- 3.1.7 The solution must be able to handle significant volumes of transactions on a daily basis – refer to section on **Supporting Information** below for the number of funded students by institution type.
- 3.1.8 The solution must be secure and meet all Financial sector regulatory standards. The security features of the solution must have the ability to stop payments, and block/unblock and flag accounts in cases of fraud, death, etc.
- 3.1.9 The solution must be able to facilitate the communication (email, SMS, and other forms) of essential messaging to students at different points which will be agreed with NSFAS.
- 3.1.10 In a situation where the student has an existing proposed facility to transact from other providers, the solution must allow students to capture and validate, and make updates to their facility details. Validation must be performed using the South African National ID number.
- 3.1.11 Validation and verification of facilities must meet the requirements of the South African financial regulations and standards.

### **3.2 NON-FUNCTIONAL REQUIREMENTS**

- 3.2.1 If the service provider is a bank or uses the banks facilities, then the bank must be registered with the Banking Association of South Africa. If the service provider is a payment solutions provider or uses payment solutions provider facilities, then the payment solution provider must be registered with the Payment Association of South Africa (PASA) and all regulatory authorities where applicable.
- 3.2.2 The service provider must provide access and ability to support students nationally, anywhere in the country.
- 3.2.3 The solution provider must be able to provide 24x7 account service support as the NSFAS Contact Centre will have no access to the service provider's payment platforms.
- 3.2.4 The service provider must store all student transaction data for five to seven financial years.
- 3.2.5 The service provider must never use student data for any other purposes except the intended use by NSFAS and its processes.
- 3.2.6 The service provider must provide adequate evidence of its financial stability. As a minimum requirement, a set of the audited financial statements and audit reports for the most recent three financial years must be provided which must clearly demonstrate the solution provider's solvency and sustainability.
- 3.2.7 The service provider must provide a financial guarantee to NSFAS for the amount of funds held prior to payment to students.

- 3.2.8 The service provider must provide a white labelled transacting facility to students. Example, APP or online platforms must carry NSFAS branding.
- 3.2.9 The service provider must tailor existing services to suit students from poor and working-class families who were previously disadvantaged. That is, the costs must be innovative and competitive. The service provider must clearly indicate the following cost categories separately: (1) Student On-boarding costs; (2) Transaction costs; (3) Verification costs; (4) Any other costs, including implementation costs. Indicate what costs will be paid by the students and what costs will be paid by NSFAS.

### **3.3 TECHNICAL REQUIREMENTS**

- 3.3.1 The solution must be built on an open platform which can be integrated seamlessly with core NSFAS systems.
- 3.3.2 The solution must provide a multi-functional mobile communication platform that allows NSFAS to effectively manage its relationships with the students (e.g., perform live chats, and content generation for a knowledge portal, etc).
- 3.3.3 The service provider must provide security for NSFAS transactions. It must be advanced encryption standard or greater for data transmission encryption.
- 3.3.4 The service provider must provide a Security Plan for the proposed solution. The document shall describe the administrative, physical, technical and systems controls to be used by the system and/or services. Clearly indicate security standards and certificates.
- 3.3.5 The service provider is expected to perform regular attack and penetration reviews on the solution and provide evidence of compliance to security standards, such as ISO or similar.
- 3.3.6 The service provider must provide a Disaster Recovery Plan for the proposed solution.

### **3.4 ADDITIONAL REQUIREMENTS**

- 3.4.1 The solution must also include separate costs and timelines to build an integrated mobile APP that will support these services and other core NSFAS services including, application for funding, funding status, communications, etc.

### **3.5 SUPPORTING INFORMATION**

- 3.5.1 NSFAS Disbursement Process is a multi-step process that requires multiple approvals and checks within NSFAS. The output of the process is a **payment file** which will be sent to the service provider to allocate funds into students transacting facilities.
- 3.5.2 NSFAS has existing integrations with other service providers and partners. The supported integration includes Webservice and file sharing using secure protocols and channels. The file types include XML files, text files, etc

3.5.3 In 2020 academic year, NSFAS estimates to fund **400000** university students and **250000** students in TVET colleges.

If you are a service provider the Request for Information form can be found on the NSFAS website [www.nsfas.org.za](http://www.nsfas.org.za).

For general enquiries kindly e-mail [scm@nsfas.org.za](mailto:scm@nsfas.org.za). Please note that only emailed enquiries will be responded to. Subject: Direct Payment of Allowances to Students

Request for Information form must be in a sealed envelope and a clearly marked REQUEST FOR INFORMATION FOR PROVISION OF DIRECT PAYMENT OF ALLOWANCES TO STUDENTS be placed in the NSFAS office Tender Box. NSFAS, 1st Floor, House Vincent, 10 Brodie Road, Wynberg, Cape Town by no later than 11h00 am.

Closing date: 12 June 2020

APPROVED

DR RANDALL CAROLISSEN  
NSFAS ADMINISTRATOR