



Crown
Commercial
Service

Merchant Acquiring Services, Merchant Acquiring Equipment & Payment Gateway Services (RM3702)

Customer guidance notes



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See our web page <http://ccs-agreements.cabinetoffice.gov.uk/contracts/rm3702> to access the following:

Annex A: Specification – Framework Schedule 2 Services (Part A)

Annex B: Template Order Form and Call Off Terms - Framework Schedule

Annex C: Sample Letters to Support Further Competition

Annex D: FAQs

Annex E: Supplier Contact Detail

Annex F: OJEU Notice

Annex G: How the Merchant Acquiring Process Works

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Background

1.1. Merchant Acquiring Services is the name given to the service which allows an organisation to accept payments by debit card, credit card and alternative payment methods and transmit this data to the Merchant Acquirer for authorisation, to check availability of funds and transfer these payments to the Merchant (Contracting Authority).

1.2. Merchant Acquiring Equipment is the name given to the equipment to capture debit card and credit card information and transmit this data to the Merchant Acquirer for authorisation.

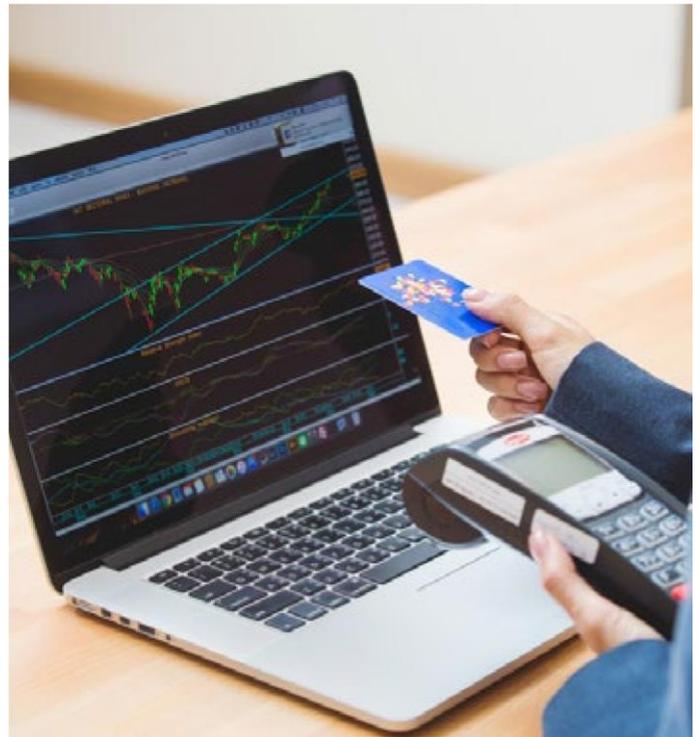
1.3. Payment Gateway Services is the name given to the service which enables an organisation to accept payments typically via a website, by debit card or credit card and alternative payment methods such as e-wallet for the payment of goods and services. The service transmits this data to the Merchant Acquirer for authorisation, to check availability of funds and to transfer these payments to the Merchant (Contracting Authority). It is the equivalent of a physical point of sale terminal.

1.4. See Annex G: How the Merchant Acquiring Process works, for more information on the services provided by this agreement.

1.5. We can provide you with procurement advice and guidance. However, we are

not able to provide advice in relation to other financial or banking matters.

1.6. The framework agreement was launched on 1 March 2016 and was awarded for an initial period of 2 years with the option to extend for a further 2 years. The framework supports government policy to centrally manage the procurement of common goods and services through an integrated procurement function at the heart of government. We work closely with the Government Digital Service to ensure they build capability to support Merchant Acquiring Services going forward.



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Key information

2.1. The agreement provides central government and wider public sector customers (each referred to as the Contracting Authority) with access to a complete range of Merchant Acquiring Services, Merchant Acquiring Equipment and Payment Gateway Services for debit card, credit card and other alternative payment method acceptance.

2.2. The service is divided into three options:

Lot 1 – Merchant Acquiring Services and Equipment:

- The provision of the settlement service allowing the funds to pass from the end users (payer) card account into a Contracting Authority's bank account for payment of goods and services quickly and securely in line with UK market transaction offerings in other sectors.
- The provision of physical payment terminals, telephone order facilities and Internet solutions to enable the card payment data to reach the Acquirer.

Lot 2 – Merchant Acquiring Services and Payment Gateway Services

- The provision of the settlement service allowing the funds to pass from the end users (payer) card account into a Contracting Authority's bank account for payment of goods and services quickly and securely in line with UK market transaction offerings in other sectors.
- The provision of Payment Gateway Services to facilitate the acceptance online of debit and credit cards, e-wallets and alternative payment solutions.

Lot 3 – Merchant Acquiring Services and Equipment and Payment Gateway Services

- The provision of the settlement service allowing the funds to pass from the end users (payer) card account into a Contracting Authority's bank account for payment of goods and services quickly and securely in line with UK market transaction offerings in other sectors.
- The provision of physical payment terminals, telephone order facilities and Internet solutions to enable the card payment data to reach the Acquirer.
- The provision of Payment Gateway services to facilitate the acceptance online of debit and credit cards, e-wallets and alternative payment solutions.

2.3. Payment Gateway Services are optional under the agreement. You may wish to source your own or remain with current providers. Where there is an existing Payment Gateway service the supplier undertakes to integrate the payment

gateway and support existing and third party suppliers.

2.4. Whilst suppliers were able to bid for all or any combination of the three lots, if a potential supplier was awarded a framework agreement for lot 3 that provider was not permitted to be awarded a framework agreement for lot 2. This approach was taken to ensure the framework benefited from a diverse range of Payment Gateway Services. Equally where a potential supplier was successful in lot 3 any tender for lot 2 was excluded.

2.5. The suppliers have agreed to provide services, as detailed in the specification (See Annex A) and will supply the services on the basis of a standard set of Government Legal Department terms and conditions.



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Benefits of using the agreement

- **Faster procurement** - you do not need to run a full OJEU procurement. You simply need to identify your specific requirements, present those to their selected supplier and award a contract.
- **Improved pricing** - advantageous pricing across each of the services have been secured through the bulk buying power of bringing all public sector business under one agreement.
- **Ease of use** - the agreement is simple to use and, if required, expert procurement advice from CCS is on hand. This approach is intended to substantially reduce the cost and timescales involved in procuring services to meet your needs.
- **Process improvement** - significant process benefits from efficiencies realised from either moving away from accepting cash or cheques, or through the expansion of an existing Merchant Acquiring programmes.
- **Future proofed** - the agreement ensures that suppliers keep us informed of new payment innovations and methods and make these available, if required.
- **Compliance** - the agreement is fully EU compliant in line with EU regulations and recognised as a legitimate route to market. This reduces procurement risk for customers and reduces bureaucracy in the procurement process.
- **Uninterrupted service** - suppliers will ensure service 24 hours/7 days a week/365(6) days of the year.
- **Assured supplier standards** - suppliers are pre-qualified as to their general suitability. This means that when you procure their services they can meet the required standards in the provision of Merchant Acquiring and Payment Gateway Services that you need.
- **Wide ranging supplier customer service and support** - suppliers will provide a range of set up facilities, advice on the most suitable terminal equipment, dedicated customer and technical helpdesk for in and out-of-hours telephone or email queries/issues, free of charge training and much more.

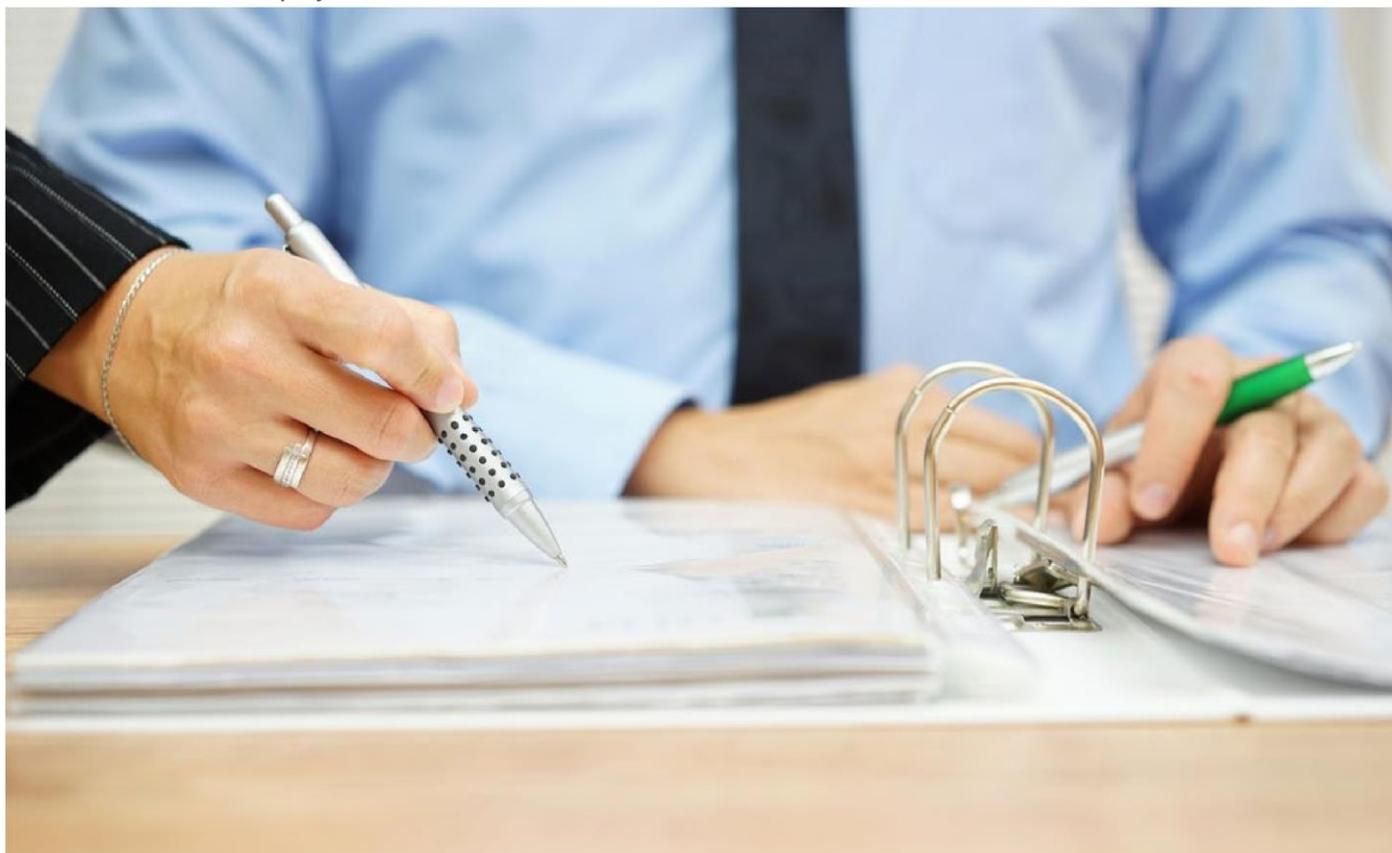
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Contract duration, value and eligible customers

4.1. The framework agreement has an initial duration of 2 years with the option to extend the agreement for a further 2 years. In relation to call-offs, customers should take their own commercial and legal advice on their call-off duration based on what is commercially acceptable in their organisation. CCS advises that call-offs should not run beyond 2 years of the framework expiry date.

4.2. The OJEU Notice has a maximum contract value of £72 billion over the life of the agreement.

4.3. The agreement is available to **all public sector organisations.**



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Agreement scope

5.1. The main types of transactions covered are:

- Internet
- Cardholder present
- Cardholder not present

The service includes:

- Transaction processing – online, manual and telephone
- Integrate system links – online systems, physical terminals and telephone systems
- Provision of hired processing terminals
- Changes in card rates
- Provision of an online payment and service accessed via the internet
- The required method for receiving will be by the following card
- Interaction and support with third party
- Interchange ++ suppliers

The merchant acquirer will need to provide support in the following areas:

- Set-up of merchant ID/chain numbers
- Supply of PDQ and electronic PDQ card payment terminals
- Chargebacks with Chip and Pin functionality
- Alternative card charging mechanisms settlement
- Payment Gateway Services
- Information on changes in legislation card rates charging mechanisms:
- Technical support

See Annex A for the full framework specification and Annex G for more information on the Cardholder present/not present terminology used above.

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Supplier matrix

Supplier	Lot 1	Lot 2	Lot 3
Worldpay Limited			
GPUK LLP T/A Global Payments			
Stripe Payments Europe Limited			
Barclays Bank PLC T/A Barclaycard			

 Under EU rules all suppliers in lot 3 are capable of providing the services in lots 1 and 2 so when doing further competitions in lots 1 and 2 you must invite suppliers from lot 3 who offer the same service.

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Pricing structure

you the Merchant Acquiring pricing guide with the pricing schedule(s).

7.1. The pricing schedules are commercially sensitive so please email financial.services@crownccommercial.gov.uk to request the pricing schedule for the lot(s) you are interested in. We will also send

7.2. To achieve a transparent pricing structure and create opportunities for all organisations to benefit from combined transaction volumes, the pricing schedule has been designed in a matrix format with various pricing options depending on:

- Card type i.e. credit or debit card – based on the 20 most common cards in use
- Payment channel i.e. chip and pin, but basically pricing is based on secure and non-secure payments, with or without the Payment Gateway (See Annex G for more information on secure and nonsecure payment types)

7.3. Transaction values are banded by payment ranges to derive the best fit for customers.

7.4. Transaction values are banded by payment ranges to derive the best fit for customers e.g.

- £0-30
- £30-£100
- £100-£225
- £225<

7.5. The pricing schedule caters for 3 settlement periods - 2, 7 and 14 days. The settlement period is the period over which the Merchant Acquirer provides funds to the contracting authority. Some suppliers offer pricing discounts subject to the settlement period agreed.

7.6. The pricing schedule is designed so that transaction volumes from direct award and further competition are combined with the original agreement work volumes to ensure greater savings for all customers.

7.7. Suppliers may provide a discount or an improvement on pricing, on a sliding scale if you wish to pay your invoice within specified periods ranging between 1 to 28 days.

7.8. A good understanding of a your payment methodologies, transaction numbers and

size of payment ranges will be required to ensure that you achieve the best fit and value from suppliers. For example you need to have an understanding of your average transaction values (ATV) to calculate pricing.

If you already use MA services, your current supplier should be able to provide historical information to support your understanding of all of these elements.

7.9. There have been some recent changes in EU regulations and legislation that impact the pricing schedules. In addition certain Card Issuers e.g. VISA have reviewed and will continue to review the terms that apply to charging and capping fees associated with particular cards. Pricing Schedules will be updated on an ongoing basis and customers notified when available

7.10. We have produced a pricing guide to ensure that you have up to date information on all pricing components and latest changes and this will be sent to you when you request the pricing schedules for the Lot(s) you are considering.

7.11. Customers considering a direct award and undertaking a desktop evaluation of pricing are recommended to undertake evaluation on Interchange ++ only. This approach ensures 100% accuracy of pricing across the suppliers being evaluated, enabling a direct award to be made.

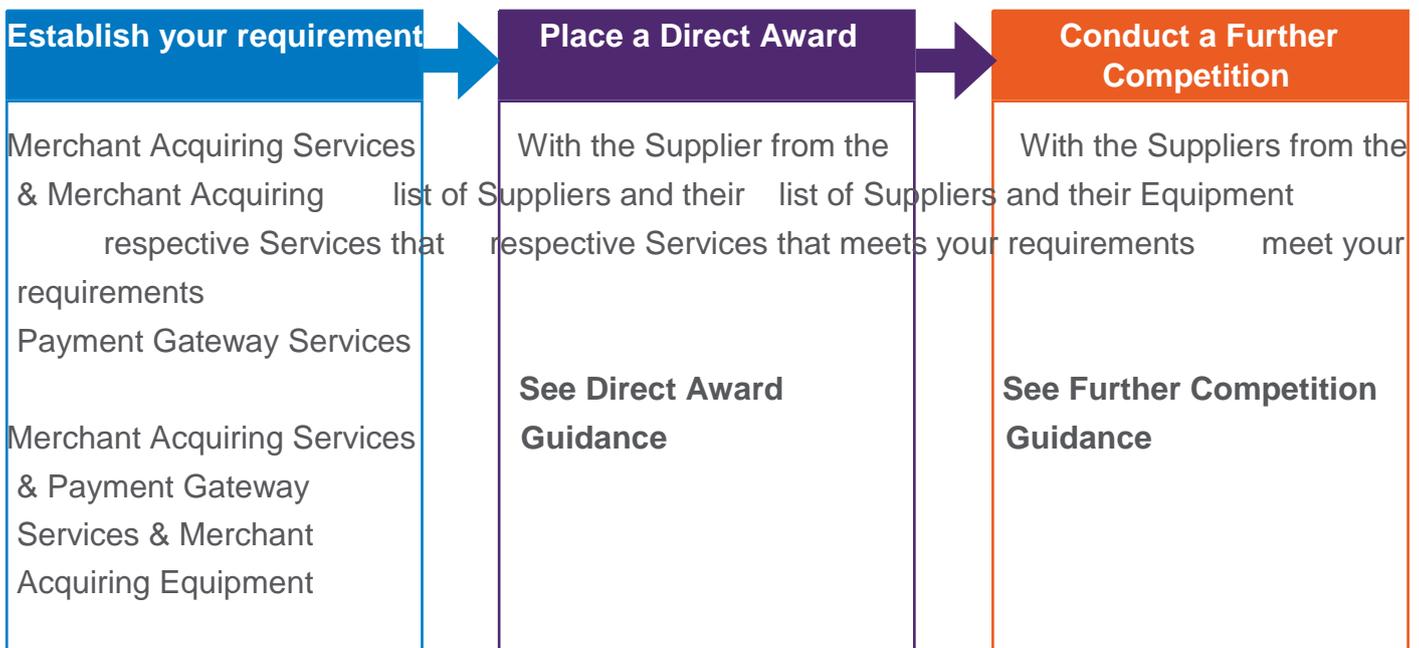
7.12. The blended rate on the pricing schedules can fluctuate depending on your average transaction value (but directly in correlation to the Interchange ++ pricing). In view of this the blended rates on the pricing schedules are indicative

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How to use the agreement

You can either make a direct award or run a further competition. The complex and numerous pricing options for the variety of services on offer make the procurement of these services unsuitable for eAuction.

8.1. Which is the best route for you will be based on a number of factors including your requirements, size, objectives and targets, market knowledge and preference.



(a) Cabinet Office Spend Control

All central government departments must go only and should not be used for evaluation purposes. If you want to consider blended rates - they may be advantageous for some organisations that have small volumes of transactions and with low average transaction values - these can be agreed with the supplier post award.

All customers must take the following steps:
through Cabinet Office Spend Control before entering into a call-off agreement. Additionally some part of the NHS also submit requests so contact the spend controls team if you have any questions.

For spend approval you don't need the exact numbers; estimated budgets based on existing per transaction pricing should be sufficient.

- Review guidance documentation and the Framework Specification (Annex A)
- Determine your requirement and determine the best route for your procurement, and action this in line with parameters outlined in the sections below.

(b) Placing a direct award

In order to determine whether you can direct award and after you have compiled a specification of the services you require, you need to ask the following questions:

- Can only one supplier meet your particular service requirements under the framework?
OR
- Does one supplier provide the most economically advantageous tender (MEAT) in respect of your service requirements?
AND
- Are all of your proposed contract terms laid down in the framework and do your call off terms require no amendment nor any supplementary terms and conditions?
- Are you content with the pricing model used in the procurement of the framework?

If the answer to the above criteria is YES, then you can make a direct award. It is your responsibility to keep a record of the reasons for making a direct award and why you have chosen a specific supplier.

The percentage weightings that you can apply for a direct award can be from a range of 30% to 70% (plus or minus 10%).

Schedule 21

As part of the tendering process the suppliers answered questions in relation to the quality criteria (as detailed below) along with a number of 'for information only' questions. These responses are available to you on request and you need to consider these questions and answers against the specification you compile to ensure that a Supplier or Suppliers offer services that meet your needs.

The next steps are:

- Complete Cabinet Office Spend Control (if applicable)
- Contact the supplier
- Complete the call-off agreement

(c) Running a further competition

If you wish to run a further competition please follow the guidance below and also refer to Annexes B, C and E.

You will need to specify your exact needs for the supply of services required and provide a clear statement of requirements and identify all suppliers capable of meeting those needs.

You can specify the type of management information, including KPI's, which you require to track activity, cost and performance, and incorporate those into your call off agreement.

The call off agreement (see Annex B) includes suggested service levels etc. and you can add to and amend these. You can also add your own terms and conditions to ensure the agreement fully meets your business needs

You can set your own award criteria and questions based on what is important to your organisation. The percentage weightings that

you can apply for a further competition can be from a range of 20% to 80% on price/quality or quality/price. It is important to remember that under EU rules all suppliers in lot 3 must be invited to bid for services in lots 1 and 2.

To run a further competition you can either email suppliers directly using the Template Order Form and Call-Off Terms (see Annex B) or our eSourcing tool.

The eSourcing tool is a free online procurement tool to help you manage your further competitions, creating a clear audit trail, and supporting the delivery of the further competition in line with EU regulations.

Find out more:

<https://www.gov.uk/government/publications/esourcing-suite-guidance-for-customers>

If you run a further competition via the eSourcing tool please remember to include your organisation name in the title e.g. Council ABC as this will allow a supplier to identify which message relates to which project.

The eSourcing tool automatically includes the correct suppliers in each lot in further competitions.

Framework suppliers' welcome pre-market engagement before you issue a further competition.

Pre-market engagement is useful to find out exactly what information needs to be included in a further competition to obtain the best quotations from the supply base. It is also as a useful tool to ask any questions that will help structure a further competition.

If engaging with suppliers prior to awarding a contract, you should ensure that you complete this exercise on a fair, open and transparent basis (i.e. allow the opportunity for engagement with all suppliers on the framework, and provide all suppliers with the same information during the pre-market engagement exercise).

To engage with the market, you can either email the suppliers directly using the contact details available in Annex E or via our eSourcing tool.

(d) Evaluation and award criteria

When running a further competition, you should award on the basis of the most economically advantageous tender (MEAT) and must provide suppliers with the methodology behind



the evaluation, including the evaluation criteria and the weightings that are applied to each criterion.

You should ensure there is a documented audit trail of the results in final award decision. On all documentation you will need to include the framework reference of RM3702.

The weighting for quality and price vary between direct and further competition awards and care should be taken to ensure the correct weighting criteria is applied.

Award criteria – you can split the price and quality scores within the parameters set out in the tables below ensuring that they equal 100%:

Schedule 21 of the Framework Agreement contains answered questions in relation to the quality criteria (as detailed below) along with a number of ‘for information only’ questions. These responses are available to you on request and you need to consider these questions and answers against the specification you compile to ensure that a Supplier or Suppliers offer services that meet your needs. Schedule 21 must also be considered prior to any further competition questions being presented to suppliers, customers cannot repeat questions already asked and answered with the Framework tender.

Lot 1:

Criteria		Percentage Weightings to be set by the Contracting Authority for a direct award
1	Quality , including the award criteria : <ul style="list-style-type: none"> • Fraud & risk management • Transaction monitoring & risk assessment services • Integration • Merchant acquiring set-up & implementation 	70% (Contracting Authority can modify this weighting with a variance of +/- 10%)
2	Price	30% (Contracting Authority can modify this weighting with a variance of +/- 10%)

Lot 2:

Criteria	Percentage Weightings to be set by the Contracting Authority for a direct award
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1	Quality , including the Award Criteria : <ul style="list-style-type: none"> • Fraud & risk management • Transaction monitoring & risk assessment services • Payment Gateway Services, web based interfaces & Browser support • Merchant acquiring set-up & implementation 	70% (Contracting Authority can modify this weighting with a variance of +/- 10%)
2	Price	30% (Contracting Authority can modify this weighting with a variance of +/- 10%)

Lot 3:

Criteria		Percentage Weightings to be set by the Contracting Authority for a direct award
1	Quality , including the Award Criteria : <ul style="list-style-type: none"> • Fraud & risk management • Transaction monitoring & risk assessment services • Integration • Payment Gateway Services, web based interfaces & Browser support • Merchant acquiring set-up & implementation 	70% (Contracting Authority can modify this weighting with a variance of +/- 10%)
2	Price	30% (Contracting Authority can modify this weighting with a variance of +/- 10%)

Further competition award criteria - you can split the price and quality scores within the parameters set out below, ensuring that they total 100%:

Lot 1:

Criteria		Percentage Weightings to be set by the Contracting Authority for further competition
1	Quality including the award criteria : <ul style="list-style-type: none"> Proposed approach to the delivery of the service requirements Fraud & risk management Transaction monitoring & risk assessment services <ul style="list-style-type: none"> Integration Set-up & implementation of the Services 	20% - 80%
2	Price	20% - 80%

Lot 2:

Criteria		Percentage Weightings to be set by the Contracting Authority for further competition
1	Quality including the award criteria: <ul style="list-style-type: none"> Proposed approach to the delivery of the service requirements Fraud & risk management Transaction monitoring & risk assessment services <ul style="list-style-type: none"> Integration Payment gateway services, web-based interfaces & browser support Set-up & implementation of the Services 	20% - 80%
2	Price	20% - 80%

Lot 3:

Criteria		Percentage Weightings to be set by the Contracting Authority for further competition
1	Quality including the award criteria: <ul style="list-style-type: none">Proposed approach to the delivery of the service requirementsFraud & risk managementTransaction monitoring & risk assessment servicesPayment gateway services, web-based interfaces & browser supportSet-up & implementation of the Services	20% - 80%
2	Price	20% - 80%

(e) Finalising the call-off

Once you have made a decision to award, it is recommended that for all further competitions you ensure a standstill period is undertaken. When doing this, you should send out an intention to award letter to all suppliers that submitted a tender. The letter should provide an outline of the scores awarded for each weighted criteria compared to the successful potential providers, and a rationale for each score. The rationale should be objective, and care needs to be taken to ensure the scores and rationale is in line with your original tender documentation. A template debrief letter can be found at Annex C.

Once the standstill period is complete and without challenge, you should instruct the successful supplier by completing and sending the letter of appointment and terms and conditions, as set out in Annexes B and C.

You are responsible for managing your own call off contract under the umbrella of the

framework agreement and will need to have account management arrangements in place.

The call-off contract provided is our standard template, pre-completed where possible and with the standardised service and charging model, including standard clauses that all suppliers have agreed to (see Annex B).

The text highlighted in yellow and in square brackets needs to be considered by you. Should you wish to change this you will need to detail what elements you wish to amend within your further competition documentation.

Please note that when calling off via the framework agreement, you must use the agreed call-off terms and conditions (see Annex B).

You will need to complete the call-off contract with your own details and any bespoke or applicable requirements over and above the standardised service in agreement with the

supplier and legal advice respectively where applicable.

The call-off contract consists of terms and conditions and contract schedules. The parties

enter into the call-off contract by signing the order form. The terms and conditions are predominantly Government Legal standard government provisions, applicable to all call-off contracts.

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Other agreements

We also offer financial services agreements such as Fuel Cards, ePurchasing Card solutions and Insurance Services. Please visit www.gov.uk/ccs for details of our full range of agreements.

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Contact Information

If you need general advice about using Crown Commercial Service please contact our helpdesk:

 info@crowcommercial.gov.uk

 **0345 410 2222**

Should you require further information in relation to your requirement please email:

 financial.services@crowcommercial.gov.uk

 www.gov.uk/ccs

 [@gov_procurement](https://twitter.com/gov_procurement)

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