

# Frequently Answered Questions (FAQs)

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## 1 AFAQ Participants

### 1.1 Who can become the Participant in AFAQ services?

**Answer:**

Participants of AFAQ should be,

- 1- Central Banks of the GCC Countries
- 2- Financial Institutions &
- 3- Subsidiaries of Financial Institutions

### 1.2 Eligible criteria for a Financial Institution to join AFAQ service?

**Answer:**

A financial institution should,

- 1- Hold a local settlement account with their respective local central bank
- 2- Member of the Domestic RTGS of their respective local central bank
- 3- Comply with AFAQ service requirements

## 2 Preparation and Onboarding Process

### 2.1 What is the basic preparation for Joining AFAQ service?

**Answer:**

Financial Institutions in the GCC Countries should,

- 1- Start the discussion with the Central Banks.
- 2- Get clarity on the Onboarding and certification process.
- 3- Set up the Technical and Operational procedures.
- 4- Certificate test completion and Join AFAQ service.

### 2.2 How the Onboarding approach planned in AFAQ service?

**Answer:**

Onboarding approaches in AFAQ services are based on,

- 1- **Strategy** - Safe and efficient onboarding.
- 2- **Process** - Documented and tested processes.
- 3- **Target** – Onboard all Financial Institution in the GCC countries.
- 4- **Onboarding Window** – Six dedicated slots in the year.
- 5- **Support team** - Onboarding support team.
- 6- **Support Tool** - Testing tools to quicken the onboarding process.

### 2.3 What are the phases to undergo joining AFAQ service?

**Answer:**

- 1- Preparation Phase.
- 2- Testing Phase.
- 3- Onboarding Phase.

### 2.4 How much time will take to complete all the phases?

**Answer:**

- Maximum 2 to 3 weeks to complete all the phases and can be shorter based on the readiness and preparation of the Financial Institutions.

## 3 Network and Connectivity

### 3.1 What type of network used in the AFAQ service?

**Answer:**

- AFAQ Service is running over the Private MPLS-VPN network to connect All GCC Central banks (RPG) to AFAQ Central component.
- The Private MPLS-VPN encrypted connection helps to ensure the sensitive data is safely transmitted.

### 3.2 Will the AFAQ system allow for API connectivity?

**Answer:**

- Yes, the AFAQ system will allow for API connectivity for exchanging the payment and non-payment messages through the payment gateway applications.

### 3.3 Will the AFAQ system support the STP (Straight Through Processing)?

**Answer:**

Yes, the settlements/rejections/cancellations/requests adhere to the Straight Through mechanism, and all the transactions are electronically captured and process until the final decision.

## 4 Payment flows and types

### 4.1 What is the topology model available in the AFAQ service?

**Answer:**

- 1- Country Specific Model - Settlement in AFAQ Central Component.
- 2- Behind - Settlement in Domestic RTGS after successful validation in the Regional Payment Gateway.
- 3- Beside - Settlement in Domestic first and then the validation in the Regional Payment Gateway .

## 4.2 How the end-to-end payment flow works in AFAQ service?

### Answer:

If a payment message initiated by the Financial Institutions,

- It reaches the sending Regional Payment Gateway via Domestic RTGS to the AFAQ Central Component.
- The receiving Regional Payment Gateway receives the messages from the AFAQ Central Component and transforms the messages to the receiving Financial Institutions via Domestic RTGS.
- Based on the success and failure of the messages, the application involved in the complete flow will send the status messages to the sending and receiving Financial Institutions.

## 4.3 What types of Payment message types will be supported in AFAQ service?

### Answer:

- **MT103 / Pacs.008** - Single Customer Credit Transfer
- **MT202 / Pacs.009** - General Financial Institutional Transfer
- **MT202 RTRN / Pacs.004** - Return Transfer

## 5 Exchange rates

### 5.1 Is the exchange rate will be fixed for the day?

**Answer:**

Yes, every day National Central Banks will input the official rate for their currency against the USD and AFAQ Central Component calculates the cross-rates and delivers them to National Central Banks.

### 5.2 What rate will be applied for the return of funds?

**Answer:**

- The return payments must have the same exchange rate and currency amounts as in the originally received payment with no deductions.
- If the receiving Financial Institutions payment cannot be returned on the same business day, it should be returned before the cut-off time for that type of payment on the next business day.

### 5.3 Is there any formula used for the currency conversion calculation in AFAQ service?

**Answer:**

- 1- If the customer instructs the payment as a specified amount in the local sending currency, then the equivalent receive amount is calculated from the paid amount as:

- $\text{Receive Amount} = \text{Settlement Amount} / \text{Exchange Rate}$  [tag\_33B = tag\_32A / tag\_36]

2- If the customer instructs the payment as a specified amount in the receiving currency, then the equivalent send (pay) amount is calculated from the received amount as:

- $\text{Settlement Amount} = \text{Received Amount} * \text{Exchange Rate}$  [tag\_32A = tag\_33B \* tag\_36]

## 6 Services and Benefits

### 6.1 What are the services available in AFAQ service and the currencies?

**Answer:**

1- Cross-Currency Service:

- ✓ Currencies included: AED, BHD, KWD, OMR, QAR, SAR currencies

**Upcoming services:**

2- Single Currency Service:

- ✓ Currency included: USD

3- Multilateral Clearing and settlement:

4- Outsourced Domestic payment service:

## 6.2 What are the benefits will the Financial Institution get while using AFAQ service?

### **Answer:**

The key benefits of the AFAQ cross currency service can be summarized as follows:

- Faster and Real-time transaction
- Exchange rates fixed each day
- Data privacy, Private network, and highly secure