

INSTRUCTION TO THE BIDDER (ITB)

Ref:

- A. BBL/Proc/RFQ/Y19/113**
- B. BBL Procurement Policy 2017**

Dated: July 31, 2019

Subject: Request for proposal for advisory services on formulation of Alternate Delivery Channel (ATM/CDM & Merchant Acquiring) Strategies for BRAC Bank Limited.

Dear Sir:

BRAC Bank Limited invites proposals to provide advisory services to review existing setup, operation and efficiency of Alternative Delivery Channels and to assess, plan, and recommend strategic plans for enhancement/improvement in line with bank's business strategy.

Background

BRAC Bank started its journey in 2001 and in just 17 years proved to be country's fastest growing bank. BRAC Bank Limited, pioneer in SME Banking, and having a strong focus in Corporate & Retail Banking delivers a full array of banking services to individuals as well as business entities. Our financial results in all sectors along with multiple international and local credit ratings & multiple annual accounts awards speak of our aspiration, transparency and teamwork towards the common objectives of becoming the best bank in the country. While we thrive in the present, we invest continuously for the future – especially in technology and people. BRAC Bank has a diversified business model and unmatched network of 186 Branches, 440 ATMs, 107 Agent Banking outlets, 460 SME Unit Offices, 11 Regional Operations Offices and 229 remittance delivery points.

Maximizing business in parallel with improving customer experience through structured strategic planning is a continuous endeavor of BRAC Bank Limited. As a part of continuous improvement, BRAC Bank has taken multiple ongoing initiatives on to define its strategies to be the best bank in Bangladesh.

In relative context, BRAC Bank found a need to review and develop -

- i) Strategy for ATM (Automated Teller Machine) and CDM (Cash Deposit Machine) services
- ii) Strategy for Merchant Acquiring both Face to face and Online (e-commerce)

Which will assist bank to align its Alternative Channel strategy with the overall business strategy. The formulation of these strategies envisaged in this RFP will form the new baseline for the distribution channel strategy in the company.

Confidentiality

All bidders to this RFP will be required to sign the confidentiality and non-disclosure agreement with the bank during response.

Objective of the Assignment

The objective of this tender is to find suitably qualified service provider(s) to assist BRAC Bank to address the requirements for the formulation of strategies for ATM-CDM services and Merchant Acquiring business.

1. The main aim for the formulation of strategies on ATM-CDM services and Merchant Acquiring business for Bank is to show value by supporting business objectives as follows:
 - a. **Strategy alignment** for a closer alignment of business and distribution strategy and its execution and ensure that the vision, direction and effort spend is aligned to the Bank's current strategies and future vision.
 - b. **Utilizing our strength** to boost up the customer experience as well as business prospects in assistance of modernization/innovation initiatives and increase efficiency in ATM-CDM services and Merchant Acquiring business because of better planning and design.
 - c. **Predictable and sustainable** ATM-CDM service network and Merchant Acquiring business framework.
 - d. **Faster response** to changes in business strategy, tactics and operational processes.
 - e. **Efficiency and cost effectiveness** in ATM-CDM operations and Merchant Acquiring business.
 - f. **Predictable and intended impact** of change and effective risk management.
 - g. **Effective alternate delivery channel framework** to support the businesses of the bank.
2. The objective of this TOR is to engage a consultant/consultancy firm to assist BRAC Bank Limited present infrastructure and future requirements assessment of ATM-CDM services and Merchant Acquiring business by maintaining current global leading practices, effective requirement analysis, with state of the art technologies, and to comply with the latest practices.
3. The assessment will cover the proper gap analysis of present and future requirements, efficiency, future expandability and scalability, etc.

Scope

In order to assist BRAC Bank address its requirements for the formulation of strategies for ATM-CDM services and Merchant Acquiring Business, the service provider must carry out (but not limited to) the following activities:

1. ATM-CDM Strategy
 - a. Analyze the existing framework of ATM-CDM services.
 - b. Assess the feasibility of deploying Cash Recycler instead of separate ATM & CDM in terms of cost, customer convenience, ease of operation, security & risk.
 - c. Survey current market technology trends.
 - d. Benchmark the quality of services and feedback on customer experience.
 - e. Determine the cost effectiveness of the existing systems.
 - f. Analyze the customer cash needs and service expectations.
 - g. Predict the future market and technology trends.
 - h. Assess the current compliance state in accordance with the latest national and international regulations.
 - i. Assess the impact of existing ATM / CDM framework on business of the bank.

- j. Evaluate the rationales between self-operated and outsourced ATM and CDM services and suggest the best solution.
 - k. Design and develop a strategic plan with recommendations for expansion/enhancement of the services including:
 - i. The impact on business and activities of the bank basing on the formulated strategic plan.
 - ii. The impact on brand values of the bank basing on the formulated strategic plan.
 - iii. Hard cash management strategy
 - iv. The strategic plan for compliance and security.
2. Merchant Acquiring Business Strategy (Face to face and e-commerce)
- a. Analyze the scope of existing Merchant Acquiring business both face to face and online (e-commerce).
 - b. Assess the feasibility of deploying POS machine, QR Code (Static & Dynamic) in terms of cost, customer convenience, ease of operation, security & risk.
 - c. Survey current acquiring market trends including MFS & Wallets.
 - d. Benchmark the current services and feedback on customer experience.
 - e. Assess the existing acquiring business of the bank.
 - f. Assess the customer's payment behavior.
 - g. Effective strategy for targeting of merchant basis segmentation, prioritization.
 - h. Pricing model for merchants
 - i. Merchant payment framework for their convenience and effective fund management.
 - j. The impact of acquiring business to collect funds that will influence the entire banking ecosystem.
 - k. Design and develop a strategic plan with recommendations for expansion/enhancement of the business including:
 - i. The geographic expansion.
 - ii. POS Machine vs. QR strategy
 - iii. The strategic plan for compliance and security.

Deliverables

The service provider needs to compile ATM-CDM services Framework and Merchant Acquiring business capability for BRAC Bank comprising of the following and covering the scope mentioned:

- 1. Phase 1: Current state
 - a. A maturity assessment of BRAC Bank's ATM-CDM services and Merchant Acquiring business capability;
 - b. An aligned vision, strategy and approach for ATM-CDM services and Merchant Acquiring business at BRAC Bank. Key areas which must be documented include quality of services and customer experiences, cost effectiveness, business prospects, clear alignment to the business strategy, a resource plan and identified quick wins;
 - c. A representation of BRAC Bank's current state architecture at contextual and conceptual levels, detailing bank's:

- i. Organizational structure;
- ii. Mandate, vision, strategy and objectives;
- iii. Business capabilities, functions and processes;
- iv. Stakeholder analysis, stakeholder matrix, high-level requirements map, stakeholder management approach;
- v. Cyber threats and security measures;
- vi. Policies, regulations and practices;
- vii. Strategic and tactical project and initiatives;
- viii. Business plan and services;
- ix. Overall capability, service quality and cost effectiveness;

2. Phase 2: Future state

- a. A strategic planning with a robust set of principles, processes and deliverables as well as any other required policies, standards or processes for BRAC Bank's alignment to best practices and the industry standards;
- b. A representation of the proposed future state Architecture for BRAC Bank at contextual and conceptual levels, detailing BRAC Bank's:
 - i. Organizational structure;
 - ii. Mandate, vision, strategy and objectives;
 - iii. Business capabilities, functions, value chain, processes;
 - iv. Stakeholder analysis, stakeholder matrix, high-level requirements map, stakeholder management approach and processes;
 - v. Strategic and tactical project and initiatives;
 - vi. Cyber threats and security measures;
 - vii. To be ATM-CDM services and Merchant Acquiring business framework;
 - viii. Overall capability, service quality and cost effectiveness;
 - ix. Estimated Budgetary requirements;
 - x. Suggested Timeline / Road map

3. Phase 3: Gap analysis & roadmap

- a. A gap analysis between BRAC Bank's current state of the ATM-CDM services and Merchant Acquiring business frameworks and the proposed future state of frameworks.
- b. A short term (~3 years) & long term (5-10 years) strategic roadmap for BRAC Bank.

Outputs

The following deliverables are expected from the Enterprise Architecture definition exercise:

1. Documented analyses, in terms of the topics described.
2. All graphical content from this engagement must be modelled and available for reuse.
3. The service provider is expected to produce interim reports at each phase/milestone which will be discussed and approved. The reports will form part of the final output.

4. Documented review and recommendation with graphical presentation.

Consultancy firm Selection Criteria, Competency and Expertise Requirements, Qualifications:

- ✓ The consultancy company/consultants should have similar kind of consultancy experience
- ✓ The consulting firm must be internationally recognized with at least 15 years of experience.
- ✓ Those consulting firm/consultants worked with similar activities will get advantages.
- ✓ Consulting team must declare profile of the consultants with similar experience details in the proposal (include Lead architect, supporting architect with certification, experience etc.); Consulting team must have certified resources.
- ✓ The service provider shall clearly describe the methodology and approach that they intend to implement that will enable them to execute the work within the timescale required, including but not limited to:
 - Proposed Quality Assurance approach;
 - Contingency for inability to reach milestones;
 - A fully detailed project implementation plan which includes:
 - All activities(statement of work);
 - Resources;
 - Milestones; and
 - A detailed implementation schedule based on the activity list shall be provided as part of the project plan including cost per milestone.
- ✓ Service provider's ability to develop strategic plan on ATM-CDM services and Merchant Acquiring business with reference to the deliverables. The relevant expertise and experience must be clearly demonstrated.
- ✓ Provide details of implementation of at least 5 similar projects in financial service business companies.
 - Each project must be evidenced and substantiated with a reference letter from the relevant client on the client's letter head clearly detailing the actual work that was completed (no points will be allocated for the project if the relevant reference letter is not provided).
- ✓ Required Proposal Response Forms: The proposal must provide a summary of the firm's qualifications to perform the duties outlined in the requested services section. This chapter contains forms vendors must complete to submit their proposals. Vendors must complete all the forms as well as other requests for information contained herein. The following forms are included:
 - Cover Letter
 - Proposal Summary
 - Technology Summary
 - Acceptance of Terms and Conditions
 - General Vendor Information
 - Project Staff List
 - Key Project Staff Background Information
 - Customer Reference
 - Project Approach
 - Work Sample(s)
 - Project Schedule and Work plan
 - NDA
- ✓ The Tenderer may participate alone or form a consortium. In case of the consortium, legal documents on the partners' roles and responsibilities should be included as an attachment to the bid proposal. One member of the consortium represents as prime partner and other(s) as a member partner
- ✓ The Tenderer (prime and member) should be legal entities and registered national organization/government organization/ Public sector unit/ Limited Company that have not been prohibited by Bangladeshi or international court(s) to enter into contracts. In case of a government organization, it must have the permission for participating in the bidding process from the competent authority.

- ✓ In case of a consortium, all qualification criteria must be fulfilled by consortium and the prime partner will be fully responsible for all contractual obligations.
- ✓ The Tenderer shall be authorized/registered as related service provider having minimum 10 (Ten) years of experience in related business.
- ✓ The offers should have validity for at least 120 days from the date of submission of the tender.
- ✓ Prime partner must have at least 25 employees, in case of consortium employee number should have at least 40 persons with direct payroll.

Evaluation Criteria

Technical Bid

The bidders will be evaluated technically based on the selected parameters and marks will be awarded on a 100 marks scale. Allotment of marks, within the overall indicated marks for each parameter, is the sole discretion of the technical evaluation committee.

The technical qualification cut – off for evaluation of technical bid would be 70% (70 marks out of 100). Bidders scoring below the same would not be considered for evaluation.

In the event no bidder technically qualifies (i.e. all are below 70%) or only one bidder technically qualifies (i.e. 70% or above), then the bank may choose minimum top three bidders with the highest score for evaluation process.

The shortlisted bidder under technical qualification, who has obtained the highest marks will be awarded the maximum score of 100 for that unit.

Other short listed bidders will be awarded scores in direct proportion of their marks obtained, as per the formula:

Technical Score (TS) = Score Obtained (SO) / Highest Score (HS) x 100, where-

- TS stands for Technical Score with a maximum score of 100
- HS stands for the Highest Technical Score obtained among all the short-listed bidders
- SO stands for Bidder's Technical Score Obtained as per the evaluation.

To select the bidder to award the contract, techno-commercial scoring method as detailed below will be used.

Commercial Bid Evaluation

The Bidder has to submit the indicative Commercial Bid as per the format given in Annexure or in Fusion software. The score for the Commercial evaluation will be awarded as under:

The shortlisted bidder per unit whose quote is the lowest will be awarded maximum score of 100 for that unit. Other bidders will be awarded scores in inverse proportion of their quotes to the lowest quote as per the formula

Commercial Score (CS) = Lowest Price (LP) / Bidder's Price (BP) x 100, where

- CS stands for Commercial Score with a maximum score of 100
- LP stands for the Lowest Price among all the short-listed bidders
- BP stands for Bidder's Price

Techno-Commercial Evaluation and Scoring

The final selection will be done by the Technical & Price Negotiation Committee on the basis of combined Techno-commercial scoring as under:

The total score will be arrived at by integrating the Technical Scores and Commercial Scores (separately for each unit) assigning 70% weightage to Technical Score and 30% weightage to Commercial Score as under:

(Technical Score out of 100 x 70%) + (Commercial Score out of 100 x 30%)

The proposals will be ranked in terms of Total Scores arrived at as above. The proposal with the highest Total Score (H1) will be the selected bidder and the price quoted by him will be taken as the bid winning price and will be considered first for award of contract.

Technical Evaluation Criteria: Technical Evaluation Criteria and Weightage for this advisory services:

| S/N | Criteria | Weight/Score |
|----------------------|---|--------------|
| 1 | General | |
| a | Market Presence | 5 |
| b | Understanding of the requirements | 10 |
| c | Organization Structure | 5 |
| d | Overall exposure to Clients in Bangladesh | 5 |
| e | Existing customer reference | 5 |
| f | Support arrangement | 5 |
| g | Global Ranking | 5 |
| h | Local support arrangement for foreign vendors | 5 |
| 2 | Best for consulting and advisory | 5 |
| 3 | Proposed Approach and Methodology | |
| a | Scoping | 10 |
| b | Approach / methodology | 5 |
| c | Deliverables | 5 |
| d | Presentation | 5 |
| e | Project Management | 5 |
| f | Similar local experience | 5 |
| g | Project Plan | 5 |
| 4 | Team Strength | 10 |
| Overall Score | | 100 |

General Terms and Conditions:

- 1. Purchaser's Right:** The Purchaser reserves the right to accept/ cancel/ reject any or all offer without assigning any reason. The Purchaser is not obliged to purchase the lowest offer or any offer at all. The Purchaser reserves the right to share the Bidder's response to this RFQ with its advisors and Purchaser Business Units. Purchaser reserves the right to: conduct negotiations with one or more Bidder and/ or accept the Bid without any negotiations.
- 2. Bid Clarification Date:** Vendor need to confirm their participation in bid clarification meeting by sending their expression of interest at Khaleda.kabir@bracbank.com by 4th August 2019. **Subject of email** will be "EOI for advisory services on formulation of Alternate Delivery Channel (ATM/CDM & Merchant Acquiring) Ref no BBL/Proc/RFQ/Y19/113".

Location of Bid Clarification Meeting: Level-1, Anik Tower, Tejgaon, Dhaka.

Date of Bid Clarification meeting: 03:00 PM, 5th August 2019.

3. **Bid Submission/ Closing Date:** The bidder has to submit their Technical bid to the email address: tender@bracbank.com by 5:00 PM, 25st August, 2019 (Bangladesh Standard Time). Please note that email size should not exceed 10 MB. If require, you can break mail and send more than 1 mail. Vendor will submit technical proposal only. Commercial bid will be conducted through ERP later. The Purchaser reserves the right to reject any Offer submitted after the Closing Date. The Purchaser reserves the right to change the Time schedule at any time.
4. **Required Content and Structure of the Quotation:** The bidder shall submit soft copy of the **Technical Offer** through e-mail. The **subject of the e-mail containing Technical offer would be mentioned as "Technical Proposal for advisory services on formulation of Alternate Delivery Channel (ATM/CDM & Merchant Acquiring) Ref no BBL/Proc/RFQ/Y19/113"**
5. **Quotation Validity:** The Quotation shall be valid for One Twenty (120) calendar days from the Quotation submission/ closing date.
6. Manipulation or any kind of unusual approach or failure to submit the proposal/offer within stipulated time frame will be treated as "Disqualification" to attend in the bidding.
7. Presentation is must as a part of technical evaluation.
8. **Point of Contact:**
 - i. For business related issues please communicate with **Imtiaz Ahmed, Head of ADC, BRAC Bank Ltd, imtiazahmed.adc@bracbank.com ;**
 - ii. For Commercial Issues please communicate with **Khaleda Kabir, Khaleda.kabir@bracbank.com, +880184404811**
9. After quoting price in Oracle Fusion (BRAC Bank ERP system), bidder has to submit breakdown of price through a mail. If ERP/system price does not match with breakdown price then BBL will consider ERP/system price as final one. BBL also reserves the right to disqualify the vendor if price differ.
10. If procurement committee deems that the existing outcome of a particular Open tender is not suitable/viable/feasible/lucrative enough to meet BBL standard and expectation, the particular bid may be floated again as re-tender to allow participation that may ensure submission of better technical and commercial proposals to suit BBL need/expectation the best.

Commercial Terms and Conditions:

1. **Work Time Line:** The bidder has to complete the job within agreed timeline mentioned during RFP response from the date of PO issuance.
2. **Price and VAT and Tax:** The quoted price should include applicable withholding Tax and VAT. The rate of VAT should be mentioned in the quotation.
3. **Delivery Place:** The Bidder will deliver the product as per instruction of technology division, on the Agreed Date of Delivery.

4. **Liquidated Damages for Delay:** The Bidder has to complete the entire work within the stipulated period as mentioned in clause no 2, in failure 5% of total contract value will be deducted for each Week delay but Penalty will be considered pro-rata basis. Bank will not consider any delay in delivery unless due to force majeure.

5. **Payment Terms:** Payment will be made after successful completion of delivery of ordered product) & upon submission of the bill with work order & original challan which is duly signed by authorized personnel of BRAC Bank Limited (IT Person's Sign, Name, PIN & Seal, if available). Payment will be made through Bank Account only. BBL will deduct all applicable withholding income Tax and VAT from the invoice at the time of payment as per Government Rules.