Replies to Queries

RFP # 45

1. Human Centric Design ‘HCD’, Payments System Directorate (Guidelines to share data through common API) & GDPR (General Data Protection Regulation) are the key aspects for Digital Banking. Does the scope of RFP requires the guidelines/regulations to encompass these key aspects

(As per Scope of Work, comprehensive recommendations may consider PSD2 and GDPR)

1. Digital Fiat Currency – Need elaboration how the Central Bank envision its encashment & tender.

(Please refer to Scope of Work: As per Section 1.2(iv) of RFP, this will be the part of Comprehensive recommendations made by the Consultants)

1. Digital Fiat Currency – Does it require to process Digital Fiat Currency in both online & offline modes or Only Online mode

(Please refer to Scope of Work: As per Section 1.2(iv) of RFP, this will be the part of Comprehensive recommendations made by the Consultants)

1. Digital Banking Regulation may be inclined towards incentivizing the customer and encourage the Financial Inclusion by offering services free in most cases. In parallel, the regulations could be to offer a commercially motivated regulations to support viable business sense of Digital Banking. What is your take on these approaches.

(Please refer to Scope of Work: As per Section 1.2(vi) and 1.2(vii)(a) of RFP, this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii)

1. Which entity shall own the ‘Regulatory Sandbox’ specifically to provide the test environment for Digital Banking providers and Fintech

(Please refer to Scope of Work: As per Section 1.2 (ii), 1.2(vi) and 1.2(vii)(d) of RFP, this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii)

1. How the Regulator / Central Bank encourages the Digital Bank to earn.
   1. From the Deposit Float
   2. From Cross Selling of Banking and Non Banking Products through a single platform
   3. From Conventional Transaction Fee

Please refer Scope of Work: Based on the outputs of Section 1.2 (i), 1.2(iii) and 1.2(vi) of RFP, this will be the part of Comprehensive recommendations made by the Consultants1.2(vii))

1. Has Competition Commission posses any role in regulating the pricing of Digital Banking Services or it will be based on the Schedule of Charges by the Bank.

(Please refer Scope of Work: Based on the outputs of Section 1.2(ii) of RFP, this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii)

1. Fintechs have a dominant role in Digital Banking. Will the Fintechs be govern under the PSP/PSO regulation of SBP or under the Digital Banking Regulation. Please elaborate

(Please refer Scope of Work: Based on the outputs of Section 1.2(ii) of RFP, this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii)

1. Under the proposed Digital Banking Regulation, the issuance of Digital Fiat Currency is transparent to any Central Bank plans to issue a Pakistan crypto currency.

As per Scope of Work, the Consultant will this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii)

| **S.No** | **Reference to the RFP** | **Relevant Extract from the RFP** | **Clarification/ Information Required** |
| --- | --- | --- | --- |
| 1 | Section 2, Instructions to Firms, (C) Preparation and Submission of Proposals, 10 | Comments and suggestions on the terms of reference, counterpart staff, and facilities to be provided by the client | Clarification is requested on whether the comments and suggestions are mandatorily required within the proposal  **Reply:**  Yes |
| 2 | Section 2, Instructions to Firms, (C) Preparation and Submission of Proposals, 15 | The firm shall prepare and email a scanned copy of the documents comprising the Proposal as described in point 10 on official company letterhead | Please confirm if the email must only be sent to the following; and no other address of Karandaaz: [procurement@karandaaz.com.pk](mailto:procurement@karandaaz.com.pk)  If the email has to be sent to another address, can you please also provide the other address.  **Reply:**  As per Section 1. Letter of Invitation: [**procurement@karandaaz.com.pk**](mailto:procurement@karandaaz.com.pk) |
| 3 | Section 4, Terms of Reference, Scope of Work, 1.2 (ii) | Review and gap analysis of applicable regulatory framework for the Digital Banks in Pakistan | Confirmation is requested on whether the extract is referring to the review and analysis of existing regulations in Pakistan and the extent to which they may support the business of a digital bank in the country.  **Reply:**  Please refer 1.2(i), 1.2(ii) and 2.2. This refers to review and gap analysis of existing SBP regulatory frameworks in Pakistan in light of legal and regulatory frameworks on Digital Banks in other countries. |
| 4 | Section 4, Terms of Reference, Scope of Work, 1.2 (iv) | Comprehensive and documented stakeholders’ consultations on the impact of the existing regulatory framework and the emergent requirements at the initial, intermediate and post draft stages. | Information is requested on who constitute the term ‘stakeholders’?  Which party to the contract will be responsible for onboarding stakeholders e.g. Karandaaz or the consultants.  Will these stakeholders be separate from the members of the Steering Committee or be representatives of the same organizations to which the Steering Committee members belong? Will they exist in the form of a working group, in which case which party to the contract would set up the working group?  Clarification on the above is sought on the grounds of a statement mentioned within the section on Deliverables which states *“list of stakeholders the consultant proposes to meet”* and *“Stakeholders’ consultation output along with justification on recommended Draft Framework”*  Reply:  The term Stakeholder in this RFP refers to external stakeholders interalia Market players and other relevant Government bodies. Karandaaz Pakistan and Banking Policy & Regulations Group (BPRG) of State Bank of Pakistan are the internal Stakeholders.  Please refer to section 2.1; as per part of Inception report, the consultant will propose a list of stakeholders. Stakeholders’ onboarding will be facilitated by the KRN and SBP.  Stakeholders referred here are separate from the members of Steering Committee. Working Groups, if required, will be facilitated by the Steering Committee.  As part of the Inception report (pl refer section 2.1) the Consultant will provide a list of internal and external stakeholders for consultation. This list will be updated and finalized by the Steering Co for stakeholders’ consultation. These consultations will be facilitated by the SteerCo.  An extensive consultation process is envisioned in this assignment (pl refer to Section 1.2(vi), 2.6, 2.8 and 2.9. “Stakeholders consultation output along with justification on recommended Draft Framework” (section 2.6) refers to the output document of Stakeholders’ consultation for deliverable at Section 2.7. This Subsequently, will be one of the final deliverables, which will include interalia, questions/suggestions from the stakeholders, received in writing or raised during the presentation to the Stakeholders (pl refer section 2.8); justification of incorporating the comments/suggestions or otherwise in the revised draft framework (pl refer section 2.9) |
| 5 | Section 4, Terms of Reference, Deliverables, 2.1 | An inception report with proposed work plan, templates of the intermediate and final reports, list of primary and secondary literature, list of stakeholders the consultant proposes to meet, plans for the consultation process, and a detailed project plan with costing, technical assessment report and timelines. This report will be finalized in consultation with the SBP. | Clarification is requested on what is meant by the terms *“list of primary and secondary literature”*  Reply:  This refers to a list of laws/regulations and other relevant documents to be reviewed including existing relevant laws and regulations (applicable in Pakistan and other focus jurisdictions). |
| 6 | Section 4, Terms of Reference, Deliverables, 2.1 | An inception report with proposed work plan, templates of the intermediate and final reports, list of primary and secondary literature, list of stakeholders the consultant proposes to meet, plans for the consultation process, and a detailed project plan with costing, technical assessment report and timelines. This report will be finalized in consultation with the SBP. | Clarification is requested on what is meant by the terms *“technical assessment report”* at the stage of submission of the Inception Report  Reply:  Technical Assessment Report is not required here. |
| 7 | Section 4, Terms of Reference, Timelines, 3.1 | It is expected that the project will be completed in six months, including the surveys and stakeholders’ consultation process | Information is requested on whether responses to surveys would only be restricted from members of steering committee and working group members? Can the consultant seek responses to surveys from any other stakeholder as they deem fit?  Reply:  Consultant can seek responses from any stakeholder, which will be finalized as per section 2.1. |
| 8 | Section 4, Terms of Reference, Timelines, 3.1 | Timeline (expected date of milestone) | Is there a possibility that the timelines for some project milestones be extended beyond the expected timelines mentioned within the RFP?  Reply:  Please refer to Section 3.1; the tentative delivery timelines and milestone are subject to the formal approval by the Project Steering Committee. Consultant may comment on the deadlines as per Section 10(1)(ii). |
| 9 | Section 4, Terms of Reference, Timelines, 3.2 | While processing the first batch of applications for Digital Banks in Pakistan, the consultant shall be available to address the queries of SBP, if any, for conducting due diligence of the first Digital Bank proposal | Clarification is required on whether our availability will be required to address SBP queries if any, for conducting due diligence of the first digital bank proposal within the first batch of applications for digital banks that it receives, or for all applicants within the first batch.  Information is requested on the estimated number of applications for the first batch of applications of digital banks in Pakistan.  Is the requirement to be available to address the queries of SBP, if any, for conducting due diligence of the first Digital Bank proposal beyond three (3) months from the successful completion of the project?  Reply:  Section 3.2 indicates that Consultant shall remain accessible to SBP for an ‘additional” 3 months to provide answers to SBP queries raised while completing the codal formalities for postulating the Regulatory Framework for Digital Banks in Pakistan.  SBP, while reviewing the first batch of applications, may also require Consultant to provide answers of the SBP queries, if required, which may go beyond 3-month timeline. |

1. In your view, how do the challenges of regulating digital banks differ from those relating to conventional banks?

(Please refer to Scope of Work: As per Section 1.2 (v), this will be the part of Comprehensive recommendations made by the Consultants 1.2(vii).

1. Is State Bank of Pakistan envisioning totally different legislation for digital banks from existing banks? Or is digital banking seen as part of the existing banking framework?

(Please refer to Scope of Work: “… SBP has already been working to introduce a separate category of banking services through promulgation of Framework for Digital Banks in Pakistan.”

As per Section 1.2(vii), comprehensive recommendations will be made by the consultant.

1. Will it be open to existing banks to launch a digital bank - if so, will it have to be completely separate?

(Please refer to Section 4 “Terms of Reference” – “About the Project”: “… Banking Policy & Regulations Department (BPRD) of SBP has already been working to introduce a separate category of banking services through promulgation of Framework for Digital Banks in Pakistan.”

As per Section 1.2(vii), comprehensive recommendations will be made by the consultant.

1. What department at SBP is the principle sponsor that Karandaaz is supporting for this endeavour?

Banking Policy & Regulatory Group (BPRG) at State Bank of Pakistan. Please refer to Section 4 “Terms of Reference” – “About the Project”.

1. Given the aggressive timeline of the deliverables requested, will Karandaaz and/or State Bank be able to assist with the visa process?

Visa processing is the sole responsibility of the consultant. Karandaaz may only provide visa facilitation letter, if required.

1. Where will the in-country work take place? Are there facilities available at State Bank of Pakistan?   
   (Section 1: C.10.ii)

Karandaaz and SBP will facilitate the consultants at their premises. Please refer to Section 10 (ii), specific requirements may be spelled out by the consultant in the Proposal.

1. Please clarify "Regulatory Sandbox". Does this mean both business regulation and technical standards and/or incubator operating environment?   
   (Section 4: 1.2.vii, 2.3 & 2.4)

This will be the part of Comprehensive recommendations by the Consultants 1.2(vii). That means recommendations for establishment of a Regulatory Sandbox by SBP in light of the international best practices and capacity development plan for SBP to implement the regime.

1. The RFP skips from Section 2.C to Section 2.E. Please clarify if this was a deliberate omission.

It’s not a deliberate omission and document is complete.

1. Deliverables 2.1, Inception report project plan requests a technical assessment be included. Would you please clarify what is expected in such a technical assessment?

Technical Assessment Report is not required as a part of inception report

1. The RFP specifies the delivery of documents in both electronic format and in physical format. Would it be acceptable for the hardcopies of the proposal to be delivered following the submission date as long as the hardcopies are dispatched before the scanned copies are emailed?   
   (Section 1: C.15)

Scanned copies (through email) should be dispatched before the deadline, hard copies can be received at most a day or 2 after the deadline.

1. In Section 4, “Terms of Reference”, we understand where the RFP uses the term “stakeholders”, it refers to external stakeholders only, not the Steering Committee or State Bank of Pakistan. Is this correct?

The term Stakeholder in this RFP refers to external stakeholders interalia Market players and other relevant Government bodies. Karandaaz Pakistan and Banking Policy & Regulations Group (BPRG) of State Bank of Pakistan are the internal Stakeholders.

1. Please clarify how many formal presentations are envisioned in the RFP and to which groups?   
   (Section 4: 1.2.vii, 2.8, 2.9)

Formal presentations will be delivered during Stakeholders' consultations, to the Steering Committee and a separate final Presentation to the top Management of SBP.

1. Please confirm that it is acceptable to bid and invoice for payment in USD?   
   (Section 1: C.11 & E.22)

As per section 11 & 26 of RFP.