**KARANDAAZ PAKISTAN**

**Request for Proposal (RFP)**

#45.

6th April 2018.

**SECTION 1. LETTER OF INVITATION**

RFP no. 45

6th April 2018, Islamabad

1. The purpose of this RFP is to solicit bids from companies interested in providing consultancy services for “Regulatory Framework for Digital Banks in Pakistan”. The RFP is designed to assess whether organizations are able to provide the services required, and through a competitive and fair assessment, select a winning vendor for a goods and services year-long contract.
2. Karandaaz Pakistan invites sealed proposals from interested and eligible organizations. More details on the Services required are provided in the Terms of Reference (Section 4 of RFP).
3. The company will be selected under open competitive procedures, in accordance with the procurement policies and procedures of Karandaaz Pakistan.
4. The full RFP is available at [**www.karandaaz.com.pk**](http://www.karandaaz.com.pk).

Both financial and technical proposals must be submitted before 12:00 noon Pakistan Standard Time on 25th April 2018. Offerors must prepare four hard copies of the technical proposal and one hard copy of the cost proposals, and submit in separate **sealed** envelopes to the attention of ‘The Procurement Department’ 1-E, Ali Plaza, D Chowk, Mezzanine Floor, Naziumudin Road, Blue Area, Islamabad, Pakistan. The proposal should also be sent to the following email address: [**procurement@karandaaz.com.pk**](mailto:procurement@karandaaz.com.pk) with the subject line: Responding to RFP No.45: “Regulatory Framework for Digital Banks in Pakistan”.

Yours sincerely,

**The Procurement Department**

Karandaaz Pakistan

**SECTION 2. INSTRUCTIONS TO FIRMS**

**A. General**

1. **Scope of Proposal**

Karandaaz Pakistan issues this Request for Proposal (RFP) for the following services:

Consultancy Services to formulate “Regulatory Framework for Digital Banks in Pakistan.”

Throughout this RFP:

1. The term “in writing” means communicated in written form (e.g., by mail, e-mail, fax)
2. “Day” means calendar day
3. **Fraud and Corruption**

Firms shall comply with Karandaaz Pakistan’s policy regarding fraud and corruption given in Section 3 of the RFP.

1. **Eligibility**

Karandaaz Pakistan may specify certain minimum qualification criteria in the Terms of Reference e.g. minimum years of relevant experience.

The firm has an obligation to disclose to Karandaaz Pakistan any situation of actual or potential conflict that impacts its capacity to serve Karandaaz Pakistan’s best interests. Failure to disclose such situations may lead to the disqualification of the firm or the termination of its Contract. Karandaaz Pakistan’s policy with regard to conflict of interest is given in Section 3 of the RFP.

Firms shall provide such evidence of their continued eligibility satisfactory to Karandaaz Pakistan, upon request.

1. **One Proposal Per Firm**

Each shall submit only one proposal, either individually or as a partner in a joint venture. A firm that submits or participates in more than one proposal shall cause all the proposals with the firm’s participation to be disqualified. However, this does not limit the participation of subcontractors and individual experts in more than one proposal.

1. **Cost of Preparation of Proposal**

The firm shall bear all costs associated with the preparation and submission of its proposal. Karandaaz Pakistan shall not be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

**B. Request for Proposal**

1. **Contents of the RFP**

The RFP includes the documents listed below and any Addendum issued in pursuant to point 8 of this section ‘Amendment of RFP’.

Section 1 - Letter of Invitation

Section 2 - Instructions to firms

Section 3 – Procurement Policy – vendor conduct

Section 4 - Terms of Reference

Annexure A – Proposal Submission Form

1. **Clarification of RFP**

All questions and/or clarifications regarding this RFP must be submitted via email to Procurement@karandaaz.com.pk no later than 5:00PM local time on April 13, 2018. All correspondence and/or inquiries regarding this solicitation must reference the RFP number. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing

Questions and requests for clarification—and the responses thereto—will be circulated to all RFP recipients who have indicated an interest in bidding by 5:00PM on April 18, 2018.

Only the written answers will be considered official and carry weight in the RFP process and subsequent evaluation. Any verbal information received from a Karandaaz employee or other entity should not be considered as an official response to any questions regarding this RFP.

1. **Amendment of RFP**

At any time prior to the deadline for submission of bids, Karandaaz Pakistan may amend the RFP by issuing an Addendum.

Any Addendum issued shall be part of the RFP and will be communicated via the Karandaaz Pakistan website. Firms are advised to monitor the site for updates.

To give prospective firms reasonable time in which to take an Addendum into account in preparing their bids, Karandaaz Pakistan may, at its discretion, extend the deadline for the submission of bids, pursuant to point 17 ‘Deadline for Submission of Proposals’ of this section.

**C. Preparation and Submission of Proposals**

1. **Language of proposal**

All documents relating to the proposal shall be written in the English language.

1. **Documents Comprising the Proposal**

The proposal shall consist of the following:

1. Technical proposal consisting of the following;
2. Firm’s organization and experience;
3. Comments and suggestions on the terms of reference, counterpart staff, and facilities to be provided by the client;
4. Description of approach, methodology, and work plan in responding to the terms of reference;
5. Examples of past experience
6. Work schedule and planning for deliverables; and
7. Team composition, assignment, and key experts’ inputs and Curriculum vitae (CV).
8. Financial proposal
9. **Currencies of Bid and Payment**

Firms may express the price in PKR (Pak Rupees) only. International firms should also specify the applicable dollar exchange rates used to calculate the price in PKR which will be assessed as per point 26.

1. **Proposal Validity**

Proposal shall remain valid for ninety (90) days after the proposal submission deadline date established by Karandaaz Pakistan. A proposal valid for a shorter period shall be rejected as non-responsive.

In exceptional circumstances, prior to the expiration of the proposal validity period, Karandaaz Pakistan may request all firms who submitted their proposals to extend the period of validity of their proposal for a specified additional period. The request and the responses shall be made in writing. If the firm agrees to extend the validity of its proposal, it shall be done without any change in the original proposal and with the confirmation of the availability of the key experts. The firm has the right to refuse to extend the validity of its proposal in which case such proposal will not be further evaluated.

If any of the Key Experts become unavailable for the extended validity period, the firm shall provide a written adequate justification and evidence satisfactory to the Client together with the substitution request. In such case, a replacement Key Expert shall have equal or better qualifications and experience than those of the originally proposed Key Expert. The technical evaluation score, however, will remain to be based on the evaluation of the CV of the original Key Expert.

If the firm fails to provide a replacement Key Expert with equal or better qualifications, or if the provided reasons for the replacement or justification are unacceptable to the Client, such Proposal will be rejected.

1. **Proposal Security**

In this procurement, a proposal security is not required.

1. **Alternative Proposals**

Alternative proposals shall not be considered.

1. **Format, Signing, and Submission of Proposals of Proposal**

The firm shall prepare and email a scanned copy of the documents comprising the Proposal as described in point 10 on official company letterhead. Each document shall be signed by a person duly authorized to sign on behalf of the firm. All pages of the proposal shall be initialled by the person or persons signing the proposal.

Both financial and technical proposals must be submitted before 12:00 noon Pakistan Standard Time on April 25, 2018. Offerors must prepare four hard copies of the technical proposal and one hard copy of the cost proposals, and submit in separate **sealed** envelopes to the attention of ‘The Procurement Department’ 1-E, Ali Plaza, D Chowk, Mezzanine Floor, Naziumudin Road, Blue Area, Islamabad, Pakistan.

The proposal should also be sent to the following email address: [**procurement@karandaaz.com.pk**](mailto:procurement@karandaaz.com.pk) with the subject line: Responding to RFP for “Regulatory Framework for Digital Banks in Pakistan”.

The Proposal shall contain no alterations or additions, except those to comply with instructions issued by Karandaaz Pakistan, or as necessary to correct errors made by the firm, in which case such corrections shall be initialled by the person or persons signing the Proposal.

1. **Deadline for Submission of Proposals**

Proposals must be received by Karandaaz Pakistan no later than 12:00 noon Pakistan Standard Time on April 25, 2018.

Karandaaz Pakistan may extend the deadline for submission of proposals by issuing an amendment in accordance with point 8 ‘Amendment of RFP’, in which case all rights and obligations of Karandaaz Pakistan and the firms previously subject to the original deadline shall then be subject to the new deadline.

1. **Late Proposals**

Any Proposal received late by Karandaaz Pakistan will be considered only at the discretion of the evaluation team

1. **Withdrawal, Substitution, and Modification of Proposals**

Firms may withdraw, substitute or modify their proposals by giving notice in writing before the deadline for submission of proposals prescribed in point 16 ‘Deadline for Submission of Proposal’ of this section.

Each firm’s withdrawal, substitution or modification notice shall be prepared, sealed, marked, and delivered in accordance with point 15 ‘Format, Signing, and Submission of Proposals of Proposal’, with the subject line as: Responding to RFP for “Regulatory Framework for Digital Banks in Pakistan - “WITHDRAWAL,” SUBSTITUTION” or “MODIFICATION” as appropriate. No Proposal may be substituted or modified after the deadline for submission of proposals.

**E. Proposal Opening and Evaluation**

1. **Proposal Opening**

Karandaaz Pakistan shall open the proposals, including modifications made pursuant to point 18, on the business day following the deadline, as per point 16.

1. **Confidentiality**

Information relating to the examination, evaluation, comparison, and post-qualification of proposals, and recommendation of contract award, shall not be disclosed to firms or any other persons not officially concerned with such process until publication of the contract award. Any effort by a firm to influence Karandaaz Pakistan in the examination, evaluation, comparison, and post-qualification of the Proposals or contract award decisions may result in the rejection of its Bid. Notwithstanding the above, from the time of proposal opening to the time of contract award, if any firm wishes to contact Karandaaz Pakistan on any matter related to the bidding process, it should do so in writing at the address indicated in point 7 ‘Clarification of RFP’.

1. **Clarification of Bids**

To assist in the examination, evaluation, and comparison of proposals, Karandaaz Pakistan may, at its discretion, ask any firm for clarification of the firm’s proposal. The request for clarification and the response shall be in writing, but no change in the price or substance of the proposal shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by Karandaaz Pakistan in the evaluation of the proposals in accordance with point 25 ‘Correction of Errors’.

1. **Preliminary Examination of Proposals**

Prior to the detailed evaluation of proposals, Karandaaz Pakistan shall first review each Proposal and check the power of attorney or any other form demonstrating that the representative has been duly authorized to sign the proposal, initialization of all pages, etc.

1. **Determination of Firm’s Eligibility and Qualifications**

Then Karandaaz Pakistan shall determine whether the firm meets the eligibility and qualification requirements of the bidding documents. Firms failing to comply with the eligibility criteria indicated in point 3 ‘Eligibility’ shall be disqualified.

Further, Karandaaz Pakistan shall determine whether the proposal is substantially responsive to the requirements of the bidding documents.

Karandaaz Pakistan’s determination of a proposal’s responsiveness is to be based on the contents of the proposal itself. A substantially responsive proposal is one, which conforms to all the terms, conditions, and specifications of the RFP, without material deviation or reservation. A material deviation or reservation is one (a) which affects in any substantial way the scope, quality, or performance of the service; (b) which limits in any substantial way, inconsistent with the RFP, Karandaaz Pakistan’s rights or firm’s obligations under the contract; or (c) whose rectification would affect unfairly the competitive position of other firms presenting substantially responsive Proposals.

1. **Evaluation of Technical Proposal**

Karandaaz Pakistan shall evaluate the technical aspects of the proposals received, applying the evaluation criteria specified in this point. Each proposal that is not rejected for reasons stated in these Instructions will be given a technical score.

The evaluation criteria, relevant sub-criteria, and point system to be used to evaluate the Technical Proposals shall be:

Technical Proposal (80% of total score)

1)      Competencies/expertise of the consultant(s). (30%)

2)      Prior relevant consultancy experience. (30%)

3)     Quality of proposed approach, methodology, and work plan (20%)

Firms scoring less than 50% on the technical evaluation will not qualify for financial evaluation.

1. **Correction of Errors**

Proposals determined to be substantially responsive shall be checked by Karandaaz Pakistan for any arithmetic errors. Errors shall be corrected by Karandaaz Pakistan as follows:

Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.

The amount stated in the proposal shall be adjusted by Karandaaz Pakistan in accordance with the above procedure for the correction of errors and, with the concurrence of the firm, shall be considered as binding upon the firm. If the firm does not accept the corrected amount, the proposal shall be rejected.

1. **Currency for Price Evaluation**

For evaluation and comparison purposes, Karandaaz Pakistan shall convert all proposal prices expressed in US Dollars into an equivalent amount in PKR, using the selling exchange rates established by the State Bank of Pakistan on the date of proposal opening specified in point 19 ‘Proposal Opening’.

1. **Evaluation of Proposal Price and ranking :**

Financial Proposal (20% of Total Score)

Cost proposals submitted will be evaluated according to price reasonableness determination under full and open competition and known market conditions.

Evaluation of the cost proposal will consider, but will not be limited to, the following:

* Cost reasonableness;
* Consistency with the technical proposal;

20 points will be awarded to the lowest responsive bidder while rest of the bids will be allocated points according to following formula:

Points of a Bidder = (P1/ P2)\* 20

Where:

P1= Price of Lowest Responsive Bidder

P2= Price of the Bidder

**F. Award of Contract**

1. **Award Criteria**

Subject to 31 below, Karandaaz Pakistan shall award the contract to the firm whose proposal has been determined to be substantially responsive to the RFP and which has the highest combined technical and financial score, provided that such firm has been determined to be eligible in accordance with point 3.

1. **Karandaaz Pakistan’s right to accept Any proposal and to reject any or all proposals**

Notwithstanding point 28 above, Karandaaz Pakistan reserves the right to accept or reject any proposal, and to cancel the bidding process and reject all bids, at any time prior to the award of contract, without thereby incurring any liability to the affected firm or firms or any obligation to inform the affected firm or firms of the grounds for Karandaaz Pakistan’s action.

1. **Notification of Award and Signing of Agreement**

The firm whose Proposal has been accepted shall be notified of the award by Karandaaz Pakistan prior to expiration of the proposal validity period in writing. This letter (hereinafter and in the contract called the “Letter of Acceptance”) shall state the sum that Karandaaz Pakistan shall pay the contractor in consideration of the services as prescribed by the contract.

The Agreement shall incorporate all agreements between Karandaaz Pakistan and the successful firm. It shall be signed by Karandaaz Pakistan and sent to the successful firm, within seven (7) days following the Letter of Acceptance’s date. Within seven (7) days of receipt, the successful firm shall sign the Form of Agreement and deliver it to Karandaaz Pakistan.

Karandaaz Pakistan will also promptly notify in writing each unsuccessful firm. After publication of the award, unsuccessful firms may request in writing to Karandaaz Pakistan seeking explanations of the grounds on which their Proposals were not selected. Also, Karandaaz Pakistan shall entertain a complaint from any firm that claims to have suffered or that may suffer, loss or injury due to a breach of a duty by the company in the conduct of this bidding process. Such requests shall be addressed and delivered in writing to:

Karandaaz Pakistan

Attention: Chief Executive Officer

Re: “Regulatory Framework for Digital Banks in Pakistan”

1 E, Ali Plaza, Nazimuddin Road, D-Chowk, Islamabad, Pakistan.

Any requests via email seeking this explanation will not be answered.

**SECTION 3. PROCUREMENT POLICY – VENDOR CONDUCT**

1. **Corrupt or fraudulent practices**

Bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, firms or suppliers, and any personnel thereof, shall observe the highest standard of ethics during the procurement and execution of contracts.

Karandaaz Pakistan shall not award contract if it is determined that the bidder, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, firms, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. As part of bidding/ solicitation documents, Karandaaz Pakistan will seek declaration of ‘Non collusive non corrupt practices’ from each bidder. Format for such declaration is prescribed in section 3 of the standard bidding document. In pursuance of this policy, following terms are defined as follows:

1. “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
2. “Fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
3. “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
4. “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
5. “Obstructive practice” is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.
6. **Avoidance of conflict of interest**

Any firm participating in the procurement process should disclose any actual or perceived conflict of interest situation/condition. Any firm found to have a conflict of interest shall be ineligible for award of a contract.

A firm shall be considered to have a conflict of interest in a procurement process if:

1. Such firm is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm; or
2. Such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the bidder is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid. Only for certain types of procurement, the participation of a bidder as a sub-contractor in another bid may be permitted subject to the company’s no objection and as allowed by the standard bidding documents applicable to such types of procurement; or
3. Such firm (including its personnel) has a close business or family relationship with a professional staff of the company who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract unless the conflict stemming from such relationship has been resolved in a manner acceptable to the company throughout the procurement process and execution of the contract; or
4. Such firm does not comply with any other conflict of interest situation as specified in the standard bidding documents relevant to the specific procurement process.
5. **Duty of care**

The supplier in performance of services for Karandaaz Pakistan shall exercise duty of care. Duty of care holds the supplier responsible for the safety and well-being of its personnel and any third party affected by its activities.

**SECTION 4. TERMS OF REFERENCE**

**Thematic Area**: Digital Financial Services

**Project Title: Regulatory Framework for Digital Banks in Pakistan**

**Expected Start Date:** May, 2018

**End Date:** October 2018

**Task Manager:** Director Knowledge Management & Communications (KMC)

**About Karandaaz Pakistan**

KARANDAAZ PAKISTAN, a not-for-profit company established in August 2014, promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions. The company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (DFID) and the Bill & Melinda Gates Foundation (BMGF). BMGF has set up a Digital Financial Services (DFS) Unit within Company for increasing the reach of financial services through the use of innovative digital technologies. The objectives of DFS unit, all of which are aimed at poor, rural, or otherwise excluded population segments, including women, are to:

1) Drive government payments onto digital platforms and develop new digital payment use cases for the public sector;

2) Work with commercial providers to test new digital payment innovations;

3) Conduct regulatory and policy analysis and advocacy to address the remaining policy barriers to digital financial inclusion; and

4) Create public goods to accelerate diffusion of best practices and adoption of country level low cost payments infrastructure.

Knowledge Management and Communications (KMC) focuses on developing and disseminating credible insights to inform the core themes of the Company, including DFS innovation, women’s empowerment and youth employment.

**About the Project**

Improving the efficiency, effectiveness and fairness of the banking system through strengthening and streamlining the regulatory and supervisory framework are amongst the six main goals of State Bank of Pakistan (SBP)’s Strategic Plan (2016-2020)[[1]](#footnote-1). Pakistan’s National Financial Inclusion Strategy (NFIS)[[2]](#footnote-2) has set the target for access to formal account to 50% by 2020 and acknowledges that a rapid and substantial financial inclusion is achievable through Digital Transactional Accounts. In Pakistan, more than 90% of the population has access to most affordable ICT services in the world[[3]](#footnote-3). 148 million (72% teledensity) biometrically verified mobile phone subscribers and 51 million 3G/4G subscribers[[4]](#footnote-4) have enabled huge opportunity for Digital Financial Services (DFS) including Digital Banking in Pakistan.

The consumers’ use of electronic payments in Pakistan has grown significantly in recent years, and the trend will accelerate in coming years due to Vision of SBP on provision of DFS especially to financially excluded segment of population. Consumers’ demand for more choices, immediate availability and direct access to ready-to-use services are also on the rise. At the same time technology companies and Fintechs are rapidly expanding their activities to financial services, continually innovating and competing and in some cases collaborating with the existing players to offer digital services. Cloud computing and innovative business models for service delivery of digital banking services are on the rise. The banking sector and market players at present needs regulatory direction to offer services as a standalone Digital Bank.

Keeping in view of the technological innovations, modern modes of banking services and demand from the industry, SBP intends to issue regulatory framework (including licensing criteria) for Digital Banks. In this regard, 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.

In order to support SBP to create an enabling environment based on international best practices for Digital Banks in Pakistan, Karandaaz Pakistan intends to hire services of consulting firm of international repute to conduct a study and recommend concrete recommendations to formulate legal and regulatory framework for Digital Banks in Pakistan. These terms of reference (TOR) describe the scope of work and responsibilities of the Consultant.

**Scope of Work**

The consultant(s) or consulting firm/consortium (“Consultant)” shall formulate comprehensive recommendations for formulation of regulatory framework (including licensing criteria) and any amendments required in existing legal frameworks for Digital Banks in Pakistan. This would entail review of existing legal and regulatory environment and international best practices on regulatory frameworks for digital banks around the world and product and services offered by these Banks. Consultant will also carry out an extensive industry consultation on the impact of the existing policies, shortcomings and weaknesses and the emergent requirements for Digital Banks. As a consequence, the consultant will be advising on the comprehensive framework for Digital Banks in Pakistan, by means of a concise integrated draft framework. The Consultant will also propose implementation measures and timelines to deliver the new policy framework.

1.2 Scope of work will include interalia the following activities, where access to literature is available in specific markets of the world relevant to Pakistan’s Banking Frameworks:

* 1. Review of legal and regulatory frameworks on Digital Banks around the world. The sample should cover:
     1. Some advanced countries having a sound digital banking footprint; and
     2. Countries having legal/regulatory frameworks similar to Pakistan.
  2. Review and gap analysis of applicable regulatory framework for the Digital Banks in Pakistan.
  3. Review of existing product and services being offered by Digital Banks around the world.
  4. Advise any amendments required for establishment of digital banks through review and Identify gaps in existing legal framework (including but not limited to State Bank of Pakistan Act 1956, Microfinance Institutions Ordinance 2001, Foreign Exchange Regulation Act, 1947, Banking Companies Ordinance 1962, Payment Systems & Electronic Fund Transfers Act, 2007, Anti-Money Laundering Act, Electronic Transaction Ordinance 2002 and all other relevant laws). This may also provide legal coverage for working of Digital Banks, including big data acquiring, hosting and analysis for providing product and services to the customers; and issuance and management of Digital Fiat Currency (DFC) by the “Issue Department” of SBP.
  5. Review of Related Technological and other Risks inherent in Digital Banking and international best practices to mitigate these risks.
  6. 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.
  7. In light of the above, prepare comprehensive recommendations for the following:
     1. Regulatory framework (including licensing criteria) for Digital Banks
     2. Amendments, if any, required in existing SBP regulations for Digital Banks.
     3. Amendments, if any, required in existing law(s) for establishment and functioning of Digital Banks.
     4. Recommendations for establishment of a “Regulatory Sandbox” in Pakistan.
  8. Presentations during Stakeholders’ consultation and to the Steering Committee. A comprehensive presentation will be delivered to SBP Management after completion of the task by the consultant.

**Deliverables**

Work of the Consultant(s) will be milestone based and subject to the satisfaction of the Steering Committee. The Consultant shall provide updated status report every 30 days, a full report on the completion of each task, and the final integrated report of all deliverables. Consultant shall provide the following deliverables in English:

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.

2.2 Detailed assessment report of the review of the current Legal and regulatory landscape of Pakistan and Gap analysis in light of international regulatory best practices.

2.3 Comprehensive recommendations for regulatory framework including licensing criteria and implementation Framework for Digital Banks in Pakistan. Specific recommendations on establishment of a “Regulatory Sandbox” in Pakistan in light of international best practices would be required.

2.4. Capacity building plan for SBP to implement the regulatory Framework of Digital Banks and “Regulatory Sandbox” in Pakistan.

2.5 Integration of output of tasks 2.1 to 2.4 above to recommend a Draft framework and licensing criteria for Digital Banks in Pakistan and suggest implementation roadmap.

2.6. Stakeholders’ consultation output along with justification on recommended Draft Framework.

2.7 For each of the above-mentioned tasks, recommend the appropriate legislative/regulatory framework changes in existing legal framework(s) to implement regulatory framework for Digital Banks in Pakistan. These recommendations may also include necessary changes in legislations outside the domain of SBP such as pertaining to Securities and Exchange Commission of Pakistan (SECP), Pakistan Telecommunication Authority (PTA) etc.

2.8 Power Point presentation on major recommendations and reasons for key decisions for all tasks will be prepared by the Consultant’s Team. A comprehensive presentation will be prepared by the consultant team providing detailed outcomes and proposed recommendations and will be presented during 1 to 2 day(s) workshop for relevant stakeholders.

2.9 A revision of the draft Framework and the final presentation will be made based on outcomes of the aforementioned workshop and recommendations of the Steering Committee. Consultant will also present the final work to SBP officials separately.

2.10 At the successful completion of the project, subject to satisfaction of the Steering Committee, consultant shall submit 5 hard copies and soft copies including any business or econometric models to Karandaaz Pakistan.

**3. Timelines**

3.1 It is expected that the project will be completed in six months, including the surveys and stakeholders’ consultation process. Every deliverable would be signed off by the Steering Committee. The tentative delivery timelines and milestone, subject to formal approval by the Project Steering Committee, are as follows:

|  |  |
| --- | --- |
| ***Milestone*** | ***Timeline (expected date of milestone)*** |
| Initiation of Project | Signing of Contract with the consultant |
| Delivery of inception report described in 2.1 | Two weeks after initiation of the Project |
| Delivery of Detailed assessment report as described in 2.2 | 1.5 Months after initiation of the Project |
| Detailed reports as described in 2.3 & 2.4 | 3 Months after initiation of the Project |
| Delivery of integrated report as described in 2.5 to 2.7. | 4 months after initiation of the Project |
| Revised draft (2.9) after Stakeholders’ consultation including 1-2 day(s) workshop as described in 2.8. | 5 months after initiation of the Project |
| Re-work, if required, as proposed by the SteerCo after combined review of deliverables mentioned at 2.8, 2.9 and 2.10. | End of the Project |
| TOTAL | Six (06) months |

3.2 Consultants shall remain accessible to provide explanations/answers to the queries of SBP and Karandaaz Pakistan for an additional period of not less than three (3) months after the successful completion of the Project. 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.

**Qualifications**

The consultant will be an international consultant or consulting firm/ consortium having expertise in Banking sector, preferably in Digital Banking. The consultant will be selected through an international competitive selection process. The consultant is expected to demonstrate:

4.1 Proven experience in providing services of a similar nature in a range of different regions of the world, preferably in the South Asia region.

4.2 Minimum 15 years of experience in formal financial institution/mobile financial services sector /payment system operators of developed economies or equivalent.

4.3 Have staff with minimum five years of experience in all relevant areas, preferably in Digital Banking.

4.4 Excellent understanding of the legal, regulatory, financial and economic aspects of the sector, especially Digital Banking.

4.5 Proven expertise in the formulation of regulatory, supervisory and legal frameworks for the Digital Banks in collaboration with the Central Banks or relevant Policy makers.

4.6 Thorough understanding of the local banking industry including various service providers will be a plus. If necessary the consultant can partner with other local firms in undertaking this assignment.

4.7 Strong Acumen of digital payment system architectures such domestic or international payment schemes such as VISA, Mastercard, UPI etc. and product design for technology savvy market segment.

4.8 Deep technical understanding among market solutions for payment switches, aggregators, mobile financial services, data integration, fraud and cybersecurity, user identity and accounts.

4.9 Having Knowledge and Skill set for understanding mobile money/payments systems/core banking system, especially digital banking.

**Ownership/Control of Work and Product/Publication**

The ownership of all copyright and other intellectual property rights in respect of any data compilations, research, spreadsheets, graphs, reports, diagrams, designs, work products, software, or any other documents, developed in connection with this Contract will exclusively vest in and remain with Karandaaz which shall have all proprietary rights therein, notwithstanding that the Contractor or its employees may be the author of the intellectual property. All documents relating to the intellectual property or otherwise connected with this Contract, the services, or duties must be returned or delivered to Karandaaz at the time of the expiration or termination of this Contract. The Contractor agrees not to publish or make use of any of the intellectual property, or documents relating thereto, without the prior written approval of Karandaaz, and where approval is granted, without proper attribution to Karandaaz.

**Task Manager/Reporting**

Director KMC

**Payment**

Karandaaz will pay the Contractor’s invoice within thirty (30) business days after a) Karandaaz’ approval of the Contractor’s Deliverables, or b) Karandaaz’ receipt of the Contractor’s invoice, whichever is later. Payment will be made in PKR on USD, as agreed, to the account specified in the Contractor’s invoice.

**PROPOSAL SUBMISSION FORM**

Dear Sir/Madam,

Having examined the Solicitation Documents, the receipt of which is hereby duly acknowledged, “THE FIRM NAME” undersigned, offer to provide consulting for “INSERT REFERENCE NUMBER” to Karandaaz Pakistan in accordance with the Price Schedule attached herewith and made part of this proposal. “THE FIRM NAME” undertake, if our proposal is accepted, to commence and complete delivery of all services specified in the contract within the time frame stipulated.

“THE FIRM NAME” agree to abide by this proposal for a period of 90 days from date fixed for opening of proposal in the invitation for proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any proposal you may receive.

Dated: this------day of -------2018.

**Name, Designation and Signature of the “firm Representative”**

1. <http://www.sbp.org.pk/spd/Strategic.pdf> [↑](#footnote-ref-1)
2. <http://www.sbp.org.pk/ACMFD/National-Financial-Inclusion-Strategy-Pakistan.pdf> [↑](#footnote-ref-2)
3. The Global Information Technology Report 2016 “Innovating in the Digital Economy” Page 34 & 280 <http://www3.weforum.org/docs/GITR2016/WEF_GITR_Full_Report.pdf> [↑](#footnote-ref-3)
4. Pakistan’s Telecommunications Sector Indicators <https://www.pta.gov.pk/en/telecom-indicators> [↑](#footnote-ref-4)