

Clarifications of Pre-Bid Querries raised by proposed Bidders in response of RFP No. RM/1652/2011-12 dated 30/09/2011 for appointment of Consultant for implementation of advance approaches of Basel-II guidelines in Enterprise-wide Integrated Risk Management System (IRMS)

Pre-Bid meeting : 15/10/2011 11.30 AM

S No	RFP Clause Reference No	RFP page No	Key Requirement of RFP	Query	Bank Response
1	2	4	Rolling out for global operations (Hongkong and Singapore Branches)	We need information regarding the extent of integration /alignment of global operations with the parent bank and the availability of information about foreign branches at the corporate office to be able to scope the engagement better.	Overses operations are not integrated with the parent Bank as of now. Both the centers (Hongkong and Singapore) use different Core Banking Solution. However bank is now considering to bring uniformity in the CBS environment by using the same Core Banking Software across all domestic and foreign operations.
2	5.6	6	RFP contains only the principal provisions for the entire assignment and that the services in connection therewith are only a part of the assignment. The Consultant shall be required to undertake to perform all such tasks, render requisite services as may be required for the successful completion of the entire assignment at no additional cost to the Bank.	Is it fair to assume that the consultant is expected to help the bank achieve the objective of this engagement?	Yes, Detailed scope of Work and Deliverables mentioned in Annexure - I
3	EVALUATION OF BIDS	15	Experience in working with regulatory bodies and industry bodies (like RBI & IBA)	Is the consultant expected to provide any documentary evidence for this?	Yes
4	6.23 (10)	18	Modify the time period stipulated above for completion of assignment during the execution of assignment if it deems fit.	Is it possible that all modification of timelines be mutually agreed between the consultant and the bank?	No
5	6.26	19	ORDER CANCELLATION (TERMINATION)	This section implies that the bank has a right to unilaterally cancel the order. Please specify all the conditions under which this is applicable. Would the consultant also have a similar right?	Important Conditions are mentioned in the RFP. Consultant shall not have similar right

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6	6.27 (a)	19	In the event of termination of the Contract due to any cause whatsoever, [whether consequent to the stipulated term of the Contract or otherwise], BANK shall be entitled to impose any such obligations and conditions and issue any clarifications as may be necessary to ensure an efficient transition and effective business continuity of the Service(s) which the Consultant shall be obliged to comply with and take all available steps to minimize loss resulting from that termination/breach, and further allow the next successor Consultant to take over the obligations of the erstwhile Consultant in relation to the execution/continued execution of the scope of the Contract.	In the event of termination, can there be a mutual agreement between the bank and the consultant?	No Change in the Clause
7	6.3	21	Five percent (5%) of the agreed price will be retained by the Bank as Retention Money and the amount retained after deduction of liquidated damages if any will be released one year after successful approval by RBI under Basel II guidelines	Regulatory approval depends on bank's internal and extraneous factors which are not under the control of the consultant. Can the bank consider waving off this clause?	No Change in the Clause
8	6.43	24	SUBCONTRACTING The Bidder will not subcontract or delegate or permit anyone other than the Bidder personnel to perform any of the work, service or other performance required of the Bidder under this agreement without the prior written consent of the Bank and the bank's decision in this regard will be final and acceptable to the bidder.	Would the consultant be required to take prior approval before engaging other member firms of their network?	The Clause is clear.

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9	6.5	26	Conflict of interest: The Consultant shall disclose to BANK in writing, all actual and potential conflicts of interest that exist, arise or may arise (either for the Consultant or the Bidder's team) in the course of performing the Service(s) as soon as practical after it becomes aware of that conflict.	What does UCO bank perceive as 'actual or potential conflict of interest'?	The term should be understood in its generic sense.
10	6.51	26	The Consultant shall furnish the following Undertaking as a part of the proposal. "We certify that there has been no conviction by a Court of Law or contemplated by court for misconduct, guilty or indictment/adverse order by a regulatory authority for a offence against us or any of our sister concern in India or our CEO, Directors and if it arises we will intimate the Bank of the same".	What does UCO bank mean by 'sister concern'?	Sister concern is to be decided based on the concept of commonality of management and effective control.
11	6.53	26	The Successful Bidder/Consultant must submit unconditional and unambiguous compliance confirmation to all the terms and conditions stipulated in the RFP.	Some changes to the terms and conditions will need to be made. Is this acceptable to UCO bank?	No
12	6.55 b	27	The Consultant selected for the assignment should adhere to the quality standards, regulatory directions, guidelines in this regard.	Which 'Quality Standards' does UCO bank refer to?	Quality Standards required as per RBI and BCBS guidelines
13	Phase III	28	Enhancements of existing 15 corporate rating models as per model validation report to make them Basel II compliant	Are 15 corporate rating models procured from third party vendor or internally developed by the bank. In case models have been acquired from the third party, does bank has complete documentation w.r.t. development of all the models?	Internally Developed
14	Phase III	28	Development of new rating models wherever found necessary.	What are the major portfolios for which bank does not have credit rating models?	To be identified by the selected Consultant during the Gap Study

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15	Phase III	29	The vendor is required to develop following retail scorecards by using statistical analysis method Facility Rating Model for Non-Retail Borrowers (Compliant with FIRB Approach) Vendor is required to develop facility rating models for the following facility types...	Does bank has adequate/ appropriate data for the development / enhancement of retails score cards / credit rating models?	Data adequacy to be evaluated by the qualified Bidder in the process of Gap Analysis
16	Phase II	31	The consultant shall provide framework for integration of ORMS with that of internal audits and necessary guidelines for the same.	There has to be independence between ORMS framework and internal audit department and integration is not required between the two. Please clarify what the bank means by 'integration of ORMS framework with internal audit'	ORMS shall not be a separate silo but shall look at the functions of the bank in a holistic way, moreso in the light of Internal Audit being Risk Based Internal Audit, which also looks at People, Process and System, it is all the important that some kind of connect remains between ORMS and Internal Audit
17	Phase II	31	Implementation of TSA/ASA and moving over to AMA	Does the Bank intend to migrate to AMA via TSA or directly to AMA?	AMA via TSA
18	RCSA	32	Develop methodologies to conduct Risk Control Self Assessment (RCSA) exercise (including roll-out plan) across various areas / branches/offices. The methodology should cover rating scales, matrixes, evaluation methods for risk, control and residual risks	How many RCSA workshops/sessions does the Bank expect the consultant to conduct? Has the Bank conducted RCSAs in the past?	No. of RCSA workshops/sessions shall be fixed in consultation with the successful Bidder
19	Loss event management Framework	33	Development of loss event management framework to capture and analyse loss events, potential loss events and near miss events. The framework shall include but not limited to review the existing data on Operational Risk loss and suggest modifications based on requirements of advanced approaches.	How many years of the 'quality' Loss data does the Bank have at present?	Bank has been collecting Operational Risk loss data from 01.04.2006.

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20	Development of RFP, Vendor Evaluation & Selection	38	Assist the Bank in finalizing the required solution for moving towards Advanced Approaches for Credit, Market & Operational Risks as per Basel II /RBI guidelines, for meeting ICAAP requirements and also for Enterprise wide Integrated Risk Management Architecture for the Bank including group entities and branches abroad	Can the Bank provide the status of the current risk/rating systems currently being used for all the risk streams?	Bank presently has 15 internally rating models for credit rating. All accounts having exposure above 25 lacs are rated with these models.
21	DEED OF INDEMNITY	51	Partnership - copy of the partnership deed together with the registration extract evidencing registration of the partnership firm,	There are restrictions on sharing this information. Can the bank please reconsider this clause?	No Change in the Clause
22	Letter of confirmation	52	We also confirm that we have not been blacklisted by any Govt. Department / PSU / PSE or Banks or otherwise not involved in any such incident with any concern whatsoever, where the job undertaken / performed and conduct has been questioned by any authority, which may lead to legal action.	Could the bank please clarify what is meant by 'incident where job performed and conduct has been questioned by any authority'?	The Clause is clear.
23	RFP Section 6.33	22	Indemnity	Request to replace this clause with the following:- "The Bidder shall indemnify the Bank against all direct losses, damages, claims and liabilities arising out of the Bidder's fraud, wilful misconduct, breach of confidentiality and breach of bank's or third party Intellectual property right".	No Change
24	RFP Section 6.5 (Point XVI)	9	Envelope I (Technical Offer)	Does the bank require "Certificate of Incorporation" in this case? Please clarify.	Bank requires documents which confirm that the Bidder is Registered under Indian Laws and Permitted to provide consultancy services to Indian Banks
25	Annexure I	28	Scope of Services	Does the Bank require the Consultant to support during the IT system implementation in form development of business requirements, solution design, solution configuration, configuration of RWA rules and risk models, configuration of reports?	Yes

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26	Annexure I	28	Scope of Services	Does the Bank require the consultant to support during the IT solution maintenance?	No
27	Annexure I	28	Scope of Services	Does the Bank require the consultant to assist in periodic validation of the risk models till the time RBI approves the migration to advanced approaches?	Validation of Risk Models given under Scope of Work
28				Does the Bank have any expectations in terms of an outer time limit by when it expects the consultant to complete the assignment and application to RBI for CR, MR, OR for advanced approaches?	Bank has given the outer time limit but Bank expect the assignment to be completed at the earliest.
29				What is the role envisaged for the consultant after the draft application has been developed for Credit, Market and Operational Risk?	The Consultant shall assist in addressing the queries raised by the Regulator and if required assisting in upgradation of Systems and Procedure suggested by Regulator
30				Please elaborate on the risk IT architecture including list of applications currently being used for Credit, Market and Operational Risk management in the Bank	No separate Risk IT solution in use for Credit and Operational Risk. For VaR under Market Risk CredenceModel is in use
31	6.15	7	Eligibility	Please clarify whether the requirement of minimum two years of experience as per 6.1.5 on Pg 7 is total years of relevant experience or number of years of experience as an employee of the consultant?	Minimum two years of total relevant experience and not necessarily an employee of the consultant
32				How many years of historical data does the Bank have with regards to ratings, PD, recovery (for LGD) for Corporate and Retail portfolios separately?	As per our current Rating models, Bank has PD for 6 years as on 31.03.2011 for exposure above Rs 25 lacs and PD for 7 years for exposure up to Rs 25 lacs on pooled asset basis. Bank has recovery data for defaulted accounts having exposure above 25 lacs since 2005
33				How many Credit Risk rating or scoring models are in place for Corporate & Retail portfolios for UCO Bank? This would be useful to understand for accurately estimating the effort required for enhancement and validation that varies based on the number of models	Bank presently has 15 rating models for Rating accounts with exposure above 25 lacs. Exposure up to Rs 25 lacs are Rated under 15 different asset pools.

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34				Has the Bank implemented a system for measuring market risk? If yes, what part of the portfolio is covered by the system? Does the system also cover specific risk measurement and stress testing?	No
35				What are the modeling techniques used by the Bank for Asset Liability management? Does the Bank calculate Earnings at risk and Economic value measures for interest rate risk?	Excel based simple statistical techniques used for ALM. Bank calculate Earnings at risk and Economic value measures for interest rate risk
36				Are Bank's existing Market risk models maintained in-house by a dedicated modeling team or built by external vendors?	No
37				Please provide an overview of the Bank in terms of loss event data collection history, extent of conduct of RCSAs and definition of KRIs.	Bank has been collecting loss data since 01.04.2006. RCSA not conducted and KRI not identified
38	Annexure I, Work Stream 1, Phase 1, Para 1	28	Detailed scope of work	Please provide the details of the existing systems/software being used for Credit Risk Management which need to be assessed for adequacy w.r.t. Basel II requirements including their hardware details.	No systems/ software currently being installed
39	Annexure I, Work Stream 1, Phase 1, Para 1	28	Detailed scope of work	Request you to please provide the above details also for the systems which are under implementation.	NA
40	Annexure I, Work Stream 2, Phase 1, Para 1	31	Detailed scope of work	Please provide the details of the existing systems being used for Operational Risk Management which need to be assessed for adequacy w.r.t. Basel II requirements including their hardware details.	No systems/ software currently being installed
41	Annexure I, Work Stream 2, Phase 1, Para 1	31	Detailed scope of work	Request you to please provide the above details also for the systems which are under implementation.	NA

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42	Annexure I, Work Stream 3, Phase 1, Para 2	33	Detailed scope of work	Please provide the details of the existing systems being used for Market Risk Management which need to be assessed for adequacy w.r.t. Basel II requirements including their hardware details.	NA
43	Annexure I, Work Stream 3, Phase 1, Para 2	33	Detailed scope of work	Request you to please provide the above details also for the systems which are under implementation.	NA
44	Work Stream 3, Phase 1, Para 4	34	Detailed scope of work	Please provide the details of the software being used for VaR calculation.	RiskMark and Quadryx, Bloomberg for Equity VaR
45	Work Stream 4, Phase 5, Reporting Framework	37	Detailed scope of work	Please provide details about the systems being used for reporting including their hardware details.	No systems is in place as of now
46	Work Stream 4, Phase 5, Reporting Framework	37	Detailed scope of work	Please clarify if the bank will look forward to floating a separate RFP for selecting a third party vendor for performing the User Acceptance Testing of the solution to be implemented.	No, the Consultant appointed through this RFP shall assist in performing the User Acceptance Testing of the solution to be implemented
47	Work Stream 4, Phase 5, Reporting Framework	37	Detailed scope of work	Please provide details about the Core Banking System being used by the bank.	Finacle 7.0.19 for domestic operations

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48	Work Stream 4, Phase 5, Reporting Framework	37	Detailed scope of work	Please provide the details of the systems that the Enterprise wide Integrated Risk Management System needs to interface with.	CBS System, Treasury Solution, Retail Loan Processing Sytem(LAPS), Credit Rating System
49	Work Stream 5, Phase 1, Para 3	37	Detailed scope of work	The RFP specifies that "The target group will be Officers/executives of Risk Management Department, Regional Offices, Zonal Offices, Branches (domestic and international) Trainers/faculty members from different staff training colleges Inspectors, auditors. etc" Please provide indicative team size to be trained for each of the above categories of users.	In general team size will be 15-25 people. Depending upon the course content and the capability of the trainer the size may vary
50	Work Stream 5, Phase 1, Para 3	37	Detailed scope of work	Please provide the number of locations where such trainings need to be conducted.	For Credit Risk at Kolkata , for Market Risk at Mumbai and for Operational Risk at 8 FGM Office level
51	Work Stream 5, Phase 1, Para 3	37	Detailed scope of work	Please clarify if the bank would like to go for two stage process (EOI and RFP) for Vendor selection or only one stage process (i.e. RFP)	Only One stage (i.e. RFP)
52	Phase 2, Para 5	39	Detailed scope of work	The RFP specifies that "The Consultant will define the requirements of various other service providers, assist in evaluating and selecting the prospective service providers. Consultant will also monitor and assist the Bank in execution of services by said service providers" Please provide examples of type of other service providers that are referred to here.	Solution Provider is mentioned as Service Provider.

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53	6.1	6	Eligibility Criteria "The bidder should have been assigned/undertaken consultancy for at least 1 Public Sector Bank for Implementation of Advance Approaches of Basel II guidelines"	Will the bank accept assignments under integrated risk management consulting provided in Indian/Foreign banks as eligible for bidding?	No Change in the Eligibility Criteria
54				Please provide a list of solutions currently in use/preparing to use in the risk management functions of the bank. Also whether these are external or developed in-house by the bank?	Please see SI no. 38 to 47
55				What is the specific scope of work under ALM desired by the Bank? For example, <ul style="list-style-type: none"> • Around measurement of NII and NIM, • Around RAROC-Risk adjusted rate of return, • Future projections, • Forecasting of financial statements, • Contingency etc, 	Scope of Work mentioned under phase III of Workstream 3 and Phase IV of Workstream 4
56				With respect to software implementation, the time estimated by the consultant is contingent to the third party vendor. How does the Bank intend to modify the timeframe if the implementation exceeds the desired and approved time schedules?	Bank expect the assignment top be completed at the earliest as per RBI Guidelines
57				For Corporate portfolio does the Bank expect the consultant to provide a framework and detailed methodology document for the Bank to perform develop PD, LGD & EAD models OR the consultant to actually use the methodology to develop the same as development of these models is a time consuming and iterative process that depends to a great degree on the sufficiency of the available data history(between 3-5 years of data)	Details given under the Scope of the work - Credit Risk

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58				For Retail portfolio, is the expectation that the consultant will provide the framework and build prototypes and the Bank would do the retail pooling and scorecard development OR the consultant is expected to actually analyze the Bank's historical data and segment the portfolio based on borrower characteristics to arrive at pools and also develop scorecards that are based on a statistical analysis of the Bank's data(1-3 years of data history needed)	Details given under the Scope of the work - Credit Risk