

Reply to the queries raised on RFP for providing consultancy services for implementation of Enterprise- wide Integrated Risk Management Architecture (for Bank and group entities)- RFP NO 02/2010-11 dt 30.03.2011

Sr No	Query	Our Reply/ RFP Ref. Page No, Para no
1	<p>Query The proposal and the effort estimate including commercials could be based on the scope indicated in the RFP. Do you envisage significant changes to the scope?</p> <p>RFP reference: The scope of work given in the RFP is only indicative. After the selection of the bidder, at the time of entering into the agreement, the actual work to be carried out will be finalized, in consultation with the selected bidder, which will be , at a minimum, the scope of work given in the RFP and would be divided into five stages.</p>	<p>Page 9, 3.Scope of Services : The scope depends upon the regulatory requirements. The ultimate aim is to secure the approval of the RBI. The scope includes fulfillment of all the requirements thereto.</p> <p>We do not foresee significant changes in the scope of work. The scope has been prepared in generic terms. If the selected bidder in his proposal offers additional areas of coverage as part of the assignment, all such additional works acceptable to the Bank would form part of the scope of work while signing the agreement in addition to the RBI directives on Advanced Approaches received, if any.</p>
2	<p>At present bank has adopted basic Approaches i.e. standardized Approach for credit risk, Modified duration Approach for market risk and Basic indicator Approach for operational risk. Does bank have any documentation, manual, process flows, charts and analysis which captures the existing AS-IS risk management infrastructure in terms of policies, processes, governance documents etc., Can these documents be the starting point for the proposed study, gap analysis and to-be state with recommendations.</p>	<p>Page 9, para 3 , scope of services first bullet is quite exhaustive, which is reproduced below: To Study the existing systems implemented by the Bank in risk management, conduct gap analysis vis a vis regulatory requirements & Basel II requirements and suggest, guide and assist the Bank in up gradation of existing risk management systems and processes and implementing Enterprise-wide Integrated Risk Management architecture compliant with the regulatory requirements and the Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) of risk management including BASEL II guidelines.</p> <p>The existing material such as policies etc., would be made available for reference to the selected bidder.</p>
3	<p>Do you anticipate any redundancies in respect of the work plan for each of the five stages. Can some work be done in parallel instead of sequential five phases ?</p>	<p>Page No 9 : Please refer page 9 last Para last sentence which is reproduced below for ready reference: "..... For the sake of early completion of the project, selected bidder could start early, some of the works listed for subsequent stages,.....". However the payment for such works</p>

		would be made at the end of the stage in which such works are expected to be completed as per RFP.
4	<p>Certain requirements in the RFP appear in more than 1 stage, can the bidder propose various projects and map it to the phase wise requirements (Example: Data gap analysis is spanning across various stages in the RFP. Ideally, this data gap analysis should be carried out before other things)</p>	<p>Please refer page 9 last para last sentence which is reproduced below for ready reference:</p> <p>“..... For the sake of early completion of the project, selected bidder could start early some of the works listed for subsequent stages in consultation with the Bank”.</p> <p>The bidders while submitting the bids have to plan in such a way that the assignment is completed in 15 months time to adhere to Central Vigilance Commission guidelines.</p>
5	<p>Should the CD contain the scan copies of the sealed and signed bid or the actual documents in word/excel files.</p> <p>RFP reference:</p> <p>Soft copy of the documents should be provided in CD format and should be in MS word/MS excel. The CD is to be properly protected and placed in “Envelope A”. In case of discrepancies between the documents submitted and the CD, the bid is liable to be rejected. The bid format could be scanned and submitted in CD. Other supporting documents could be in PDF format</p>	<p>Page 14 – para 3.31; 3.3.2:</p> <p>Yes, the CD contain the scan copies of the sealed and signed bid or the actual documents in word/excel files.</p>
6	<p>Can we provide, actual signatures in pages that require letter head and Digital signatures in all other pages.</p> <p>RFP reference:</p> <p>Only authorized person of the organization shall sign all the pages of the bid document and such bids shall only be binding. Digital signature is not acceptable.</p>	<p>Page 15 pare 3.4:</p> <p>Eligibility criteria, Technical bid application and the commercial bid should necessarily be signed and digital signature is not acceptable in respect of the said three application formats.</p>
7	<p>The bank has specified that the project should be completed in 15 months time span. However on a realistic note the IRMS implementation project typically take 2-3 years. The Bank has mentioned that a liquidation damage would be charge to the consultant. In addition, activities such software implementation would further</p>	<p>Page 16 –Point 3.13 :</p> <p>The period of assignment is restricted to 15 months as per Central Vigilance Commission guidelines. Depending upon the requirements Bank may at its sole discretion, allow extension of period at no extra cost.</p> <p>The bidders while submitting the bids have to plan the entire assignment in</p>

	<p>stretch the project timelines. In view of these constraints, can the bank extend the project time frame.</p> <p>RFP reference:</p> <p>All the tasks mentioned within the scope of work excluding application to RBI and receipt of approval from RBI shall be completed within 15 months. Depending upon the requirements, bank may in its sole discretion, allow extension of period at no extra cost.</p>	<p>such a way that the assignment is completed in 15 months.</p>
8	<p>Can the period be limited to the implementation of the project, as SREP might be completed one year after completion?</p>	<p>Page 16, Section II, clause 3.13 :</p> <p>The period of assignment is restricted to 15 months. Depending upon the requirements Bank may at its sole discretion, allow extension of period by 3 months at no extra cost.</p> <p>Further, the selected bidder shall make himself /authorized representative available for interaction , discussion with the internal auditors/ external auditors/Regulators etc along with Bank officials and shall furnish any information/clarification sought by them in connection with the project till the full implementation of the project and completion of SREP as mentioned in Section IV (para 2.2)</p>
9	<p>Is it required to have IRMS operational, credit risk and Market risk experience in Indian Banks ?</p> <p>RFP reference:</p> <p>The bidder should have experience in extending bank consultancy services in risk management in Indian banks.</p>	<p>Page 16- Eligibility criteria point e:</p> <p>For fulfilling the eligibility criteria and for submitting the bids , experience in risk management would be sufficient. While evaluating technical bid, the experience in all the three areas in Indian Banks shall be given due weightage.</p>
10	<p>In 3 (d) it is stated that the bidder should have experience in extending consulting services in risk management in Indian bank. What if consulting services are rendered in a reputed International bank outside India.</p> <p>RFP reference: Eligibility criteria.</p>	<p>Page No 17:</p> <p>We propose to engage a consultant with experience in extending consultancy services necessarily in Indian banks.</p>
11	<p>Is it mandatory to submit all these documents or can we submit one or more documents .</p> <p>RFP reference: Public & Private Ltd., company: certified copies of certificate of Incorporation, MOA, AOA along with a certified copy of</p>	<p>Page 18 -4.1.1 :</p> <p>All the documents are required to be submitted.</p>

	Board resolution authorizing the representative to submit the response to the RFP should be submitted.	
12	<p>The eligibility criteria can be modified to " Bidders should have experience of having executed/executing Enterprise – Wide Integrated Risk Management Consultancy services in at least one public sector Bank operating in India". This will ensure fair number of bidders to participate and bank will have good options to choose from for best technical bidder with least cost.</p> <p>RFP reference:</p> <p>Bidders should have experience of having executed/executing Enterprise wide Integrated Risk management Consultancy services for Advanced Approaches in at least one public sector Bank operating in India</p>	<p>Page 18, Note 1:</p> <p>The suggestion cannot be accepted as the eligibility criteria is stipulated taking into account the requirements of the bank and the expectation of RBI.</p> <p>The main purpose of floating the RFP is implementation of Enterprise Wide Integrated Risk Management architecture compliant with the Regulatory requirements and the Advanced Approaches of risk management including Basel-II guidelines.</p>
13	<p>In commercial bid, can the bidder provide cost details against each of the proposed projects in technical bid rather than providing stage wise details.</p>	<p>Page 19 Pricing:</p> <p>Stage wise details are also to be given in the commercial bid for making stage wise payments in terms of RFP.</p>
14	<p>Could the Bank consider giving a fortnight notice for this purpose?</p> <p>RFP reference: Presentation cum interview; for this purpose the bidders would be given a day's prior notice.</p>	<p>Page No 29, Section III, clause 3.5 :</p> <p>All the shortlisted bidders who qualify in the Eligibility Criteria Verification will have to make power point presentations before the evaluation committees of the Bank on the methodology / approach, time frame for various activities, strengths of the bidders in implementation of the proposed Enterprise-wide Integrated Risk Management Architecture and will have to participate in the subsequent interactions / interview.</p> <p>For this purpose the bidders would be given at least a day's prior notice.</p> <p>The bidders will be communicated by e-mail/ fax for this purpose. Bidders are expected to be in readiness to make the presentation at short notice.</p> <p>The indicative date of presentation cum interview would be given to all the eligible bidders on the day of opening of technical bids. However the actual date will be informed at least a day earlier.</p>
15	<p>Is it possible to share the legal terms of the contract before hand, since our legal team would have to give us the necessary clearances.</p> <p>RFP reference:</p>	<p>Page 30 5.b:</p> <p>The selected bidder shall be provided with the copy of the Bank' approved agreement.</p>

	<p>The notification of the acceptance by the successful bidder shall be followed by signing of the Consultancy Agreement which shall be completed within 7 days of receipt of notification of the acceptance by the bank of the bid by the successful bidder. The successful bidder should execute the Consultancy Agreement as per the format that will be provided by the bank.</p>	
16	<p>It is very stiff clause. Bank can relax this clause by saying instead of consent consultant will intimate to the bank in advance before changing any team members ?</p> <p>RFP reference:</p> <p>The selected bidder cannot change the Project Manager or any other members of the team/s during the entire period of execution of the project unless consented in writing by the bank.</p>	<p>Page 35, Point 12 :</p> <p>The success of the project depends upon the leader and the members of the team. While evaluating the bid, due weightage is given for this aspect and hence subsequent changes necessarily require the consent of the bank in writing.</p>
17	<p>We already have professional liability cover? In that case, if we provide broker certificate on Banks name, mentioning details of insurance policy is suffice?</p> <p>RFP reference</p> <p>The selected bidder shall obtain an insurance policy covering Professional Indemnity Risk to the minimum extent of @10% of the agreed price and endorse such policy in Bank's favour and /or otherwise make the claim of any under the policy payable directly to the Bank by the Insurance Company till the completion of the project</p>	<p>Page No 37 ,Section-III, Clause 13.6 :</p> <p>This policy is to be assigned in favour of the bank.</p>
18	<p>Can it be limited to the project fee?</p> <p>RFP reference:</p> <p>In the event of default, the Bank would provide 30 days notice to the selected bidder to rectify / correct the said event of default. If selected bidder fails to rectify the said default within the said period the Bank is entitled to cancel the contract of the selected bidder by giving 7 days notice. In such an event, the selected bidder shall be liable to indemnify the Bank for loss and damages incurred/ to be incurred or suffered / to be suffered by the Bank. The Bank is also entitled to get the remaining contract get executed by another party and the selected bidders (whose contract is terminated) is liable to make good the additional expenditure, cost, damage, if any which the Bank may have to incur to carry out</p>	<p>Page No 37, Section –III, Clause- 13.7 :</p> <p>Yes, it will be restricted to project fees irrespective of the stage of the project/ fee paid to the bidder selected.</p>

	for execution of the balance contract. In addition to the above, Bank is entitled to invoke the Performance Bank Guarantee or forfeit the security deposit given by the selected bidder towards non performance / non compliance of the terms and conditions of the contract.	
19	<p>Bank will extend full support in terms of time, data, information, availability, review, discussion in the form and manner required to execute the project. The application for SREP will be made by the bank after its complete implementation and generating of regulatory reports.</p> <p>How the project timelines be affected, if timelines of vendor system implementation is extended beyond 15 months.</p> <p>RFP reference:</p> <p>All the tasks mentioned within the scope of work excluding application to RBI and receipt of approval from RBI shall be completed within 15 months. depending upon the requirements, Bank may in its sole discretion allow extension of period at no extra cost.</p>	<p>Page 38, section III, clause 13.09 :</p> <p>It is essential that the selected bidder shall make himself/competent resources available for interaction, discussion with the internal auditors/external auditors/regulators etc along with the Bank officials and shall furnish such information/clarification sought in connection with the project till the full implementation of the project and completion of SREP as mentioned in Section IV (para 2.2).</p> <p>Actual application to RBI for permission to migrate to advanced approaches could be made during the course of the consultancy assignment itself as may be suggested by the consultant.</p>
20	<p>Will rectification have to be done by the Consultant? As it will mean that the consultant is taking on a responsibility for an unlimited period of time as well as the scope too becomes open as scope of rectification may be different as regulator may come up with different interpretations of guidelines after learning from various Bank's applications for approval and/or change in regulatory requirements such as issuance of new interpretation guidelines by BASEL II committee.</p> <p>RFP reference:</p> <p>Conduct of SREP by RBI and rectification of all deficiencies indicated by RBI during SREP</p>	<p>Page 39 Section IV, Clause 2.2:</p> <p>The purpose of engaging a consultant is for implementing advanced approaches of risk management in the bank and as such Bank expects the consultant to guide till the permission is received. As the application to the RBI is made basing on the guidelines of the selected bidder, he has to assist in attending to the issues raised by the Regulator.</p>
21	<p>In cases where consultants carry out all activities related to a particular RFP stage in any of the previous stages, say stage 1, then will consultant be paid completely under stage of completion or the payment would wait till other stages are completed ?</p>	<p>Page 39 payment terms:</p> <p>Payment will be made after relevant stage where the particular activity was required to be taken up as per the consultancy agreement.</p>
22	<p>Will new guidelines by BASEL II committee / RBI ,issued during the tenure of project but after conclusion of a particular activity, is this be part of the scope ?</p>	<p>Page 40, clause 4 :</p> <p>Any guidelines by Basel II / RBI issued during the tenure of the project and</p>

	<p>RFP reference: The documents, reports and drafts submitted by the consultant are subject to acceptance by the Bank.(Should comply as per Basel II and RBI guidelines)</p>	<p>suggestions by the Regulator during the SREP process in order to get regulatory permission shall be part of the scope of the assignment.</p>
23	<p>What is the effort estimate required by the consultant after the project is complete with respect to getting RBI approvals for migrating to the advanced approaches</p> <p>RFP reference: Project Scope</p>	<p>Page No 41, Annexure-I, Clause -B 1. Project Scope :</p> <p>The selected bidder has to make his own assessment for completion of project in all respects. Refer the reply to query No 8 also.</p>
24	<p>Please explain why model validation needs to be done in 3 stages. While we understand that stage 5 refers to validation of PD, LGD,EAD models but stage 1 and stage 4 covers both validation of rating and scoring models</p> <p>RFP reference: Stage 1. Assessing the credit rating framework currently in use (Bank currently employs CRISIL's RAM with ten modules) and suggesting the enhancements including validation and recalibration as per requirement of Basel II/ RBI guidelines for advanced approaches.</p> <p>Stage 4:</p> <p>Performing model validation and evolving policy for model validation, calibration, stability testing and benchmarking the model by using internal data.</p> <p>Quantitative validation for assessing the discriminatory power (only in respect of borrower ratings), calibration and stability of the models.</p> <p>Qualitative validation of the existing rating models for assessment of the model design, governance, documentation and using of models in business decision making and suggesting enhancements in accordance with the requirements of Basel II advanced approaches</p> <p>Stage 5:</p> <p>Validation of Stress testing and back testing results of PD/ LGD/ EAD models</p> <p>Validation of the models by an Independent validating agency and addressing the gaps identified during</p>	<p>Page 41 Annexure-I, Scope of work Credit Risk :</p> <p>Validation is to be in different stages. Incase of the existing models, as part of the gap analysis, enhancements are to be suggested and validation has to be done after implementing the enhancements. Further the selected bidder has also to suggest new models and has to take up the validation after implementation of the new models.</p> <p>Thereafter, Independent validation is to be arranged of all the models existing and new and the selected bidder has to assist the bank in fixing the gaps identified in such external validation.</p> <p>At stage 5, the validation refers to the models for PD/LGD/EAD estimation.</p> <p>The validation includes internal as well as external validations and please refer to Query No.37 also.</p>

	<p>the validation process. Query</p> <p>These score cards could be in the form of MS Excel or embedded into a system and password protected by the vendor. Please confirm that bank will provide score cards in an unprotected manner to facilitate the effective review As per RBI/Basel II guidelines.</p> <p>RFP reference:</p> <p>Study the existing framework for retail portfolio of the bank and suggest enhancements including application and behavioral score cards.</p>	<p>Page 43 Annexure I :</p> <p>The bank will provide the required assistance with the available information to the consultant for carrying out the assignment.</p>
25	<p>Does the assistance would extend to the areas relating to system implementation owned by the system vendor ?</p> <p>RFP reference: Assist the Bank in selection and acquisition of suitable software solution for implementing Advanced Approaches under Basel-II guidelines for Enterprise-wide Integrated Risk Management Architecture suitable for the Bank.</p>	<p>Page 41, Annexure I, clause B.1:</p> <p>Consultant is expected to assist the bank in implementation of the solutions existing and suitable software solution proposed to be acquired in tune with the deliverables provided. Please refer page 81, stage 3, Scope of work 3rd bullet.</p>
26	<p>Does the scope of work indicated in para 3 extend to all subsidiaries and group entities?</p> <p>RFP reference:</p> <p>Scope of work – annexure I.</p>	<p>Page 41,Annexure I: Detailed scope of work is given in Annexure I. The scope of work given is as applicable to the Bank. Regarding the subsidiaries and other group entities the activities that are required to be carried out for managing group risk on an enterprise wide basis shall form part of the scope of work.</p>
27	<p>Apart from Operational risk, credit risk and market risk, do the scope also include the detailed study of the Liquidity Risk as covered under Basel III.</p> <p>The scope of work does not indicate the major departments to be covered as well as the geography in terms of the branches and subsidiaries.</p> <p>RFP reference: Scope of services.</p>	<p>Page No 41:</p> <p>Yes. Scope includes Liquidity risk as covered under Basel III also and all other regulatory prescription during the period of assignment.</p> <p>The scope of work gives details of risks to be covered and not restricted to departments and geography.</p>
28	<p>The bank has specified that the project should be carried out for group firms also.</p> <ol style="list-style-type: none"> 1. will this entail, the consultant traveling to these entities. 2. Typically for group entities, the bank's risk management policy is rolled out. Is this 	<p>Page 41, Scope of work Project objectives: The required details will be made available in Bangalore itself.</p> <p>Please refer the reply to query 26 also.</p> <p>The respective group entities are having</p>

	<p>understanding correct ?</p> <p>RFP reference:</p> <p>Bank subsidiaries and entities.</p>	<p>their own risk management framework.</p>
29	<p>Since, RWA calculation would be done using the system with vendor Data Model each vendor has a different data model. Hence while doing this part, vendor might not have been selected, then which data elements this part should be based ?</p> <p>RFP reference:</p> <p>Scope specific to Credit Risk Management shall include but not limited to :</p> <p>Gap study and review of Bank's prevailing policy documents.</p> <p>Review data collection system and evaluate gaps in data procurement for data elements needed for computation of the RWA/Regulatory capital under standardized approach. IURB and Management Information system for credit risk.</p>	<p>Page 42,Annexure I, clause C stage 1:</p> <p>The selected bidder shall review the existing data elements for calculation of Risk Weighted Assets and shall assist the Bank in addressing the gaps, if any, while floating the RFP for procuring the software.</p>
30	<p>It is stated that all the tasks mentioned within the scope of work excluding application to RBI and receipt of approval from RBI shall be completed within 15 months. What is the basis of this estimation. Can we have the stage break up of 15 months?</p>	<p>Page No 42 :</p> <p>In terms of Central Vigilance commission guidelines normally consultancy assignments have to be completed within a period of 15 months. The bidder is free to suggest stage wise break up of 15 months.</p>
31	<p>Please clarify the scope related to pricing and loan administration ?</p> <p>RFP reference:</p> <p>Scope specific to Credit Risk management shall include but not limited to:</p> <p>Gap study and review of bank's prevailing policy documents.</p> <p>Review the existing rating models, use of credit rating, pricing and loan administration.</p>	<p>Page 43, Annexure I:</p> <p>Consultant to suggest suitable pricing models depending on quantitative data that would be available with the bank. Loan administration relates to risk adjustment return and suitable pricing.</p>
32	<p>This may require review of CRISIL's RAM system including internal configuration, manuals, etc., Please confirm that bank will share all the required information and documents required to validate the RAM?</p> <p>RFP reference:</p>	<p>Page 43 Annexure I :</p> <p>The Bank shall provide available support.</p>

	Assessing the Credit rating framework currently in use (Banks currently employs CRISIL's RAM with ten modules) and suggesting the enhancements including validation and recalibration as per requirement of Basel II/ RBI guidelines for Advanced Approaches.	
33	<p>Reports are generally configured into vendor system and are verified in its configuration, form, content and accuracy. Will these activity be done after vendor system implementation as there seems to be no point to validate bank's existing reporting framework if bank is intending to migrate to vendor system.</p>	<p>Page 43, Annexure 1:</p> <p>The consultant is expected to study the existing reporting framework and suggest enhancements that would form part of the scope of work for the software vendor.</p> <p>Study the reporting framework in accordance with pillar I, II and III , Basel II and RBI guidelines , validate and suggest for addressing the gaps, if any and enhancements.</p>
34	<p>Implementation of some of the gaps especially , key & strategic gaps would depend up on bank's senior management decision and some of the gaps would be of the nature requiring changes in source systems, which may take long time as it would also involve vendor commitments. What if vendor takes longer time than project time to bring those changes?</p> <p>RFP reference:</p> <p>Gap analysis report on desired state of credit risk management compliant with Basel II/RBI guidelines for Advanced Approaches including time frame for implementation.</p>	<p>Page 43, Annexure I :</p> <p>The consultant is expected to guide the bank in migration to advanced approaches. For this, the consultant will have to plan the assignment, conduct the gap study , assess the requirements of the bank, assist in floating the RFP and short listing of the vendor, monitoring the implementation of software systems to be procured and deploy adequate human resources in such a way that the assignment is implemented in 15 months.</p>
35	<p>Will the data elements be of vendor or by the consultant ?</p> <p>RFP reference:</p> <p>Implement data collection system and data procurement for data elements needed for computation of the RWA under standardized approach, IRB and management information system for credit risk for the top management.</p>	<p>Page 45, Annexure I stage 2 part A :</p> <p>The consultant is expected to identify the data elements required and give required suggestion.</p>
36	<p>Please clarify the form of the prototype ? as it would be tantamount to developing excel based model for RWA ?</p> <p>RFP reference:</p> <p>Implement framework for mapping of asset classes/subclasses to various approach types by defined rules in</p>	<p>Page 45, Annexure I :</p> <p>It could also be excel based models.</p>

	accordance with Basel II/RBI guidelines including prototype for computation of RWA for all standard assets.	
37	<p>Validation of the models by an Independent validating agency and addressing the gaps identified during the validation process.</p> <p>Please clarify that this needs to be done by the consultant</p> <p>RFP reference:</p> <p>Validation of the models by an Independent validating agency and addressing the gaps identified during the validation process.</p> <p>Review model validation documentation/ UAT documents prepared by the bank at the time of system implementation and suggest enhancements and address the gaps identified in the validation process.</p>	<p>Annexure-I, Scope of work Credit Risk, Page No 46, Stage 2, B :</p> <p>The selected bidder shall have to conduct internal validation of models and arrange for independent Validation of the models by an Independent validating agency acceptable to the Bank and assist the Bank in addressing the gaps identified during both the validation processes.</p>
38	<p>How the segregation of duty will be done between vendor staff and consultant as vendor will come with their own data model and templates.</p> <p>RFP reference:</p> <p>Assist in implanting the system of data collection for missing data elements and the data collection process across the bank and timely gathering of data and rating related MIS by identification of the various source systems, evolving reporting formats in accordance with the regulatory and business requirements.</p>	<p>Page 50, Annexure I:</p> <p>The consultant is expected to guide the bank in migration to advanced approaches. For this, the consultant will have to plan the assignment, conduct the gap study , assess the requirements of the bank, assist in floating the RFP and short listing of the vendor, monitoring the implementation of software systems to be procured and deploy adequate human resources in such a way that the assignment is implemented in 15 months.</p>
39	<p>Bank will provide all the model access with relevant documents as some of the models are vendor models with security features.</p> <p>RFP reference:</p> <p>Performing model validation and evolving a policy for model validation, calibration, stability testing and benchmarking the model by using internal data.</p>	<p>Page 52, Annexure I:</p> <p>Please refer our reply to question No 32.</p>
40	<p>This is ideally covered under RCSA stage i.e. stage 2 C</p> <p>RFP reference:</p> <p>Documents reports on assessment of IT risk with respect to Operational risk.</p>	<p>. Page No 54, Stage-1, Operational Risk SOW:</p> <p>As a part of gap analysis, the selected bidder shall assist the Bank in assessment/evaluation of IT risk faced by the Bank from Operational Risk angle.</p> <p>Additionally it can be covered under RCSA for periodic assessment.</p>

41	<p>Is it security architecture required for operational risk system, if not can the requirement be elaborated.</p> <p>RFP reference:</p> <p>Gap analysis report on IT security architecture as required for Management of Operational risk suggesting suitable design for enhancement.</p>	<p>Annexure-I, Scope of work Operational Risk , Page No 54, Stage 1 :</p> <p>Yes, the selected bidder has to conduct gap analysis on the IT security architecture as required for Management of operational risk and suggest suitable framework.</p>
42	<p>Please confirm that bank will provide CORDEX requirement templates in order to enhance the existing bank's template.</p> <p>RFP reference:</p> <p>Conduct gap analysis and suggest suitable templates for submission of Loss data exchange (CORDEX)set up by IBA.</p>	<p>Page 55 Annexure I ORM Stage 1:</p> <p>Templates shall be as per CORDEX requirements at the minimum and the selected bidder is required to suggest enhancements.</p>
43	<p>IS RCSA to be implemented at overseas branches by consultant through on- site visit? How about OPE for these visits? Should we assume and include in our price or Bank will provide on actuals ?</p> <p>RFP reference:</p> <p>Conduct RCSA for the bank including Group entities and Overseas Branches covering all Business and process. Key business should include but not limited to priority Credit, Retail Banking, Corporate credit, Treasury, Information technology etc.,</p>	<p>Page 60 2 C :</p> <p>It shall be offsite implementation and in case Bank requires, the selected bidder shall visit other places and Bank shall consider reimbursing actual air travel charges by economy class.</p>
44	<p>Does bank subscribe to any external loss data vendor other than CORDEX ? If Yes, will their framework/templates be available for integration and scaling.</p> <p>RFP reference:</p> <p>Develop suitable mechanism to integrate external loss data with internal loss data and suggest methods for scaling external data with that of internal data.</p>	<p>Page 60, Annexure I :</p> <p>Bank doesn't subscribe to any external loss data/vendor.</p>
45	<p>Does this mean that consultant would develop only the framework or would it also include minimum number of KRIs, Risk Events & Controls ?</p> <p>Does bank subscribe to any external vendor library such as ORX, KRIex etc.,. If yes; will it be available to the consultant for developing the library ?</p> <p>RFP reference:</p> <p>Develop repository for Key Risk indicators, consultant should assess requirements and implement ORM library which includes Risk events, KRIs, Controls, etc.,</p>	<p>Page 60, Annexure I :</p> <p>Selected bidder is expected to provide KRIs also.</p> <p>So far the bank has not subscribed to any external vendor library.</p>

46	<p>For how many branches/ administrative office, training will be conducted?</p>	<p>Page 82, H.training :</p> <p>The selected bidder is expected to train sufficient number as deemed necessary by the bank.</p> <p>The Consultant is expected to provide training at various stages in all areas of risk management. The target group will include:</p> <ul style="list-style-type: none"> (i) Board of Directors / Executives / Officials of Risk Management Wing, Circle /branches / Offices (domestic and international) (ii) Trainers/faculty members from different staff training colleges (iii) Inspectors, IS-auditors/ DIT personnel etc. <p>The number of sessions and number of trainees will depend upon the adequacy required to implement the concepts in the organization. The contents of the training programme will be finalized after discussions with the Bank. The consultant has to provide user manuals, case studies and training materials to the participants. The Training programme should cover all the stages.</p>
47	<p>What are the softwares in the Bank which are relevant from a risk management standpoint ?</p> <p>RFP reference: Evaluation of existing softwares applications in use in the Bank and make a gap study.</p>	<p>Softwares in use in the bank at present are:</p> <ul style="list-style-type: none"> • Asset Liability Management Software, • Risk Rating Software, • CDCRM (Credit Risk Management Software), • Incident Reporting package(Operational Risk Mgmt Software), • BASEL II Software, • Treasury Applications (like Kondor+, KVAR,RETAD, MLS, Back office etc) packages, • Indirect Country Exposure software, • PSR2, • Package for Exposure to sensitive Sectors, • Loan Against Shares package, • Business Line Package etc.
48	<p>Has the Bank implemented a system for measuring market risk? If yes what part of the portfolio is covered by the system? Does the Bank have internal modules for measure the value at risk of an instrument.</p> <p>RFP reference: Assess the bank's preparedness for</p>	<p>Page 68 E Market Risk Management :</p> <p>Bank has implemented a vendor developed VaR model for measuring market risk which is presently used for measuring the VaR of AFS & HFT portfolio</p>

	compliance with regulatory guidelines for implementation of Advanced Approaches for market risk.	
49	<p>What is the scope of the project execution in global entities ?</p> <p>RFP reference:</p> <p>Assist the bank in bridging the identified gaps pertaining to branches abroad and group entities.</p> <p>Identify the gaps in regulatory compliance of the host countries in respect of branches abroad and suggest initiatives.</p> <p>Conduct a diagnostic study and prepare a Gap analysis report which should cover the existing governance structure, policies, procedures and systems in risk identification, measurement, control and management in an exhaustive manner in the group entities mentioned in para A page 40 & branches abroad and suggest methods to bridge the gaps.</p>	<p>Page 77, stage 4 bullet 1 & 2 ;Page 74 stage 1, bullet 6:</p> <p>In respect of branches abroad additionally the selected bidder has to examine the respective host country regulations, identify the gaps and suggest measures to bridge gaps so that Enterprise Wide integrated risk management architecture could be implemented in branches abroad.</p> <p>It shall be off site implementation.</p>
50	<p>Our organization does not have a Global P & L account. The accounting for each entity is done separately in each country. We wont be able to provide global profit.</p> <p>RFP reference:</p> <p>Global Net profit for the last 3 years in USD (in millions) and INR (in crores)</p>	<p>Page 85, point 13:</p> <p>Bidders having global business with branches/offices abroad have to submit global financial statements for each of the offices/branches, if accounting for each entity is done separately.</p>
51	<p>Data in the required form and manner and duly validated to its accuracy for the validation will be provided by the Bank.</p> <p>Please confirm?</p> <p>RFP reference:</p> <p>No specific reference</p>	<p>The selected bidder shall have to review the existing data collection system and evaluate the gaps in the data procurement for all the areas of risk management and suggest enhancement including measures to ensure data quality. The selected bidder is expected to advice the bank regarding required data as well as mechanism to source it.</p> <p>The selected bidder shall assist the Bank in qualitative and quantitative validation of the data colleted, by implementation of enhanced data collection system.</p>
52	<p>Would the bank consider relaxing the risk management consulting experience to global banks ?</p>	<p>We propose to engage a consultant with experience in extending consultancy services in Indian banks. Please also refer to answer for query No 9.</p>
53	<p>Will the bank entertain bidding on Consortium?</p>	<p>No, Bank expects bidding on a solo basis.</p>

