

Tender Number: T45/10/21

Tender description: REQUEST FOR PROPOSAL TO DESIGN, DEVELOP AND DELIVER A FUNDS TRANSFER PRICING FRAMEWORK FOR THE IDC

Question and Answers Version 1

No.	Question	Type	Answer
1	Regarding IDC's RfP on the FTP Framework, we kindly request more information: Can we get an overview of your system schematic covering transaction capture systems for lending or other derivatives, sub-ledger (and whether this is multi-ccy), through to GL (SAP). Plus a view as to how well documented and maintained the accounting rules engine(s)(or booking models) between these upstream transaction source systems and the sub-ledger and GL is.	Technical	At this stage we can not share the schematic covering transaction capture system, however the IDC uses SAP as its GL.
2	2)What products are booked on which upstream system, e.g. IBOR products / non-IBOR products / cash management / equity investments / derivatives?	Technical	Treasury books all liabilities on Treasury systems while SAP books both assets and liabilities. Derivatives are also captured in SAP
3	How many deals/transactions do you have on the book? Further to this point, what is the mix/type of assets and liabilities on book?	Technical	At this stage we can only share the size of the IDC balance sheet as at 31 March 2021. (Published information in the Annual Financial Statements)
4	In which frequency do you intend to calculate FTP rates?	Technical	Strip Funding
5	Should FTP rates be assigned to deals originated in the past as well or only to newly created deals? If the former – specific approach to heritage deals need to be created.	Technical	Definitely should be applied to new deals and will welcome any expert guidance on treatment of heritage deals
6	In the RfP you mention that experience with risk based pricing should be demonstrated and not just with FTP. Could you please elaborate more on the part of requested scope that is attributable to risk-based pricing?	Technical	Yes, the knowledge of risk pricing is critical as the FTP will have to leverage of risk pricing methodology in place.
7	In terms of the IT implementation, can you please elaborate which downstream processes you foresee that would depend on FTP results. E.g.: a)Please elaborate further on the role you expect the consultant to play as part of the IT implementation. E.g. will implementation of the Excel-based solution into IDC systems be performed by IDC staff with the consultant providing training, support and the Excel-based parallel run? Or is more direct involvement with the IT implementation required? b)Have you made a decision yet as to whether the FTP is to be booked within your financial ledger (books and records) or whether the intention is for it to remain outside your financial ledger and be incorporated within product pricing approval frameworks and internal management information? c)Is an allocation of funding cost to a separate cost center planned via an integration of FTP to the accounting system? d)Are system entries of the funding rates planned at origination of the trade.	Technical	(a) The Service Provider will need to work with the IDC champions to provide training, support and handover. (b) Ideally, the plan is for FTP to be booked outside the financial ledger and then be incorporated within product pricing approval frameworks (any other best practice approached will be listened to) (c) Refer to b) however we will weigh the options provided and decide which one will be better suited for the IDC (d). Best practice approach will be adopted
8	We understand that as part of the handover, a parallel run is required. Could you please elaborate on the extent of the parallel run (how many days and many month-ends should be run parallel?) and if that should take place during or after the 6 month timeline.	Technical	The envisaged scenario is that Business Units and Support Units will be involved early-on in the decision-making process allowing the IDC to have a stake in framework development. Ideally the expectation is creation of workstreams composed of adequately experienced and knowledgeable staff members to engage actively with the Service Provider with skills transfer occurring naturally. These work streams should feed into the relevant senior management committees and ultimately to the board committees. Without being prescriptive, our expectation is that the IDC will have a Sponsor and FTP champion who will have oversight over the whole project.
9	Will the solution be run and maintained by Treasury or by the Risk Management function?	Technical	Risks are to be transferred and managed centrally (pooled) in Treasury. So both Treasury from a pricing base (Cost of debt) with Risk management department responsible for risk pricing.
10	How do you currently cluster your business activity and how is this designed within the sub-ledger? E.g. different branches of the sub-ledger may be used to capture different product types. If we are to build FTP into the ledger, then this is relevant as we can adopt a branch design whereby the funding cost allocation is applied through a Funding Branch, ditto for liquidity premium, interest rate risk transfer etc.	Technical	Currently, IDC uses a cost-centre approach for operating expenditure. The Loan book leverages off the Strategic Business Units to track the loan disbursement

11	How do you govern and control new account openings for new / existing customers?	Technical	New Customers are created on SAP; For existing customers a new loan contract are created in SAP Loan Sub-Ledger module. Borrowings are captured at portfolio level within the Treasury system and are reconcile back to SAP in terms of value
12	Can you please confirm whether the IDC will consider an extension on the Bid Closing Date for T45/10/21? It will be greatly appreciated if an extension of TEN DAYS can be considered ?	Commercial	Exention of a week is granted for the tender to close on 11 November 2021 at 11:00 AM