Request for proposal (RFP) for ERP implementation & integration

Table of Contents

1. Introduction
2. Configuration of existing system
3. Understanding of the existing setup and network of branches & HO
4. Gaps in the CBS system
5. Key requirements & scope
6. Training
7. Project timeline for implementation
8. Need vendor experience in banking / microfinance banking industry
9. Provide costing of solution onsite and cloud separately
10. Proposal submission requirements
11. Evaluation / Selection criteria
12. General terms and conditions
13. Conclusion

Introduction

**Overview of Finca Microfinance Bank:**

- **Finca Microfinance Bank (FMB)** is a leading microfinance institution in Pakistan, committed to providing affordable financial services to underserved populations and contributing to the economic empowerment of low-income individuals, particularly women, in rural and urban areas. FMB was previously part of FINCA network that recently has taken over by ABHI and TPL jointly. FMB recently has network of 114 branches, but it has potential for growth in its network in future.

- The existing **core banking system** has limitations particularly in **budget control**, **procurement processes**, and **cash management**. **Manual processing** and lack of automation lead to **delays and inefficiencies**, increasing operational risks and reducing productivity across branches and the head office. Existing system configuration is detailed in later sections of this RFP.

- FMB's Central Finance and Accounts (CFA) department is currently performing most of its operations manually. The Bank is using the Core Banking System (CBS) for its branch banking operations. All transactions generated by the banking operations are posted in General Ledger, an integrated facility available in the CBS, whereas all other functions are being carried out manually. The department is responsible for the following: a) **Accounts payable** b) **Budgeting/ Forecasting** c) **Tax calculations** d) **Treasury Backend Operations** e) **Fixed assets managements.**

Objective of the RFP:

- To seek proposals from vendors to enhance the bank's CBS system by addressing identified gaps, optimizing workflows, and providing comprehensive solutions of ERP for operational challenges.

Currently we are using Core Banking System (CBS) of AutoSoft (Pvt.) Ltd, with limited integration of Auto HRMS, Auto Assets, ADAMS Treasury and Mobilizer for branchless banking. All modules work alongside of CBS and trial balance is generated from CBS system.

Configuration of existing system

Auto HRMS

Mobilizer

CBS

Auto Assets

Adams Treasury
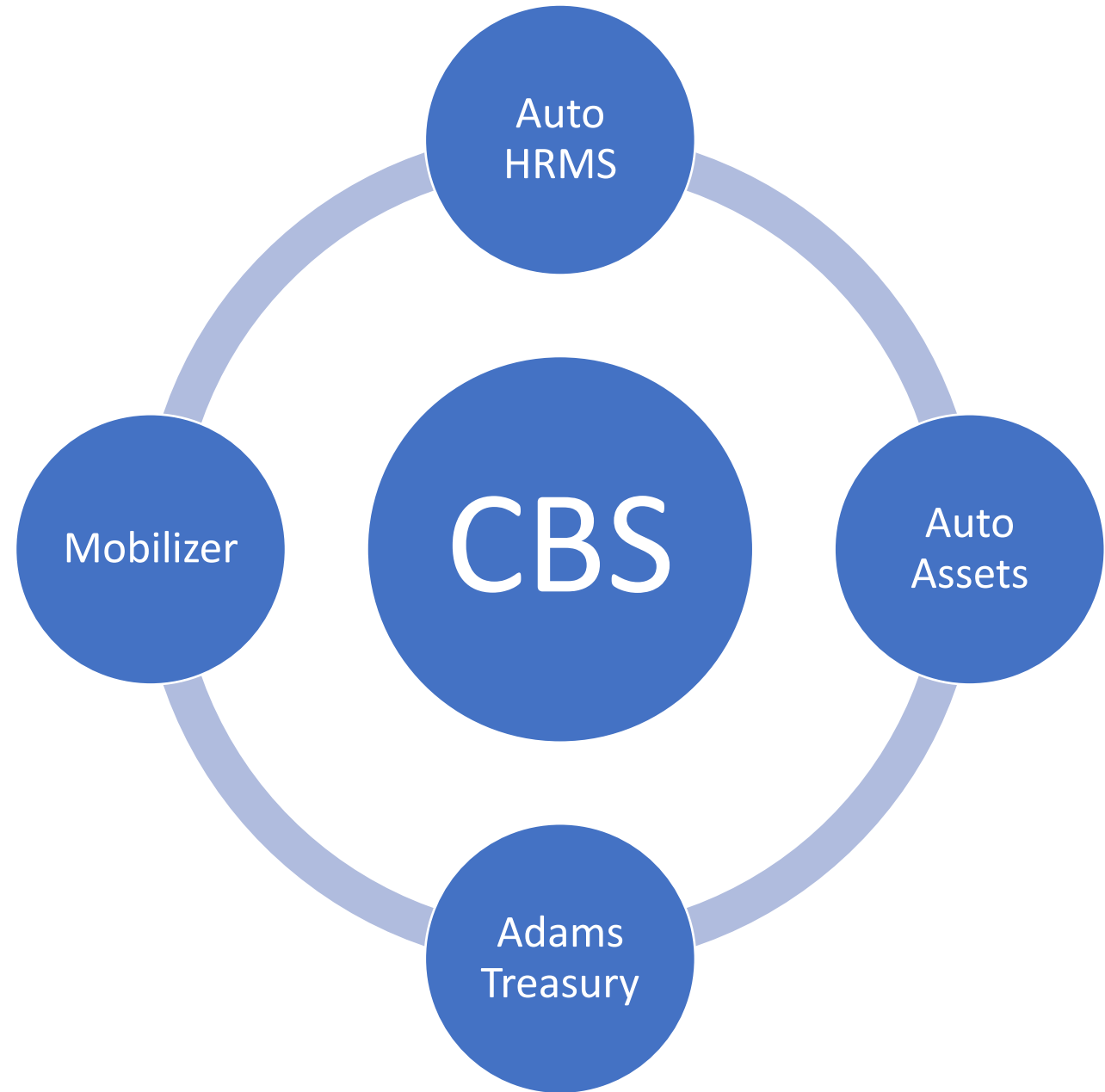
Understanding of the existing setup and network of branches & HO

FINCA Network of branches and how current system operates for branches:

- We have 114 network of branches with potential of expansion in future.

- Major expenses are paid directly from HO to vendors. However, some petty nature expenses are directly incurred by branches like utilities, fuel, repair and maintenance, entertainment etc. Currently HO, does not have systematic control over the branch's expenses track and trace on real time basis. So, they should be available a systematic budgeting preparation, control & monitoring mechanism at branches and HO level.

- Our major inventories like office stationery being in use (HO + Branches) and security stationery that are being used in branches. These are tracked and reported to CFA on monthly basis to record consumption. But there is no visibility on real time basis, how much we have and what to project for future with respect to business need.

- Our one of major expenses are travelling and accommodation reimbursement to employees that are being disbursed centrally from HO. An employee lodge a claim through HRMS and this is approved through system by reporting line and then approved by CFA person in HRMS and a report extracted, and batch uploaded into the system manually by CFA. Sometimes, claims received with incomplete data and lot of manual efforts are required to such settled claims separately from batch and it may result in duplication in bulk uploads.

Overall system understanding:

- Our main system is core banking system (CBS) delivered by Auto Soft and other systems/modules are separate that work around CBS.

- **Auto asset module** CFA uses this system for depreciation run, addition and deletions uploads and voucher posting & upon command, entries directly captured into CBS and for clearing, CFA post contra entries in CBS for reconciliation and clearance, in case of addition and deletion. Admin department perform assets transfer within branches and tagging activities. Current challenges are employee wise tagging of assets & no provision of bulk authorizations.

Understanding of the existing setup and network of branches & HO

- **HRMS** is being used majorly by HR and all HR related activities are executed through HRMS and example, example, CBS for financial capturing. HRMS covers salary disbursement, final settlements, assets settlement with employees, loan disbursement, claims lodging & disbursements, attendance and trainings & appraisals etc.

- **ADAMS** also called treasury module, mainly covers our investments. It calculates income and performs revaluation of T-bills Mark to Market on daily basis and entries are directly captured in CBS GLs. We are planning to explore other venues of investments that are allowed to microfinance banks by SBP. Borrowings are handled manually as vouchers directly posted into the CBS by treasury office through manual calculations.

- **Mobilizer** also called branchless/mobile application (FINCA Pay). There is no real time integration. CFA gives financial reflection into CBS on each reporting period to ensure completeness of deposits book, incomes and expenses in CBS.

- Following activities are being handled manually: For example:

  - ➢ Budget preparation, control and monitoring

  - ➢ Cost center / department wise / employee wise tracking of expenses or profitability

  - ➢ Payments trackings, tax handling, reconciliation and vendor wise details

  - ➢ Inventory tracking

Gaps in CBS

Budgeting & expense control:

- No mechanism/module to monitor and control branch-wise and head office expenses.

- Lack of integrated controls over budgets and forecasting.

Expense tracking:

- Absence of log to track expenses by department/cost center wise/Regions.

- Unable to generate profit and loss (P&L) accounts by cost center or branch/Regions.

IFRS 16 Leases:

- Manual handling of operating leases.

Cash management:

- Lack of cash management tools to monitor cash burn rates and liquidity for future decisions.

Live dash boards:

- No availability of live dashboard for tracking and monitoring of movement in key financial numbers.

Continue----

Gaps in CBS

Audit & compliance:

- No year-end close period handling with audit trails.

- Lack of audit logs and compliance tools for maintaining transaction logs and authorizations.

Data entry & integration:

- Manual data processing and limited integration with other critical systems (HRMS, ADAMS etc.).

- Limited visibility into transactions and underlying data.

Procurement & accounts payable:

- No complete procure-to-pay functionality in the system.

- Operational inefficiency in procurement, invoice management, and payments, taxation and vendor wise tracking issues.

Inventory management:

- Manual inventory management with no real time inventory tracking and integration with financial system.

Key requirements (Scope)

Below is a summary of the high-level requirements of various departments of FINCA related to the implementation.

Financial Reporting

- This area covers the financial and regulatory reporting requirements of the Bank.

- The Bank intends to use this as its main tool/system for financial reporting.

- New system will be integrated with the Core Banking System (CBS) and other applications.

Key requirements:

a) Trial Balance (Consolidated and Branch wise)

b) Financial Statements along with all disclosures

c) Currency and type of advances

d) Average Balances

Key requirements (Scope)

GL Module:

a) Multi-level Chart of Accounts

b) Consolidation of GL

c) Drill down facility

d) Journal Entries with each category identification

e) Customizable reporting

f) Withholding tax Calculations / deduction and reporting

g) Parameterization of voucher types

h) Control of Account Periods

i) Multi-currency transactions

j) Budgeting levels

k) Trial Balance

l) Financial Statements Generator

m) Flexible Excel Interface for user-defined reports

n) Real time settlements of all operational GLs

Key requirements (Scope)

Fixed Assets

a) Assets Register/ categories management

b) Asset Bulk Upload and Authorization

c) Assets History

d) Financial & Taxation Depreciation

e) Track on leased/non-depreciable assets

f) Transfers

g) Disposal

h) Revaluation

i) Reclassification

j) Within year adjustments

k) CWIP transfers

Key requirements (Scope)

Accounts Payable

a) Net or gross accounting method

b) Bulk Invoice Payments

c) Payable to GL reconciliation

d) Vendor Invoice Management

e) Automatic generating recurring documents

f) Transactions posted in summary or detail

g) Automatic check for duplicate invoices

h) Complete Payment History

i) Advance Payment Management

j) Disbursement / Cheque Processing

k) Aged Trial Balances

Key requirements (Scope)

Procure to Pay (P 2 P)

To move toward the paperless environment and to ease the process as per procurement policy setup by the bank so that all stakeholders must have the right items timely and within budget. Currently, the procurement of the Bank includes general administrative procurement, Capex, IT procurement, and stationery procurement.

Require procurement module, as per the policy and SOP set by the bank.

a) Allow all departments to log in to a portal via their user ID with limited access to raise purchase requisition and track their query.

b) Ability to check if there is already existing contract for request.

c) Allow procurement department to log in to a portal via their user ID with full privilege access to view all the procurement contents in a dashboard.

d) Ability to track approval history.

e) Ability to track purchase requisition and create comparative statements.

f) Automate electronic purchase-order transmission

g) Provide access to list of approved vendors.

h) Allow to create reports based on selected criteria i.e. show daily, monthly and yearly report for open and close queries.

i) Will give privilege access to authorized members to approve and give comments on the cases.

Key requirements (Scope)

Procurement dashboard to be included in the system are as follow:

➢ Requisition management

➢ Contract management

➢ Approved vendor list with categorization

➢ Purchase order management

➢ TAT monitoring and sending alerts to approver as follow-ups.

Advances

a) Advances to employees for traveling

b) Prepayments management

c) Advances to suppliers and contractors

General

Potential system/solution should be flexible enough to integrate with any CBS, in case of any change in future.

Training

A user-level training, explaining the functionality and day to day usage of the application must be carried out for the end-users of all the modules. A technical level training of the IT staff must be carried out for the smooth functioning of the applications after the implementation of the project.

Project timeline for implementation

- **Proposal submission deadline:** [15 January 2025]

- **Implementation Phases:** [Timeline to be provided by vendor, as this is critical aspect for FINCA's selection]

    - **Phase 1:** Requirements gathering and system design

    - **Phase 2:** Development and module integration

    - **Phase 3:** System testing and QA

    - **Phase 4:** Deployment and Go-Live

    - **Phase 5:** Post-implementation support and maintenance

*All demos will be completed before vendor selection.

Need vendor experience in banking/microfinance industry

Relevant industry experience:

- Proven track record in working with microfinance institutions and banks.

- Understanding of banking and microfinance-specific regulatory requirements and operations.

Clientele & case studies:

- List of clients in the banking or microfinance industry.

- Highlight any success stories or case studies related to similar system implementations.

Vendor capabilities:

- Experience in managing complex system implementations and providing ongoing support.

Provide costing of solution onsite and cloud separately

Licensing fees: Total cost for licensing/per user.

Implementation fees: Cost for system design, development, testing, and deployment.

Maintenance & support fees: Annual fees for system updates, support, and troubleshooting.

User training: Cost for training staff and providing documentation.

Cost breakdown by module: Cost for each required module: Financial module, procurement module, inventory module.

Considering FINCA's scenario, if any separate interface / customization is required, also provide cost of that portion here with details in solution section of proposal.

Also provide cost details in time horizon with terms of payment.

If any payment is pass through, also specify arrangement for payments.

Total estimated cost: A summary of the overall cost including fixed and variable components as applies.

Need costs for both onsite and cloud-based system separately. In case of, on site costs detail, also include any other estimated hardware / data center costs with hardware specifications.

Proposal submission requirements

- **Required Proposal Components:**

  - **Executive Summary:** Overview of the vendor's approach and key offerings.

  - **Demo's** will be experienced on FINCA Premises, in presence of all relevant stakeholders before selection process.

  - **Technical Proposal:** Details on how the vendor plans to meet each of the requirements.*

  - **Financial Proposal:** Complete cost breakdown for both on-site and cloud solutions.*

  - **Implementation Plan:** Detailed timeline with milestones and phases.

  - **Post-Implementation Support Plan:** Details of ongoing support, training, and system maintenance.

* Technical and Financial Proposal will be submitted together for **onsite** and **cloud** solution for like wise comparison for us.

Evaluation / Selection criteria

Evaluation Criteria:

- **Functionality Fit:** How well the proposed solution addresses the identified gaps. Detailed methodology to be adapted.

- **Memberships:** Be a member Pakistan Software Houses Association (PASHA) or Pakistan Software Export Board (PSEB) or leading international software development and implementation company in financial sector.

- **Cost-effectiveness:** Competitive pricing and overall value. Cost benefit analysis will be important to ascertain the provision of solution cover existing gap.

- **Vendor Experience:** Relevant experience in microfinance/banking sectors. Profile of the key members to be involved in the project and their exposure.

- **Support & Maintenance:** Availability and quality of post-implementation support.

Scoring System:

- Vendors will be scored based on available **technology**, **functional assessment, quoted price**, **payment arrangement**, **experience**, and **support** on a scale of 1-5 with equal weight.

General terms and conditions

- All documents and reports submitted by the vendor shall be the property of FINCA.

- The firm shall not re-assign the work to any other firm/entity.

- All costs related to assignments preparation and submission will be borne by the vendor.

- Name any three customers with contact details for reference checks of the proposed solution.

- The vendor will be required to sign a confidentiality (Non-disclosure) agreement before the contract is awarded.

- FINCA Pakistan reserves the right to (a) reject or accept any quotation from any party, (b) not respond to a request made by any party. The proposal submitted shall not be construed as or intended to be an offer.

- The vendor will be responsible for all regulatory approvals (i.e. SBP) in case of any legal implication arising out of the implementation of the solution.

- A separate implementation agreement will be signed between FINCA Bank and selected vendor upon confirmation.

- Post-implementation (partner support as and when required) for at least 6 months with no additional cost.

Conclusion

We seek a vendor with proven expertise in banking and microfinance ERP implementations to help us achieve operational efficiency, cost control, and real-time data visibility.

We request detailed proposals from vendors addressing all the required modules, implementation timelines, and costing options (on-site vs. cloud).

Contact information

Project Lead: Rana Raheel

Email: Raheel.afzal@finca.pk

Phone: +92-322-5032297

Procurement Representative: Mohsin Jamil Ahmad

Email: mohsin.jamil@finca.pk

Phone: +92-331-4539713