



The First MicroFinanceBank
اولین بانک قرضه های کوچک
'bank with a social mission'

Request for Proposal

of

Core Banking System License and Implementation

Date of Issue: 09-Nov-2024



About FMFB-A


The First MicroFinanceBank of Afghanistan (FMFB-A) started operation's in 2004 and is part of the Aga Khan Agency for Microfinance (AKAM), which has financial institution operating in over 15 countries throughout the development world. It is affiliated with the Aga Khan Development Network (AKDN), a group of nine development agencies working in health, education, culture and rural economic development primarily in Asia and Africa. FMFB-A provides asset and liability side financing products to a wide range of clients including micro, small and medium enterprises along with commercial banking, international and domestic remittance services.

FMFB-A's financing activities focus on micro enterprises, small businesses and the creation of productive sources of income and employment.

Our primary objective in Afghanistan is to contribute to poverty alleviation and economic development through the provision of sustainable financial services to the poor and underserved. Since 2016, FMFB-A is a member of the Global Alliance for Banking on Values (GABV)- an independent network of banks using finance to deliver sustainable economic, social and environmental development. FMFB-A operates based on a value-based banking agenda that focuses on providing affordable financial services that promote entrepreneurship, agriculture, incremental housing and microfinance in the country.



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1. Introduction

FMFB Afghanistan invites qualified vendors to submit proposals for implementing a new core banking system that supports digital banking and integrates multiple essential banking modules to replace its existing Oracle Flexcube core banking system. We seek a robust, flexible, secure, and scalable system to streamline our operations, improve customer experience, and comply with regulatory standards across various banking functions, including conventional and Islamic banking.

2. Confidentiality

The information contained in this RFP is confidential and proprietary to FMFB-A. By accepting this RFP, the vendor agrees that the information provided is to assist the preparation of a response and is not to be used for any other purpose, or disclosed to anyone not directly involved in the preparation of the response.

The vendor also agrees to sign an FMFB-A non-disclosure agreement and will:

- prevent disclosure of any information outside its organisation.
- not disclose the existence of this system selection process outside of its organisation.
- destroy all copies of the document immediately, on FMFB-A's request.

In turn, FMFB-A, will treat all communications from you as confidential and will not discuss or make the contents of your response available to others outside of the selection process

3. Scope of Work

The selected vendor will be responsible for:

1. Delivering a core banking system that meets the demands of modern digital banking.
2. Ensuring smooth integration with existing systems and third-party applications.
3. Supporting both conventional and Islamic banking operations.
4. Offering robust digital banking solutions for mobile and online platforms.
5. Ensuring compliance with local and international regulatory standards, including AML, KYC, and fraud detection.
6. Implementing high-level security protocols for data protection and system access.
7. Providing ongoing support, training, and system maintenance.



4. Key Features & Requirements

The proposed core banking system must include the following capabilities:

Core Modules

1. **Current and Savings Accounts:** Handle both conventional and Islamic banking accounts with Shariah compliance where necessary.
2. **Letter of Credit:** Efficiently manage issuance, amendments, and settlements of letters of credit.
3. **Nostro Reconciliation:** Automate reconciliation of nostro accounts to reduce errors and increase efficiency.
4. **Securities (Bonds, Sukuk):** Track, manage, and report on bonds, Sukuk, and other financial instruments.
5. **Asset Management:** Provide tools for managing financial portfolios and wealth management.
6. **Fixed Asset Management:** Track and manage the bank's fixed assets, including depreciation and disposal.
7. **Term Deposits:** Support for both conventional and Islamic term deposits with appropriate features for interest calculation and profit-sharing.
8. **Fund Transfers (Payments):** Seamless processing of local and international payments, including real-time transfers and SWIFT integration.
9. **Consumer Lending & Islamic Lending:** Offer loan origination, processing, and management with support for Islamic financing models such as Murabaha, Ijarah etc...
10. **Microfinance:** Manage micro-loans, including profit calculation, repayment schedules, and client assessments.
11. **Point of Sale (POS):** Integrate with POS terminals for seamless transaction processing as well as to support E-Commerce transactions.
12. **Standing Instructions:** Support automated recurring transactions based on customer instructions.

Digital Banking & Customer Interaction

13. **Digital Banking:** Provide secure and user-friendly mobile and web banking platforms for personal and corporate users, with features and capabilities that allow integration and linking or attaching additional wallets (Alternative to OBDX).
14. **Account & Loan Origination:** Automate account and loan origination processes with digital onboarding and KYC integration.
15. **Relationship Pricing:** Implement dynamic pricing models based on customer relationships and transaction volumes.
16. **Payment and Collections:** Offer a centralized system for payment processing and collection services.
17. **ATM Interface:** Integrate with ATM networks for real-time balance updates, withdrawals, and transaction management and Support Dual Messaging System for MasterCard/Visa transactions settlement and clearing.



18. **Electronic Messaging Service (EMS):** Provide secure communication channels for transaction alerts, updates, and customer interaction and swift system integration.

Compliance and Risk

19. **Anti-Money Laundering (AML):** Implement tools for monitoring suspicious activities and ensuring regulatory compliance.
20. **Know Your Customer (KYC):** Incorporate automated KYC processes to verify customer identities and prevent fraudulent activities.
21. **Fraud Detection:** Deploy intelligent systems to detect and prevent fraud in real-time, leveraging machine learning and behavioral analytics.

Profit Distribution

22. **Profit Distribution:** Implement a module for calculating and distributing profits for Islamic banking products in accordance with Shariah principles and regulatory requirements.

5. Technical Requirements

1. **Deployment:** Support for on-premise deployment.
2. **Scalability:** Must be scalable to accommodate future growth, including modular expansion and handling of increased transaction volumes.
3. **Integration:** Seamless integration with existing legacy systems and third-party vendors, especially with digital platforms and payment gateways using APIs.
4. **Security:** Implement advanced security measures including encryption, multi-factor authentication, and disaster recovery protocols.
5. **Data Privacy:** Ensure compliance with data privacy regulations such as GDPR, with controls for data protection and customer consent management.
6. **Interoperability:** Support for API integrations to ensure compatibility with fintech solutions and external services.

6. Intended Timescales for the project

The intention is that the implementation should start in Feb 2025 and is not expected to last more than a year in total.



7. Proposal Submission Requirements

1. **Company Information:** Provide an overview of your company, including experience in implementing core banking systems.
2. **Company Financial Profile and Viability**
List the major shareholders, investors or owners of the company. To what extent are the shareholders involved with the management of the company - in particular, the development of its products?
Who is the owner of the trademarks, copyrights, and patents of the products suggested in the solution?
Provide financial statements for the previous three years.
3. **Solution Description:** Detail your proposed solution, including features, architecture, security, and regulatory compliance.
4. **Implementation Plan:** Provide a high-level project timeline, detailing phases of implementation, deliverables, and key milestones.
5. **Support and Maintenance:** Describe post-implementation support, training programs, and service level agreements.
6. **Cost Proposal:** Submit a detailed cost breakdown, including software licenses, implementation costs, hardware (if applicable), ongoing maintenance, and support fees.
7. **Hardware Requirement:** Detail specifications for servers including CPU, RAM, storage, and network requirements. Ensure redundancy and high availability configurations.
8. **Infrastructure:** Specifications for database servers with considerations for performance, scalability, and backup solutions.
 9. **References:** Provide at least five references where your core banking solution has been successfully implemented, preferably within institutions of similar size and scope.
At an appropriate time during the selection process you will be expected to provide details of Five or more client references for each of the major products or components of the proposed solution, giving the details for each client as requested below.

Information required:

- a) Company name
- b) Contact names, addresses and telephone numbers
- c) Type of company
- d) Hardware and software used in conjunction with the product
- e) Installation date

FMFB-A will contact these clients with the intention of seeking their opinion of your products and services. If possible, please include clients based in Central Asia similar in structure and size and similar type of financial institution (e.g. retail/corporate microfinance banking).



7. Evaluation Criteria

Proposals will be evaluated based on the following criteria:

1. **Vendor Experience and Expertise:** Proven track record in core banking and digital banking implementations.
2. **Feature Completeness:** Extent to which the proposed solution meets the scope of work and specific module requirements.
3. **Scalability and Flexibility:** Ability to scale and adapt to future needs.
4. **Cost:** Total cost of ownership, including implementation, licensing, and ongoing maintenance.
5. **Compliance and Security:** Alignment with regulatory requirements and security protocols.
6. **Support and Service:** Quality of ongoing support, training, and service commitments.

8. Submission Timeline

- **RFP Issuance:** 09-Nov-2024
- **Deadline for Questions:** 20-Nov-2024
- **Proposal Submission Deadline:** 25-Nov-2024
- **Vendor Selection:** 10-Dec-2024
- **Project Start Date:** 01-Feb-2025

9. Submission Guidelines

Please submit your proposal electronically in PDF format to:

Email: muhib.kabiri@fmfb.com.af

Phone: +93 (0) 71 110 1112

Email: sediq.dehzad@fmfb.com.af

Phone: +93 (0) 790175063

submissions must include all the sections listed above.

For any inquiries, contact the above email address.

We look forward to reviewing your proposal and partnering with a vendor that can provide a comprehensive and innovative core banking system with digital banking and full module integration.

Appendix A (System requirement)



System
requirement.xlsx