Bidder Questions

Date: January 30, 2024
Reference Request for Proposal Number: RFP-CATALYZE- 217772-PSD-2023-00109 | Call for proposal for develop credit scoring model for a Micro Finance Institution

Credit Scoring Model for a Micro Finance Institution

No	Question	Answer (Provided by Micro Finance Institution)
1.	What types of historical data are available for building the credit scoring model?	Transaction data on repayment, arrears, write off of loan, write off against the risk fund on special cases is available.
2.	Can you provide details on the quality, volume, and variety of this data?	We assume at least 5-year historical data is considered, if so, we may have approximations. Volume - in database size – approx. 50-75 GB, transaction volumes as mentioned below. • Clients including dropout but served in the past 5 years- 150,000 (current active clients approximately 90,000) • Their respective monthly recovery transaction - 150,000 client converts to approximately 150,000 loans and recovery will be approximately 18 months on average- 150,000*18=2.7 million, repeated loan cycles considered - may be another 2 times more - roughly 5/6 Million recovery transaction Quality - generally no errors with at least 90% accuracy. Variety - Other than financial transaction data, we have their age, location, family income sources, PPI data in the system, some information captured manually like their industry and field of work.
3.	What are the primary data sources for the credit scoring model?	CBS system
4.	How is the data currently collected and stored?	Manually on forms and fed to CBS
5.	What is the format of the data? Please provide a sample of the data to us.	Templates of our reports: • Arrears report • Write off report • Performing client's repayment history • Client demography report – EDS master report
6.	Are there any limitations or challenges with the current data quality or availability?	We do not see any issue on quality of data, it can be accessible using our backup, or front end report

7.	What is the expected output of the model? How should it be presented to the user?	Please refer to TOR for the exact objective of the credit scoring model. In brief we want to use it for assessing creditworthiness of the customer, to determine maximum lending limits, monitor customer repayment behavior based on different parameters like geographic location, industry etc. Please refer TOR for the two-stage presentation of the model.
8.	How will the success of the credit scoring model be measured?	• Improving portfolio quality by screening client repayment capacity. • Reduction in NPL • This should result in increasing operational efficiency • Growth in quality portfolio
9.	Are there specific performance metrics or benchmarks that the model should meet?	• We monitor it from repayment of loans that has been issued using this model for credit assessment. • Growth in quality portfolio
10.	What key performance indicators (KPIs) do you wish to track with the new system?	Refer 8 & 9
11.	How should the system report and visualize these metrics for decision-making?	Refer 8 & 9
12.	Is there a need for real-time data integration?	Yes, possibly at later stage.
13.	Who would be the primary and secondary users of the system?	Primary – Field officer's/Branch manager/Area Manager Secondary – Head office operations unit/credit committee
14.	What are the main assessment criteria that should be considered in the credit scoring model?	We can list a few key criteria, but the rest has to be listed while developing the model via discussions. However, we expect the bidding party to provide this expertise. • Disposable income • Previous payment history • Client income source industry • Family income • External factors affecting the income of client

15.	What other features must be built into the web application? For example: View past assessments, Dashboards etc.	We expect to have standard industry credit scoring features, additional features are to be explored at the time of design/scope discussion.
16.	Is there any requirement to integrate SSO with the web application?	Yes, we intend to use at field in mobile devices
17.	Is there a functional requirement specification (FRS) where the bidders can mark their responses to the required feature list?	We do not have such FRS currently.