



Request for Solution to Establish and Operate a Private Credit Bureau in the Commonwealth of The Bahamas

The Central Bank of The Bahamas
Frederick Street
P. O. Box N-4868
Nassau, Bahamas

Issue Date: 28th November, 2014

1. GENERAL STATEMENT

- 1.1 The Central Bank of The Bahamas is seeking to license a credit bureau operator to establish and operate a credit bureau in The Bahamas.
- 1.2 To this end, the Central Bank of The Bahamas is inviting qualified credit bureau operators, with international experience in operating credit bureaus, in a manner consistent with internationally accepted credit reporting principles and industry standards in terms of reciprocity, confidentiality, privacy principles and consumer rights, and having the technical, managerial and financial capacity to operate a credit bureau, to submit proposals to establish credit bureau operations in The Bahamas.
- 1.3 The licensing process commences with this Request for Solution (RFS)—the purpose of which is to identify applicants with the requisite technical capacity and capability, qualifications and resources as stated herein; and who are best suited to provide credit bureau services in The Bahamas.
- 1.4 The short-listed applicants, based on the RFS, would be invited to make a short presentation at a preliminary meeting with the Central Bank of The Bahamas and representatives from the International Finance Corporation and the shortlisted applicants would have to make an application to the Central Bank of The Bahamas for a licence to establish and operate a credit bureau.
- 1.5 The Central Bank of The Bahamas and the International Finance Corporation will, together, evaluate the licence applications to determine which one best meets the technological and services requirements. The Central Bank of The Bahamas, as the proposed authority responsible for licensing credit bureau operators, will assess whether the applicant meets the statutory and prudential requirements and whether the principal/beneficial owners, senior officers, managers and directors are fit and proper persons. The Central Bank of The Bahamas will be solely responsible for the grant of a licence to operate a credit bureau in The Bahamas.

2. Background

- 2.1 The Bahamian banking sector consists of some 267 banks and trust companies, 8 of which are resident commercial banks. There are 7 credit unions that will be regulated by the Central Bank, following the imminent enactment of legislation to facilitate such regulation, in addition to 147 insurance companies, inclusive of 89 locally-owned brokers and agents. There also exist a small number of hire purchase retailers.
- 2.2 The population of The Bahamas is about 346,900¹, with a labour force of approximately 195,000—an estimated 90% of whom are credit active consumers.
- 2.3 The Bahamas has an eight (8) digit National Insurance number, which represents, inter alia, registered persons' gender, day and year of birth and the quarter of the year in which they were born.
- 2.4 There are currently no credit bureaus operating in The Bahamas, so the RFS would commence the process to facilitate the establishment of a credit bureau, therein.

¹ Department of Statistics

3. Request for Solution

- 3.1 The Request for Solution (RFS) is the initial stage of soliciting interested firms/existing credit bureaus to apply for a license to establish and operate a credit bureau in The Bahamas.
- 3.2 The prospective credit bureau operator must be capable of delivering a scalable and modular credit reporting system, which would allow for an appropriately priced state-of-the-art solution with the potential to be equipped with more sophisticated features in the subsequent phases of the credit bureau development and in line with the market needs of The Bahamas.
- 3.3 The prospective credit bureau operator must be able to demonstrate proprietary skills in the credit bureau services area, a proven track record in servicing similar emerging markets and also the capacity to deliver the vital mix of international know-how and local market support and knowledge.
- 3.4 The selected firm will be required to design, implement and provide for the on-going management of the technical solution and provide domain expertise to potential users of the system, so as to optimize utilization and performance.
- 3.5 The system must be capable of processing positive and negative data sourced from both banks and non-banking entities (e.g., providers of leasing finance, public sector lenders, insurance companies, credit unions, telecommunication companies, utilities and microfinance providers, etc.).
- 3.6 The Credit Reporting Bill, once enacted, will allow for a local presence or an alternative Hub & Spoke model, where the core platform resides outside of the territory of The Bahamas, leveraging shared services. In the event of a remote data centre, a local sales and support office must be incorporated in The Bahamas under the Companies Act of 1992, to interact with the local banks and other credit information providers, to ensure consistent and accurate delivery of data, self-inquiry access and dispute resolution, on a timely basis.
- 3.7 The first phase will focus only on the consumer credit market, but the solution must be flexible enough to accommodate **commercial credit products**, as submitted by users of the credit bureau.

4. The Selection Process

- 4.1 Responding to the RFS is an indication of the respondent's intent to apply for a license to establish and operate a credit bureau in The Bahamas.
- 4.2 The Central Bank of The Bahamas' policy is to require that respondents observe the highest standard of ethics during the selection process. In pursuance of this policy, the Central Bank of The Bahamas defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means the offering, giving, receiving, the soliciting of anything of value or the making of inappropriate approaches/interaction with members of the evaluation committee to influence the action of any official in the selection process or in contract execution; and

- (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a selection process and includes collusive practices among applicants (prior to or after submission of proposals) designed to establish prices at artificial, non-competitive levels and to deprive the market in The Bahamas of a freely operating credit bureau.
- 4.3 The Central Bank of The Bahamas will reject an RFS proposal if it determines that the respondent had engaged in corrupt or fraudulent practices in relation to its submission.
- 4.4 The technical component of the RFS will be evaluated by an Evaluation Committee. The Evaluation Committee will comprise one (1) representative each from the Central Bank of The Bahamas, the Clearing Banks Association and the Bahamas Chamber of Commerce, and three (3) representatives from the International Finance Corporation. The six-person committee will review all the RFS submissions and evaluate them on their individual technical merit.
- 4.5 Each respondent must describe its experience in setting up and managing the operations of a credit bureau, whether onshore or as an offshore credit bureau organization. The respondent must be clear and specific in the representation of previous experience, stating whether the firm’s role in setting up and managing the operations of a credit bureau was:
- as a vendor in its own right, providing software developed and deployed by themselves;
 - as a partner in a consortium and the specific responsibilities (e.g., as a related party to another vendor which was responsible for developing and deploying the software solution and whether that was utilizing common branding); or
 - as a member of a consortium where another partner’s software solution was deployed.
- 4.6 Specifically, each respondent must provide a summary of its expertise and ability in providing the above-mentioned requirements.
- 4.7 All claims by respondents as to previous experience will be independently verified and, if found to be inaccurate, the submission will be rejected.
- 4.8 It is proposed that site visits will be undertaken to the one or two short-listed respondents’ nominated sites. During this visit, the respondent will demonstrate the systems’ capability and expertise in managing a credit bureau in a small emerging market economy.
- 4.9 The respondents must familiarize themselves with local conditions and take them into account in preparing their proposals.
- 4.10 Costs associated with the preparation of the RFS are not reimbursable.

5. Confidential Use & Disclosure of Information

- 5.1 The issuance of the RFS and the receipt of information in response to this document shall not, in any way, cause the Central Bank of The Bahamas to incur any liability, financial or otherwise.

- 5.2 The Central Bank of The Bahamas will assume no obligation to reimburse or in any way compensate any respondent for losses or expenses incurred in connection with its response to this document.
- 5.3 The Central Bank of The Bahamas reserves the right to use information submitted in response to this document in any manner it deems appropriate.
- 5.4 The Central Bank of The Bahamas may, at its discretion, honor a respondent's request for confidential treatment of certain identified data submitted as part of its response.
- 5.5 The Central Bank of The Bahamas assumes that all information supplied by the respondent has been submitted in good faith and expects the information provided to be accurate.
- 5.6 The information contained in the response to the RFS is confidential and is the property of the Central Bank of The Bahamas.
- 5.7 Response to this RFS must include the receipt of Annex 1: Non-Disclosure Agreement. Please review, sign and return this agreement with your response.

6. Submission of Responses/Contact Details

- 6.1 All questions and communications regarding this RFS can be directed via email (or fax in the event email is unavailable) to the address listed below. If questions are faxed, please call Ms. Rochelle Deleveaux, Credit Bureau Project Manager, at telephone (242) 302-2611, prior to transmission. Each message should contain the caller's name, company, date of call, and detailed question(s) or comment(s).
- 6.2 Final response to the RFS must be sent to the Governor, Central Bank of The Bahamas, by courier service, followed by a confirmation call or voice mail or email message to indicate that the package has been sent. Receipt of the package would be acknowledged by email or by telephone.
- 6.3 Please find below the required e-mail addresses, mailing address, telephone and fax numbers:

Name/Email/Mailing Addresses	Telephone Nos.	FAX No.
Mrs. Wendy Craig Governor Central Bank of The Bahamas Frederick Street P O Box N 4868 Nassau Bahamas gov@centralbankbahamas.com	(242) 302-2700	(242) 356-4307
Ms. Rochelle Deleveaux Legal Counsel and Secretary to the Board Central Bank of The Bahamas Frederick Street P O Box N 4868 Nassau Bahamas RADelevaous@centralbankbahamas.com	(242) 302-2611	(242) 323-7795

7. Tentative Timetable

Tasks	Timeline/Periods	Comments
RFS mailed out	28 th November, 2014	Sent by the Central Bank.
Clarification questions submitted	28 th November – 17 th December	All respondents seeking additional information and/or information on any matter in relation to this RFS must do so by the close of business (5:00 p.m.) in Nassau, The Bahamas on 17 th December, 2014.
Responses to vendor clarification questions	2 nd Jan – 12 th Jan 2015	It is the intention to respond to any requests for additional information and/or clarification by the close of business, on 12 th January, 2015 in Nassau, The Bahamas.
Last date to deliver RFS	23 rd February, 2015	All vendor responses to this RFS must be submitted by the close of business (5:00 p.m.) 23 rd February, 2015, in Nassau, The Bahamas.
Evaluation period for short-listing	24 th February – 26 th March, 2015	
Presentation by shortlisted applicants	24 th March – April 2015	
Site visits—up to two sites for each shortlisted applicant.	24 th March – April 2015	
Provisional notification of award to selected candidate	May, 2015	
Submission of applicant for the Credit Reporting Licensing	May – June 2015	

8. Technical Proposal

8.1 General Description of the Solution

8.1.1 Please list and describe, in detail, the features of the proprietary solution to be delivered as part of the credit reporting system. These are the high-level capabilities of the system that are necessary to deliver benefits to credit bureau users.

These must include:

- Upload of positive and negative data, as submitted by users.
- Upload of data relating to court records (law suits, judgments, bankruptcy records).
- Application localizations (including help text and all documentation) should be in English. Names and addresses should be in the language as submitted by the data providers, and match logic should be able to

match the same entity from the data in English, as provided by different data sources.

- Date localization should be English (Australian) (i.e., day/month/year).
- The provision of a warm backup site.
- A facility to deal with disputes or enquiries raised by consumers and users.
- Sub 5 second response time to all credit inquiry transactions.
- Monitor alerts that notify users of changes of address, new enquiries, defaults, etc.

8.1.2 Please list any third party software that will form part of the solution being proposed.

8.2 Business Architecture

8.2.1 Please outline, in detail, the core Credit Reporting System, including Web Servers, Application Servers, Database Server and Security Services, but specifically the following:

- Customer Web Access;
- Batch processing;
- Business to Business Access;
- Data centre design (design of the production environment, development/test environment, disaster recovery infrastructure, firewalls, etc.);
- Security Architecture (including perimeter security including hardware & software firewalls, DMZ, intrusion prevention and detection systems, etc.);
- Network Architecture (load balancing and performance management capabilities, minimum bandwidth for Internet & Host-to-Host connections, etc.);
- Technical Architecture (recommended server configuration, operating system and relational databases, etc.);
- Customer Network Access;
- Web Reporting: (list of reports available and examples of the same);
- Billing system;
- Data Load (methodology, validation and auditing processes, member updates, both regular and emergency);
- Customer Service: Bureau back office and help desk processes (including the internal recording of file notes, etc.) when dealing with data quality issues or other disputes raised by the public;
- Administration: Bureau and data centre interaction with applications to control the configuration and operation of sub-systems; and
- Online inquiry tools.

8.3 Credit Inquiry Access Types

8.3.1 Please confirm that bureau users will access the credit bureau database through:

- a secure internet application;
- application-to-application (Host-to-Host) protocols; and

that batch processing facilities will be available.

8.3.2 Please indicate the use of the following:

- Formatted input screens;
- Standard SSL encryption and IPSec; and
- Return of PDF and/or Web Credit Reports.

8.4 Inquiry Access - Match and Merge Rules

8.4.1 Based on likely market challenges in The Bahamas relating to the identification and subsequent merging of data in respect of individuals and commercial entities and any inter-relationship, the following should be done:

- Outline, in specific detail, the proposed matching logic the system will use to access credit files on the database (e.g., a combination of Identification Numbers (at least one), Date of Birth, Name, and Address); and
- Indicate how related commercial entities will be linked (i.e., company and related subsidiaries; individuals and related companies/businesses).

8.4.2 Please outline, in detail, as part of the process, how the system will search for consumer data using localized match rules (potentially accessing third party databases) to deliver the highest possible “hit rate” to combine two or more records into a single consumer record.

8.4.3 Please outline, in detail, as part of the process, how the system will search for related consumer and commercial data using localized match rules to deliver the highest possible “hit rate”.

8.5 Inquiry Input Fields

8.5.1 Please identify, in detail, as part of the process, the types of consumer and commercial data that will be included in the input as mandatory data fields and what will be considered as optional to be added to an existing credit report when that data does not exist on the credit report.

8.5.2 Please provide samples of consumer and commercial reports.

8.6 Creating New Consumer Records

Should the system not find a consumer record that matches the input or data input, please outline, in detail, how the database would be updated by the creation of a new consumer record.

8.7 Name and Address

Name and Address normalization rules are proprietary functions of the credit reporting

system. Hence, please detail the processes to edit and normalize the Bahamian name and address information for subsequent database updating, processing and online maintenance.

8.8 Application Security

- 8.8.1 Please detail the User Validation System which will control all application system security and all application system accesses to the database for bureau **users** and for bureau administration purposes for regular as well as ad hoc reporting, maintenance and research purposes.
- 8.8.2 Please outline, in detail, the process relating to the assignment of user ID's and passwords.
- 8.8.3 Please confirm if the solution will deliver a security violation report when access to the database is denied to an inquirer.
- 8.8.4 Please confirm if the solution will create and retain access logs for both administrators and users with details pertaining to user name of persons who accessed the system, time and duration of access, data that was accessed, modifications made to the data if any, actions taken on the data (e.g., was the data deleted, copied or e-mailed, etc.).

8.9 Database Content

- 8.9.1 It is proposed that the database will contain consumer and commercial trade data with payment information on credit cards and other account types. Please confirm that, in addition to trade line data, whether the system will support, at a minimum, the following main data types:
 - Collection agency records, if applicable;
 - Court Judgments;
 - Returned Items (checks - insufficient funds items);
 - Consumer name, address and phone numbers;
 - Various Government IDs;
 - Employment records;
 - Spouse details;
 - Guarantor details;
 - Directors/owners of the company; and
 - Company identification details.
- 8.9.2 Please outline, in detail, the process if two (2) or more consumers are legally responsible for a line of credit and whether that line of credit will appear on the credit report for every legally responsible consumer.

8.10 Data Maintenance Application

Please outline, in detail, the system capability for bureau in-house administrators to perform online maintenance to a record, including adding, deleting or modifying information as requested by the user who reported the information.

8.11 Billing System

- 8.11.1 Please confirm whether the system provides a daily file of transactions made during the course of the day, as input to a proprietary billing system. If no proprietary billing system is to be provided, please confirm whether a daily extract file containing a record of all inquiries made to the database can be exported to a non-proprietary billing system.
- 8.11.2 Please indicate if the system will allow for online payment for credit reports and services (where persons can pay using credit or debit cards).

8.12 Standard System Reports and Data Presentation Facilities

- 8.12.1 Reports generated for bureau users should contain only data related to that user, while reports generated for the bureau administrator(s) should contain all user data. Please confirm if the system will provide the following standard reports/data presentation facilities for use in data analysis:
 - Merge Audit Report;
 - Security Violation Report;
 - Statistical Reports of accepted and rejected records loaded by bureau subscribers; and
 - Statistical reports for balancing and control of the database update process.
- 8.12.2 Please provide examples of the reports mentioned at 8.12.1 above.
- 8.12.3 Please list and provide copies of other system generated reports which will be available to either bureau users or the bureau administrator.

9. Networking and communications overview

Please provide specific details as to how the proposed solution will deliver industry-standard communication protocols to support internet based communications for the system (e.g. XML, Secure Sockets Layer, etc.).

10. Data Centre/Bureau Security

Please detail and define the security protocols relating to:

- Physical Security;
- Change Management Security;
- Operating System Security related to System Administration; and
- Events and incidents monitoring.

11. Data encryption during transfer

Please specify and define the data encryption protocols relating to data transfer.

12. After-sales Technical Support and Maintenance both on-shore and off-shore

- 12.1 Please confirm if the following will be provided as part of the services:
 - General technical support;

- Application maintenance support; and
 - Operational Consultancy.
- 12.2 Please outline, in detail, the level of technical and maintenance support proposed to be provided to bureau users, including helpdesk service hours, emergency line, response time based on severity levels, etc. Please include a draft Service Level Agreement or Underpinning Contract.

13. Pricing Policy

- 13.1 The Pricing Policy (both setup and ongoing recurring costs) of the application must also include a provisional pricing structure for credit inquiries, based upon the following number of retail and commercial loan accounts:

Year	# of Loan Accounts	% Change
2009	266,692	-2.5
2010	220,720	-17.2
2011	259,061	17.4
2012	246,307	-4.9
2013	232,761	-5.5

- 13.2 Please outline any user fees or any other annual fees that are proposed to be charged to the end user.

14. Project Plan

- 14.1 Please provide a detailed project plan, including planned start date, a list of all critical activities including key milestones and dependencies that will affect completion of the project and estimated level of effort and resources that will be assigned to the project.
- 14.2 The deliverables of the project should be phased as follows:
- i. Phase 1 – setting up of a local company, initial staffing, identifying local partners (if any), the development of the required technical infrastructure (database software, hardware, communications) required to operate the solution, development of input files, formats and specifications, identifying credit information provider capacity to submit data and addressing challenges thereof.
 - ii. Phase 2 – system implementation, including securing agreements, loading credit information provider data, system testing and roll out, knowledge transfer, creating documentation, etc.
 - iii. Phase 3 – Training and outreach for the consumers (data subjects), and ongoing training and outreach for the credit information providers, users, and also the Central Bank of The Bahamas.

Annex 1

Non-Disclosure Agreement

This AGREEMENT is made and entered into effective as of the _____ day of _____, 20____ (the "Effective Date") by and between the Central Bank of The Bahamas, a body corporate established under section 3 of the Central Bank of The Bahamas Act, 2000, with its principal place of business at Frederick and Market Streets, Nassau, Bahamas, and _____, with a principal place of business at _____ (each of which may be referred to herein as the "Discloser" and/or the "Recipient", as the case may be, of information).

WHEREAS

- (a) The Central Bank of The Bahamas is seeking to license a credit bureau in The Bahamas and _____ is seeking to be licensed as a credit bureau operator in The Bahamas ("the Purpose").
- (b) The Central Bank of The Bahamas and _____ (hereafter collectively referred to as "the parties") are aware that certain confidential information and other material may be disclosed between the Central Bank of The Bahamas and _____ including, without limit,
 - (i) trade and business secrets and other proprietary information and material belonging to either of the parties hereto, their group companies or associated organizations including, but not limited to, information relating to each other's operations, systems, software, processes, methodologies, plans, know-how, data, ideas, customers, suppliers, personnel, prices, profitability or other business, commercial or financial affairs;
 - (ii) information about the business or affairs of a licensee of, or other entity that is supervised by, the Discloser; or information about the identity, assets, liabilities, transactions or accounts of a customer of a licensee of the Discloser, or of a customer of an entity that is supervised by the Discloser; or
 - (iii) information about any application made to the Discloser under the Banks and Trust Companies Regulation Act, 2000,

hereafter referred to as "Confidential Information" and are desirous of protecting same.

NOW THEREFORE in consideration of the mutual covenants contained herein, each of the parties hereto, intending to be legally bound, does hereby agree as follows:

1. The Recipient will only use the Confidential Information strictly for the stated Purpose.

2. All Confidential Information disclosed by either of the parties hereto (the "Discloser") to the other party (the "Recipient") in connection with the Purpose or negotiations or informal discussions concerning the Purpose and whether the Confidential Information is conveyed verbally, by demonstration, in writing or in any other medium or form will be treated as strictly confidential by the Recipient.
3. Except for reasons, and on the basis set out in paragraph 5, the Recipient will not disclose any of the Discloser's Confidential Information to any third party without the prior written approval of the Discloser; such written approval not to be unreasonably withheld.
4. The intellectual property rights of any such Confidential Information remains (unless otherwise expressly agreed in writing between the Recipient and Discloser) the exclusive property of the Discloser (or its licensor's) and such Confidential Information is only permitted to be used by the Recipient strictly for the Purpose.
5. The Recipient will take all reasonable steps to protect the Discloser's Confidential Information from disclosure and discovery and that these steps will be no less than the steps which the Recipient would take to prevent the unauthorized disclosure or discovery of its own Confidential Information of a similar nature.
6. The Recipient will only divulge the Discloser's Confidential Information to those employees who need to know it strictly for the Purpose but only after making them aware of the confidential nature of the information and taking all reasonable steps to ensure that they will adhere to obligations equivalent to those imposed by this agreement. Notwithstanding the earlier provisions of this paragraph 6, the Recipient of the Confidential Information will be responsible to the Discloser of the Confidential Information for the failure of any party to whom the Recipient discloses the Confidential Information to observe the obligations in this agreement regarding the use and secrecy of the Confidential Information, only to the extent that the Recipient has control over the third party.
7. The Recipient will notify the Discloser of any unauthorized disclosure or use of the Discloser's Confidential Information and the Recipient will take all steps necessary (including, but not limited to, any required by the Discloser) to minimize the effect of such disclosure or use and to prevent any further disclosure or use.
8. The Recipient will not have any confidentiality obligations under this agreement with respect to information which, through no wrongful act of the Recipient:-
 - 8.1 is already in the Recipient's possession prior to disclosure by others not subject to any restrictions on use or disclosure and the Recipient can demonstrate this from its written records;
 - 8.2 is independently developed but only where this is without reference to the Discloser's Confidential Information.
 - 8.3 is lawfully obtained from a third party under no restriction on use or disclosure, and the Recipient is not aware that the third party is breaching any obligation of confidentiality relating to the information disclosed;
 - 8.4 becomes publicly known; or

- 8.5 is required to be disclosed by law or by any judicial order provided that the Recipient prior to such disclosure shall notify the Discloser of the order as soon as possible after receipt to provide the Discloser a reasonable opportunity to protect its Confidential Information by protective order or other means.
9. The Discloser's Confidential Information is valuable and damages may not be an adequate remedy for any breach of the provisions of this agreement by the Recipient and that the Discloser will be entitled to injunctive or other equitable relief for any actual or threatened breach of the provisions of this agreement by the Recipient (without the need for the Discloser to prove any special damage).
 10. The Discloser gives no warranties (expressed or implied) in respect to the information provided to Recipient under this agreement.
 11. The disclosure of information relating to the Purpose for which it is provided does not confer a right to use it for anything other than the Purpose.
 12. The Recipient will, in its best ability, maintain all confidentiality notices or proprietary markings placed upon or within the Confidential Information and will not remove, destroy, deface or obscure such markings.
 13. Except to the extent strictly necessary for the Purpose, the Recipient will not copy, reproduce or record in writing any Confidential Information.
 14. After the expiry or termination of this agreement, all parties undertake not to make any disclosure relating to the Discloser's Confidential Information without the specific written consent of the Discloser.
 15. Subject to both parties' obligations under this agreement, either party may enter into agreements or negotiations with third parties or make disclosures to such third parties whether or not relating to the Purpose and may pursue its business even where this is in competition with the other party.
 16. This agreement is personal to the parties and shall not be assigned or otherwise transferred in whole or in part by either party without the prior written consent of the other party.
 17. This agreement constitutes the entire agreement and understanding between the parties in respect of Confidential Information. This agreement cannot be changed except by written agreement between the parties. This agreement shall be governed by and construed in accordance with the laws of The Bahamas and any dispute shall be subject to the exclusive jurisdiction of the courts of The Bahamas.
 18. This agreement shall take effect from the Effective Date and shall remain in full force and effect, until a mutual agreement is set in writing between the parties to terminate this agreement. The

provisions of clause 14 shall survive the termination of this agreement.

IN WITNESS WHEREOF the parties hereto have executed this agreement this day of
.....2014

(Name of Respondent)

DIRECTOR / SECRETARY

On behalf of the Central Bank of The Bahamas,

.....
.....
Witness