

# Invitation to tender

**Lender process optimisation and anti-fraud support**

**13 December 2021**

# Table of Contents

Invitation to tender (ITT): Lender optimisation and anti-fraud support.....	3
Rationale for this work.....	3
No Interest Loan Scheme .....	4
NILS Introduction .....	4
Existing anti-fraud measures .....	4
Requirements: Anticipated anti-fraud design support for NILS.....	4
Requirements: NILS Lender optimisation support .....	5
Ad hoc support.....	6
Product pilots and product delivery anti-fraud support.....	6
Ad hoc lender optimisation support .....	6
Tender requirements.....	7
Timings.....	7
Total budget envelope .....	7
Your response .....	7
Clarification questions.....	7
Budget and pricing.....	8
Proposal submission and scoring criteria.....	9
Notes .....	10
Appendices.....	12

# Invitation to tender (ITT): Lender optimisation and anti-fraud support

Fair4All Finance is seeking a provider to deliver anti-fraud product design and delivery support and lender process optimisation support.

## About Fair4All Finance

Fair4All Finance is a not-for-profit organisation founded in early 2019 to increase the financial wellbeing of people in vulnerable circumstances by increasing access to fair, affordable, and appropriate financial products and services. We have three main priority areas:

- Expanding provision of affordable credit through a scaled community finance sector
- Partnering with banks and financial service providers to support the delivery of products and services for customers in vulnerable circumstances
- Developing and scaling products and services to address market gaps

You can find our full strategy [here](#).

## Rationale for this work

Fair4All Finance is procuring anti-fraud and lender optimisation support services to enable us to appoint a partner(s) who can work with the personal lenders we invest in or appoint to deliver products or services on our behalf on an ad hoc basis and with an initial requirement focussed on a specific product pilot.

We welcome tenders covering both aspects of this work, but responses for a single element (anti-fraud or optimisation) will also be accepted.

Our requirement for this work arises out of our remit to improve the access to appropriate and affordable credit and related financial resilience products for people in vulnerable circumstances in England, and where we are working with the Devolved Administrations, across the UK.

Typically we work with lenders by making an investment (debt, equity or grant) into their operation to help them to grow and to serve more borrowers. We also develop and pilot new products and services. In both contexts we sometimes see the need to support lenders to improve their operations or to enhance their approach to anti-fraud measures in their business.

Our immediate requirement for support relates to the pilot of a No Interest Loan Scheme (NILS) which we commenced a market engagement on targeting feedback from potential lenders, co-funders and referral partners in September 2021, ahead of formally procuring this scheme from 1 December 2021, with lending commencing in approximately September 2022 across six locations in England (three); Wales, Northern Ireland and Scotland.

NILS product development is already underway and we have a small scale proof of concept (PoC) also commencing delivery in December 2021/January 2022.

Please see the detailed market engagement pack (Appendix 1) for information about the pilot on which we are seeking input from lenders as potential bidders in parallel to procuring this work to support the lender(s) we eventually appoint. The procurement is live on our website at <https://fair4allfinance.org.uk/invitations-to-tender/>

# No Interest Loan Scheme

## NILS Introduction

Fair4All Finance, Fair By Design and Toynbee Hall are working together to deliver a NILS proof of concept (PoC) this autumn to test the hypotheses that there is demand for a NILS, benefit to customers and community finance providers and a way to build a sustainable, permanent solution. This small scale PoC will be a precursor to a much larger pilot (approximately 17,400 loans by up to 6 lenders in up to 6 locations).

The NILS will be specifically aimed at customers who cannot access any existing form of mainstream or affordable credit, but who can afford to repay a small capital sum, and who need to spread the cost of essential or emergency expenditure, and where there is a benefit to their wellbeing and/or a wider societal benefit (for example, they need to repair their car in order to travel to work).

We will be testing a model in which regulated lenders such as Community Development Finance Institutions (CDFIs) and credit unions will be responsible for individual lending decisions for the NILS and will conduct eligibility assessments on customers either who have been referred to them or customers that they would have otherwise had to decline based on affordability or other lending criteria.

## Existing anti-fraud measures

- There is no planned central brand or acquisition route
- The customer journey is very specifically targeted at the borrowers we wish to reach (for example, customers would first be assessed for a standard interest bearing loan and only start a no-interest loan journey if they were declined)
- We are appointing regulated lenders who will already have their own anti-fraud approaches in place
- We expect CRA checks and open banking to be a core part of the application process
- We are designing the detailed product settings for NILS in parallel to the market engagement and have the ability to refine those product parameters based on feedback
- The pilot itself is iterative and we can refine the product during the pilot

## Requirements: Anticipated anti-fraud design support for NILS

- Review the arrangements in place for the PoC (likely to follow the lender's existing processes due to timetable to go live)
- Review the NILS product design ahead of more detailed product development commencing and provide suggestions on any additional, proportionate, anti-fraud aspects to be considered
- Contribute to the planned approach to mobilisation of the contracts once lenders are appointed to increase anti-fraud resilience in their operations as lending commences
- Contribute to the evaluation of bid responses for the full NILS pilot from lenders by assessing their responses to anti-fraud questions
- Provide reflections and data on recent developments in real or attempted fraud in personal lending suitable for sharing with lenders to aid them in refining their own existing approaches
- Provide input to and review of iterations to the NILS product as it is evolved throughout the pilot from an anti-fraud perspective

- We have assumed a budget of around £20,000 excluding VAT for this work covering the whole pilot across a maximum of 6 sites and up to 6 lenders (noting we have a lotting structure in the pilot procurement and may have one lender for more than one site)

## Requirements: NILS Lender optimisation support

- We anticipate that across the six sites we are procuring there will potentially be a varied level of lender capability operating irrespective of the structured procurement that we are running given the breadth of capability in the Credit Union and CDFI sector across the UK
- We may wish to support lenders to refine their NILS delivery processes as key learnings emerge in other locations about how best to optimise NILS delivery and we wish to have resource available to support lenders, should our internal capacity need to be augmented
- The support required could touch on any or all aspects of the customer journey and back-office arrangements for personal lending and so we are seeking support from providers who have in depth experience of helping lenders to optimise their lending processes and increase cost effectiveness and customer service outcomes
- A potential challenge in the customer journey is the addition of a standard privacy notice above and beyond the existing lenders requirements. This is mandatory to share evaluation data with our partners to assess the impact of the No interest loan scheme. However, it is part of the journey that customers could find challenging, especially as they would have already signed up to the lender's 'normal' privacy notice first. Optimising this part of the journey is a key consideration for us
- A reasonable assumption is that a high degree of technology fluency will be essential in this work and specialist experience on the lending platforms commonly used across the affordable credit sector would be advantageous eg Sercle (previously Curtains), Incuto, Progress, VivalT, Fern, Caroma, Nivo, Soar, Wellington, NestEgg. We have published a survey of providers and which platforms they are using for reference here <https://fair4allfinance.org.uk/news/understanding-the-role-of-technology-in-community-finance/>
- We may also wish to utilise the support procured through this tender to support lenders to review or improve their compliance with key facets of the relevant regulations and to consider adaptations to their processes where the product design, and engagement we have had with regulators and CRAs, provides opportunities for refinement
- We have assumed a budget of around £21,000 excluding VAT for this work and do not expect all six pilot locations to require support. If necessary this budget may be increased and is covered by the larger procurement envelope for this work. Approaches that include some elements of 1 to many delivery, eg a lender optimisation workshop, would be welcome

# Ad hoc support

## Product pilots and product delivery anti-fraud support

- We have ambitious plans to pilot a range of other products and services for people in vulnerable circumstances on a similar basis where we will procure and appoint lenders to deliver products we co-design with them. Products we may pilot include consolidation loans, appliance poverty/rental schemes, ethical buy now pay later (BNPL) alternatives and savings and insurance products
- The NILS procurement will also enable us to extend the scope of the pilots to encompass other products so the same lenders may be used for some of this work and in specific cases we may procure other providers depending on funding and need
- As we develop and refine products through each pilot, and potentially into the scale-up stage including NILS being scaled up, we wish to have access to similar services as set out for NILS (above) on an ad hoc basis
- We require day rate/rate card pricing for this work

## Ad hoc lender optimisation support

- Through our Affordable Credit Scale Up programme and COVID grants scheme we are helping around 50 lenders to sustain and grow their operations. The focus of much of our support is on enabling growth through capability improvements including enhancements to the operations of lenders encompassing IT, marketing, personnel, back-office and product enhancements
- Our internal team is positioned to support on some of this growth support work and in some cases we also procure specialist assistance on behalf of lenders. In addition to these routes, we require ad hoc support to enable us to rapidly help lenders with the optimisation of their operations
- The particular focus of this work is potentially very broad depending on specific lender requirements but we anticipate the following types of work being necessary:
  - Business analysis and IT migration planning
  - Digital strategy evaluation and support
  - Underwriting reviews and retrospective loan book analyses leading to updates to provisioning policies and decisioning rules/scorecards
  - Auto decisioning tool options assessments and implementation planning including scorecard design
  - Payments platform options assessments and implementation planning
  - Additional channel product refinement eg in preparation for listing on a comparison site
  - New product implementation and adaptation of customer journeys in lending platforms
  - Data extraction, manipulation and analytics including declines analysis to identify customers not able to be served
  - Open banking categorisation optimisation
  - Dashboard design and reporting
  - IT project delivery review

# Tender requirements

## Timings

Stage	Dates
Invitation to Tender published	13 December 2021
Clarification questions due	12 January 2022
Proposals due	21 January 2022
Assessment period	24 January – 4 February 2022
Interview for shortlisted bidders (if needed)	w/c 4 February 2022
Decisions made	11 February 2022
Target agreement in place	18 February 2022

## Total budget envelope

Element	Estimated budget
Anti-fraud NILS support	£20,000 excluding VAT
Lender Optimisation NILS	£21,000 excluding VAT
Ad hoc Anti-fraud support	£70,000 excluding VAT*
Ad hoc Lender Optimisation support	£70,000 excluding VAT*

\*if the same provider is appointed for all work we reserve the right to vary the budget utilisation between the elements.

## Your response

To respond to this tender, please use the ITT Response Document (Supplier Questionnaire) provided to detail how you would deliver the required specification for services as outlined above. The proposal assessment criteria and requirements are set out below and a response document is provided with this tender.

Please email your completed ITT Response Document (Supplier Questionnaire) to [georgia@fair4allfinance.org.uk](mailto:georgia@fair4allfinance.org.uk) by **6pm on 21 January 2022**.

## Clarification questions

Clarification questions on this tender may be addressed to [georgia@fair4allfinance.org.uk](mailto:georgia@fair4allfinance.org.uk) by **close of play 12 January 2022**.

Any question responses which are relevant to all will be shared with all applying parties. If you intend to submit a response, please advise us at your earliest convenience so that question responses can be shared. Questions will be anonymised before responses are shared on our website.

**Bidders can respond to one or both aspects (anti-fraud and or lender optimisation).**

## Budget and pricing

To support the product design refinement stage please provide us with your costs as follows:

### Anti-fraud support NILS

Role	Day rate	Number of proposed days	Costs

### Lender optimisation NILS

Role	Day rate	Number of proposed days	Costs

### Ad hoc support – anti-fraud rate card

Role	Day rate	Typical regulatory accreditations /relevant qualifications

### Ad hoc support – lender optimisation rate card

Role	Day rate	Typical regulatory accreditations /relevant qualifications

Please outline any VAT and or expenses which may be payable clearly and separately.

## Proposal submission and scoring criteria

Proposals submitted will be assessed by Fair4All Finance against the following questions:

### Pricing – 15%

<p><b>Value for money</b></p> <p>Please provide us with your costs as outlined above.</p> <p><b>To what extent does the proposal demonstrate value for money?</b></p>	100%
---	------

### Quality – 85%

<p><b>1 Understanding of requirements</b></p> <p>Please explain what you understand Fair4All Finance is aiming to achieve in commissioning this work.</p> <p><b>To what extent does the proposal demonstrate an understanding of the issues related to this brief?</b></p> <p><b>Max 1 page A4; 12pt font</b></p>	15%
<p><b>2 Please set out your proposed methodology</b></p> <p>Please explain your relevant methodology or approach to this work.</p> <p><b>Anti-fraud</b></p> <p>We want to understand how you plan to examine the NILS product design and lender processes to identify potential weaknesses and how you will draw on external data and evidence to understand the potential risks.</p> <p><b>Lender optimisation</b></p> <p>We want to understand how you plan to work collaboratively with lenders to enhance their processes as well as how you will prioritise areas for optimisation based on your understanding of customer preferences and lender resource utilisation.</p> <p><b>To what extent are the methodology and methods appropriate to the requirements set out in this brief?</b></p> <p><b>Max 2 pages A4; 12pt font</b></p>	25%
<p><b>3 Relevant experience</b></p> <p>Please set out your experience relevant to this request including a case study setting out your comparable recent work.</p> <p><b>Case studies</b></p> <p>Recognising the specialist skill sets required to support the delivery of NILS and the wider anti-fraud and lender optimisation support requirements we have stated please share a case study and contact details for that case study who is willing to talk to us for each of the elements you are bidding for ie if you are bidding for both lots share a case study for each.</p> <p><b>Relevant experience introduction max 1 page A4; 12pt font</b></p>	30%

<p><b>Case study maximum length 2 pages each; A4; 12pt font</b></p> <p><b>What degree of experience does the bidder demonstrate in order to successfully complete the work?</b></p>	
<p><b>4 Appropriate resourcing and delivery timelines</b></p> <p>Please set out your resourcing plan and assumptions about the time commitments you plan to make to deliver the NLS specific work.</p> <p>Please set out the wider team within your organisation who would be available for the ad hoc work.</p> <p>Please make it explicitly clear who will be accountable for the work and who our day to day contact will be.</p> <p><b>How well has the bidder structured a team in order to successfully manage the contract and deliver the required work to the budget and timetable required?</b></p> <p><b>Maximum length 2 pages A4; 12pt font</b></p>	<p>30%</p>

## Notes

- Tender responses not received by the deadline will not be considered
- Quotations shall be valid for 90 days
- All bidders are solely responsible for all their costs and expenses incurred in connection with this procurement process at all stages
- The number of proposed days for Anti-fraud support NLS and Lender Optimisation NLS will be harmonised for the purpose of pricing comparison
- Fair4All Finance reserves the right to amend or cancel the procurement exercise at any point. Fair4All Finance will accept no liability for any losses caused by any change or cancellation of this procurement exercise nor any decision not to award a Contract
- Any information submitted to Fair4All Finance may need to be disclosed and/or published by Fair4All Finance. Fair4All Finance may disclose information in compliance with the Freedom of Information Act 2000, any other law, or, as a consequence of judicial order, or order by any court or tribunal with Fair4All Finance to order disclosure
- Data Protection Act 2018 - Any awarded Contract will be subject to the Data Protection Act (DPA) 2018. Fair4All Finance reserve the right to request additional evidence to undertake sufficient due diligence of any Tenderer to ensure they have implemented the appropriate technical and organisational measures to comply with the act
- Fair4All Finance is committed to greater transparency and may publish its tender documents, contracts and data from invoices received and may at its discretion redact all or part of such information prior to publication
- Bidders shall not (and shall procure that their subcontractors and representatives do not) do any of the following without obtaining the prior written consent of Fair4All Finance:
  - Make a public statement or communicate in any form with the media in connection with this procurement

- Use any trademarks, logos or other intellectual property rights associated with Fair4All Finance and/or its stakeholders
- Represent that the Bidder is directly or indirectly associated in any way with Fair4All Finance and/or its stakeholders or that its or their respective products and/or services are in any way endorsed by Fair4All Finance and/or its stakeholders
- Do anything or refrain from doing anything which would have an adverse effect on or embarrass Fair4All Finance and/or its stakeholders
- Bidders with abnormally low prices may be rejected by Fair4All Finance. Prices that are suspiciously low in the opinion of the organisation will be considered further before a decision is taken as to whether the price is abnormally low. This will include clarification with the relevant bidder
- Fair4All Finance will award the Contract to the bidder submitting the offer that best meets scoring criteria from the point of view of Fair4All Finance
- Fair4All Finance will notify all bidders of its contract award decision
- Contracts will be issued in accordance with Fair4All Finance terms and conditions and attached to this document. If you have any variations to the terms, please state what these are in your response
- Payment terms will be monthly on the submission of an itemised invoice

# Appendices

## **Appendix 1: NILS market engagement pack**

## **Appendix 2: Draft contract for services**

Appendices 1 and 2 are available as attachments to this document on our website at <https://fair4allfinance.org.uk/invitations-to-tender/>