

TERMS OF REFERENCE (TOR)
SaaS-Based IFRS 9 Expected Credit Loss (ECL) Solution

1. Background

Nepal Federation of Savings and Credit Cooperative Unions Ltd. (NEFSCUN) intends to procure a Software-as-a-Service (SaaS)-based IFRS 9 Expected Credit Loss (ECL) Solution to automate and strengthen impairment assessment and Expected Credit Loss computation in compliance with IFRS 9 standards.

The solution is expected to support credit risk assessment, provisioning, reporting, and reconciliation processes for lending and non-funded exposures.

2. Objective

The primary objective of this assignment is to implement a comprehensive IFRS 9 compliant ECL solution that enables:

- Automated stage classification and ECL computation
- Forward-looking impairment assessment
- Regulatory and management reporting
- Accurate reconciliation and audit tracking
- Efficient data integration and processing

3. Scope of Services

3.1 Core Functional Requirements

The proposed SaaS solution should include, but not be limited to, the following functionalities:

- Stage Classification (Stage 1, Stage 2, and Stage 3)
- Significant Increase in Credit Risk (SICR) Assessment
- Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) Modelling
- Credit Conversion Factor (CCF) Modelling
- Forward-Looking Macroeconomic Overlay
- 12-Month and Lifetime ECL Computation
- Handling of Restructured and Non-Performing Loan (NPL) Portfolios
- Segment-wise ECL Reporting
- Effective Interest Rate (EIR) Computation
- Regulatory and Management Reporting
- Audit Trail and Version Control
- Interest Reconciliation (Cash vs Accrual vs EIR)
- Data Upload Capability from Core Banking System, Excel, and CSV
- Monthly, Quarterly, and Annual Processing Runs

3.2 Implementation and Support Services

The selected service provider shall provide the following services:

- Requirement Gathering and Business Analysis
- Data Mapping and Template Design
- Model Configuration and Setup
- Training for Finance, Risk, and IT Teams
- Go-Live and Post-Implementation Support
- Technical and User Documentation

4. Deliverables

The selected firm shall deliver:

- Fully functional SaaS-based IFRS 9 ECL Solution
- Configured and tested ECL models
- User acceptance testing support
- Training completion for relevant teams
- Technical and user manuals/documentation
- Post-implementation support services

5. Proposal Evaluation Criteria

Proposals may be evaluated based on:

- Relevant experience and organizational capacity
- Technical capability of the proposed solution
- Implementation methodology and work plan
- Support and maintenance approach

- *Financial proposal*
- *Client references and past performance*

6. Duration

The implementation timeline shall be proposed by the bidder, including milestones for configuration, testing, training, and go-live support.

7. Confidentiality

The selected service provider must maintain strict confidentiality and security of all data, reports, and information shared during the engagement.

8. Right to Accept or Reject

NEFSCUN reserves the right to accept or reject any or all proposals without assigning any reason whatsoever.

Contact Information

Administration Department

Nepal Federation of Savings and Credit Cooperative Unions Ltd. (NEFSCUN)

New Baneshwor, Toya Marg, Kathmandu Metropolitan City-31, Nepal

Email: procurement.nefscun@gmail.com

Phone: 01-4791963, 01-4790201, 01-4797106

Website: www.nefscun.org.np

NEFSCUN reserves the right to accept or reject any or all proposals without assigning any reason whatsoever.