

Central Liverpool Credit Union Request for Proposal

Please read the full instructions here: <https://centralcu.co.uk/it-rfi>

You can use this document to help prepare your answers before submitting them online.

The contents of this document are strictly confidential and must not be disclosed to anyone outside of your company or re-produced in anyway without the Credit Union's express permission.

1. Pre-requisites

1.1 Integrations

There must be evidence of in-production Application Programming Interfaces.

CLCU is taking an eco-system approach to developing its IT platform. If you do not currently have an API in production please do not proceed with the RfI.

1.2 Roadmap

There must be evidence of a roadmap for future development.

1.3 Separate development, staging and production environments

You must separate development from production environments. A staging environment might be used for final tests and / or training.

2. Marketing and communications

2.1 Email campaigns

Export member data for use in email marketing software

CLCU uses Mailchimp. This can be a simple .csv export to include name, date of birth, member number, joining date and products held etc.

2.2 Telephone / email / online chat from member

Record interactions with members and allocate the work to the right member of staff

CRM is a key requirement. If the core system does not provide CRM functionality an integration is required. Workflow management is essential.

3. On-boarding

3.1 New members: individuals

Save details from KYC / AML checks and append these to the member record

CLCU uses NestEgg for KYC/AML but also posts .pdf or image files where electronic checks fail to the member record.

3.2 New members: corporates

Save details from KYC / AML and additional corporate checks and append these to the corporate member record

CLCU has a manual process to on-board corporate members

4. Account maintenance and servicing

4.1 Manage loan accounts

Display and record different loan accounts for each member record, including the ability to handle multiple different named accounts with different interest rates

CLCU currently has 27 different loan products. 11 are still in active use. The remainder have active balances

4.2 Manage savings accounts

Display different saving accounts for each member record, including the ability to handle multiple different named accounts with different interest and dividend rates

CLCU members currently up to 15 savings accounts, some of which are functional, rather than deposit.

4.3 Member details

Ability to change member details on an auditable basis

4.4 Teller

Teller function to lodge deposits and withdrawals from members visiting branches

CLCU operates two branches and manages around 1m transactions per year

4.5 Security checks

Provide password security checks for members when they contact CLCU for an update on their account

This might be a PIN or other secret information given over the telephone and verified in the member record

5. Lending and credit control

5.1 Automated decisioning

Process applications that have been received using an automated decisioning service based on multiple rules for different types of product

CLCU uses NestEgg for credit decisions. You may also have a system you can offer. Decisions would need to be managed in the core banking platform with a summary of the decision and a possible URL to any external decision engine dashboard for a more detailed view.

5.2 Consider savings when making lending decisions

Take into account savings when making lending decisions

This could include sending data on member savings to a decision engine, so that savings are considered as part of lending rules. Alternatively there may be 'pre-bureau' rules used which would only call a credit check

if certain criteria are met e.g. do not call the credit data if the applicant has more than 80% of the loan covered by savings.

5.3 Arrears reporting

Produce a report showing the amount of arrears, number of days in arrears, details of the account holder and the debt outstanding including any savings held as security

5.4 Credit control

Provide a case management system to handling credit control, including most recent action, notes of any agreement

CLCU is considering purchasing an external credit control system that would need to integrate

5.5 Loan reschedule

Allow the re-scheduling of loans whilst maintaining correct bad debt provision

This is where a loan might have its regular repayment date and / or value changed, but because it is in arrears the bad debt provision must remain the same as prior to any rescheduling

6. Products

6.1 Design products

Allow new products to be developed and existing products to be modified easily

6.2 Corporate members

Support Individual and Corporate Member loans

The Credit Union does offer small scale loans to businesses, although these are mainly sole traders

6.3 Pricing

Ability to price loans based on loan amount, credit score, loan term and membership and savings history

6.4 Interest calculation

Provide the ability to calculate interest in accordance with regulatory requirements

This needs to be used for loan agreements, payment schedules and quotations

6.5 Payment breaks

Support agreed breaks in the repayment schedule to allow for missing a payment, payment holidays or loan rescheduling

6.6 Savings accounts

Support a range of savings accounts for individuals

This must include deferred shares, dividend accounts, interest bearing instant access savings accounts, and fixed term deposits

6.7 Dividends

Support payment of Interim and variable dividends

Dividends are like interest payments. So an amount might be rewarded to a borrower monthly, quarterly or annually.

6.8 Rebates

Support provision of rebates on interest paid for loans

Credit unions can reimburse borrowers a % of the interest they've paid on a loan.

6.9 Attachment

Support attachment of shares which are held as security for loans

It will vary according to product, but often savings are held as security for a loan. For example if someone has £500 on loan and £200 in savings, they cannot withdraw the savings until the outstanding loan is below £200.

7. Loan agreement

7.1 Agreement

Produce a loan agreement, including summary information in line with statutory requirements which is editable by the Credit Union

Although credit unions are not regulated by the Consumer Credit Act, the loan agreement should be compliant with the Act and include provisions around the attachment of shares.

7.2 Send agreement

Send agreement for e-signature from within the core banking platform

CLCU currently uses Signable, but you may provide alternatives.

8. Finance

8.1 Payments

Handle complex inbound payments from multiple sources, especially benefits

CLCU receives a variety of payments each day into the bank. These will include standing orders, direct debits, DWP and HMRC benefits, wages payments and inter-bank transfers.

While a lot of members will only have one such payment per week or month, many have multiple payments coming in throughout the month.

When the bank payments are uploaded into the core platform, a series of members' instructions are applied to each payment and disbursed among a changing variety of the member's accounts. Each payment type will have its own unique disbursement instruction.

Typically, there are around 15 different benefit payments, from Child Benefit to the Winter Fuel Payment. Over the past year, these, together with the other bank payment types, are disbursed to each member's accounts using around 60 different transaction types. Additionally, there is a high volume each day of outgoing bank transfers, pre-paid card loads and in-person cash withdrawals.

8.2 Payments - allocation

Allocate payments to the member account.

Payments must be split according to a loans / savings repayment schedule e.g. £20 to the loan and £5 to one or more savings accounts

8.3 Payment methodologies

Support direct debit, payroll deduction and standing orders

CLCU uses GoCardless for direct debits and the Co-op bank for other payments

8.4 Balance sheet and Profit and Loss

Support a nominal ledger

The system will need to support key nominal ledger / chart of account entries for e.g. loan interest received, total loan balances, bad debt provision etc. These need to send information to an external accounts package. CLCU is considering using Sage, Xero or QuickBooks.

8.5 Reporting

Produce regulatory returns

Additional reporting requirements would be useful, but an integration with a business intelligence platform is assumed

9 Security and Business Continuity

9.1 Administer roles

There must be a security tool to administer user roles and entitlement

Different types of role within CLCU will require different levels of access. For example a Teller could see transactions and post payments, but wouldn't be able to create a loan agreement. All changes to roles must create an audit trail.

9.2 Data

Data must be held securely, in the cloud with a failover site

Data must be in the UK or Ireland and CLCU must be able to monitor uptime

9.3 Business Continuity and Disaster Recovery

Provider must have a tested business continuity plan

Before going live the BCP must have been tested in the last 12 months