**Annex-1- Tentative Terms of Reference**

**Project Overview**

This project is strategically designed to spearhead digital transformation initiatives within Islamic Financial Institutions and Banks (IFI&Bs) across the Islamic Development Bank Member Countries (IsDB MCs) as well as on a global scale. The core objective of this endeavor is to formulate a comprehensive implementation strategy and roadmap. This roadmap is specifically tailored for the adoption of digital Islamic finance solutions in selected Islamic finance institutions. A key element of this strategy includes the integration of a sophisticated Smart Credit Management System (SCMS) solution, innovatively developed by the IsDBI. The scope of the assignment will consist of the following interrelated components:

|  |  |
| --- | --- |
| Project Components | |
| A | Assessment |
| B | Selection of Solution Provider(s) and IFI&B(s) |
| C | Implementation of Solution(s) Prototype |
| D | Community of Practice |

1. Assessment:

A thorough analysis of the current digital landscape in IFI&Bs, evaluating existing technologies, challenges, and future digital demands. This involves identifying technological gaps and opportunities for digital enhancement.

**Deliverables**:

1. Current Situation and Demand Assessment Report

2. Business Best Practices Framework

3. Technology Best-Practices Architecture,

**Activities**:

This will comprise of, but not limited to:

* + Conduct Current situation and demand assessment report, including:
  + Conduct an overview of the implementation of digital transformation in Islamic Financial Institutions and Banks (IFI&Bs) in IsDB MCs and Globally
  + Identify the types of platforms/technologies in which IFI&IBs are currently using (including challenges to their implementation)
  + Develop list of IFI&Bs who may need digital IF solutions (demand) based on a well-defined criteria of need assessment.
  + Develop list of Platform/Solution Providers (supply) along with their offerings, processes, features, market position etc.
  + Develop a reference of IF digital platforms and solutions among IsDB MCs. Develop high-level business best practices framework based on the assessment report. The scope of processes and governance to be considered in the solution includes, but is not limited to:
  + User authentication
  + Financing Process
  + Shariah Compliance Checklist
  + Customer Management
  + Supplier Management
  + Contract Management
  + Payment Management
  + Instant Notification System
  + Develop high-level technology best-practices architecture based on the assessment report. The technology dimension, shall include, but not limited to:
  + Internet of Things,
  + Distributed ledger technology (DLT) and smart contract,
  + Artificial intelligence, Robo-advisory
  + Cloud computing, Machine learning for big data analytics,
  + Business intelligence, data, and analytics,
  + Mobile and digital wallets,
  + Biometric authentication,
  + Open banking capabilities,
  + Customer engagement software Infrastructure-as-a-Service (IaaS),
  + Security and privacy technologies,
  + Define Best-fit criteria to select Solution providers/partners.
  + Develop a best-fit matrix criterion considering consumer/customer expectations, IFI&Bs needs, and best-practices in business framework and technology architecture.
  + Identify the list of the ready (or almost ready) solution providers and platforms matching IFI&Bs processes as per the set criteria.

1. **Selection of Solution Provider(s) and IFI&B(s):**

Selecting the most suitable Islamic Banks and Solution Providers for pilot deployment based on rigorous criteria. Developing a strategic plan for implementation and country-specific strategies for digital transformation readiness

**Deliverables:**

1. Selection of Islamic Banks and Solution Providers

2. Best-Practice Implementation Roadmap

3. Country-Specific Promotion and Readiness Strategy

**Activities:**

This will comprise of, but not limited to:

* + Select sample Islamic Bank(s) and Solution Provider(s) for pilot deployment of the strategy.
  + Select the Best-fit partner/solution provider as per the set criteria.
  + Develop the role and relationship model among them: i) IsDBI, ii) Solution Provider/partner, and iii) Financial Institution at MC, to define value propositions to achieve the goal of digitalization at the selected IFI&B(s).
  + Develop a Best-practice Implementation Roadmap based on the developed business framework, technology architecture, tailored for the selected MC.
  + Develop the Country-Specific Promotion and Readiness Strategy at IsDB MC.

1. Implementation of Solution(s) Prototype:

Developing and integrating a prototype solution that includes the Smart Credit Management System (SCMS), tailored to the specific needs of the selected IFI&Bs).

**Deliverables:**

1. Integrating the Smart Credit Management System (SCMS)
2. Prototype Development and Project Initiation

**Activities:**

This will comprise of, but not limited to:

* + Select the solution providers, based on a well-defined criteria) to integrate the IsDBI’s patented solution (Smart Credit Management System - SCMS) to be further developed and integrated within the solution(s) provided.
  + Develop business and technology architecture for the SCMS to be integrated in the platform by the solution providers.
  + Prepare Prototype scenarios (full cycle integration of the SCMS within the identified solution(s)) in agreement with the IFI&B(s).
  + Initiate and kick-off the implementation of the prototype project (the development and implementation of the fully functional solution is not incurred under the IsDBI budget, it is the responsibility of the solution providers with their agreement with the agreed IFI&B(s)).

1. **The Community of Practice:**

Establishing a Community of Practice (CoP) to foster a collaborative environment for sharing knowledge and best practices in digital transformation within IFI&Bs. The Community of Practice will be conducted internally by the IsDBI team and assisted by the consultant as necessary in the promotion and operation of the COP, comprising of:

**Deliverables:**

1. Operation of the CoP

**Activities:**

This will comprise of, but not limited to:

* + Contribute to enhancing the guidelines, design, and development of the CoP platform.
  + Promote (awareness sessions/webinars, events, publications etc) and contribute to the operation of the CoP for “Digitalization for Development” (Focused on Solution Providers/Partners, IFI&B(s)) by providing more relevant content and networks.

**Duration of the Assignment:**

The consultant assignment is expected to take not more than 18 months starting from **1 August 2024**.

**Key Experts Required for the Assignment:**

The proposed project team must be composed of key experts and specialists with fluent English level as indicated in the table below; however, the Consultant has the option to add more personnel depending on their work strategy:

1. Team Leader/Project Manager: 15+ Years in digital transformation project management, preferably in the Financial Sector, Economics, Financial Services, Business Analysis, and Market Research
2. Senior Expert: 5+ Years in digital transformation, IT projects and system integration, E-commerce, and innovative technologies
3. Senior Expert: 5+ Years in financial feasibility studies, business plans, value propositioning, market research, etc.
4. Senior Expert: 5+ Years in legal and regulatory considerations for financial services, postal and digital services.
5. Senior Expert: 5+ Years in strategic planning, community building, and partnership development

All the above-mentioned Key Experts should have experience in at least three (3) similar assignments. At least one of the included experts needs to be proficient in Islamic economics and finance.

The Request for Proposal (RfP) including the detailed Terms of Reference (ToR) will be submitted to the shortlisted consultants.