What is needed for a Banking RFP

Presented by:
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Questions Banks Want you to Consider

• What are your goals?
  – Improvement of efficiencies
  – Implementing new technology
  – Lowering costs
  – Learning about new industry trends

• Important end results
  – New structure
  – New (or renewed) banking relationship
  – Best value vs. low cost

• Bundled vs. Unbundled services/providers?
Consideration: Fees

- Hard charges, compensating balances or a combination
- Collateral charges
- Bundled suite of products vs. modules
- Discounts for online/automated service
RFP Basics – Preparation Steps

• Understand current contract, services, fees and bank relationship
• Determine minimum qualifications for proposers & list of banks to be included
• Determine team members to be involved
• Will any ancillary services be included?
  – ATM
  – Armored Car
  – Purchasing and/or Student Card Program
  – Merchant Processing
One RFP, Two RFP’s?

Services where you may consider having a separate RFP

– ATM
– Armored Car
– Operating Accounts
– Purchasing and/or Student Card Program
– Merchant Processing
RFP Basics - Format

- Cover letter
- Principal Officers / Bank Background
- Scope of Services
- Implementation Schedule
- References
- Concluding Remarks
- Cost Proposal
- Proposal Format Requirements
RFP Basics – Section I - Introduction

- General information about College
- Evaluation criteria
- Contract specification (duration, renewal & termination clause)
- Timeline & due dates
- Required qualifications of vendors
- Questions & response instructions
RFP Basics – Section II – Scope of Services

• Question/Response Format (standardized)
  – Detail your account structure
  – Rate requirements
  – Core service requirements
    • Collections, Disbursements, Information Reporting
  – Account Executive (RM) requirements
  – Other services required
  – Bank recommendations for additional and/or new services
<table>
<thead>
<tr>
<th>Account</th>
<th>Positive Pay</th>
<th>Zero Balance Account</th>
<th>Remote Deposit</th>
<th>Deposits</th>
<th>Checks</th>
<th>ACH / Wires/Transfers</th>
<th>On-Line Balance Reporting</th>
<th>Description of primary activity</th>
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<tr>
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<td></td>
<td>Sweep</td>
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<td>Investment sweep (Money Market Fund)</td>
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<td>Tax Levy ACH deposits, check deposits</td>
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<td>Wire Transfers to and from Ed Fund, ZBA debits and credits</td>
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<td>Cash and check deposits, transfer cash to Auxiliary</td>
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<td>Restricted Purpose Local</td>
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<td></td>
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<td>Restricted Purpose Federal</td>
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RFP Basics – Section III – Cost Proposal

• Standardize format
• Provide accurate activity volumes
  – Mirror your account analysis statement
• Specify annual or monthly volumes
• Allow space for misc. charges and new services
• Include “compensating balance” option (if desired)
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<th>Charge</th>
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<td>Other Cost *</td>
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</table>
Final Steps: Evaluating Proposals

• Low Cost vs. Best Value
  – Lowest compensating balance, lowest fees, best interest/earnings credit rate, individual price points
• Ability to meet service requirements
• Creative suggestions for enhancements
• Industry experience of Bank & RM
• References
• Finalist Interviews
• Bank location
• Price guarantee
Multiple Banking Relationships

• Possible roles for multiple banks
  – Operating account(s)
  – Foundation accounts
  – Card programs
  – Merchant processing
Preparation Reminders:  
*Help Bidders and Yourself*

- Be specific: facilitates understanding of your needs
- Allow for clarification question submission & host pre-bidder meeting
- Provide a copy of Investment Policy and Collateral Requirements
- Provide electronic form of RFP and attachments
- Goal is “apples to apples” comparison
Why Issue a Formal RFP?

• GFOA recommended practice – periodic evaluation of banking services
• Evaluates current banking relationship
• Evaluates current banking/TM services
• Initiates competitive bidding and negotiation
Thank you

Questions?