

## MARKET RESEARCH FOR EXTERNAL SUPPORT FOR SUPERVISION ON-SITE MISSIONS

**I. Scope and aim of the market survey** The aim of this market research is to identify highly-qualified external service providers with experience in the assessment of bank's risks. This experience should include having reviewed compliance of banks with banking regulation and having assessed applicable risk models and risk management processes. The Regulatory Requirements include Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investments firms and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, together with the level-2/implementing regulations, e.g. Commission implementing regulations, regulatory and implementing technical standards, national discretions as well as the applicable international standards.

Over the 4 years of the contract, the tasks to be performed by the service providers will consist in supporting on-site inspections that last on average circa 12 weeks and delivering assessments and findings from the inspections, which can cover the following subject matters: Review of documentation (e.g., of internal models); Review of processes (e.g., ICAAP, loan approvals, non-performing exposure resolution, risk management processes (e.g. Trading related processes, including front office, risk management and operations, implementation of internal models in risk management, data quality, IT management, IT service); Review of policies and governance (e.g., of organisation of risk and finance functions); Financial analysis (e.g., on profitability of specific business lines, provisioning and pricing); Review portfolios and credit files to check risk identification, classification, collateral values and impairment calculation; Review financial and risk modelling methodologies (e.g., calculation methodologies and assumptions, quality of underlying data); Data extraction from IT systems and data bases; Set up of automated tools for quantitative analysis (e.g., data checks, portfolio analyses).

**II. Background information**

Directorate General On-site and Internal Model Inspections.

Business area

DG-OMI is responsible for leading and participating in on-site activities ensuring the consistency of assessment results across the Single Supervisory Mechanism (SSM) and defining and facilitating the planning and execution of the on-site supervisory programme, including on-site inspections, internal model investigations and asset quality reviews.

Required areas of competency	<p>The ECB considers necessary for suppliers to provide these services to have in-depth knowledge and experience in reviewing Bank's compliance with the Regulatory requirements within the following areas of competency: internal models for calculation of Pillar 1 capital requirements, credit and counterparty risk; business model and profitability; interest rate risk in the banking book; market risk; operational risk (including legal and compliance risks, excluding IT risk); internal governance and risk management; liquidity risk and position (including ILAAP); capital position (including ICAAP); IFRS accounting standards.</p>
	<p>The ECB considers also necessary <u>and particularly welcomes responses from suppliers</u> with in-depth knowledge and experience in the following areas of competency: <b>Information Technology and data quality for risk management and cyber risk; valuation of assets and liabilities, including derivatives and valuation of property (Commercial real estate, residential real estate, etc.) and internal models for calculation of Pillar 1 capital requirements.</b></p>

A proficient use of English (Europass C1 standard) and other working languages of the SSM Supervised Institutions is also be required.

**III. How to participate in the market research** Firms interested in participating in this market research are invited to submit their contact details<sup>1</sup> to the following address [procurement@ecb.europa.eu](mailto:procurement@ecb.europa.eu) quoting the following reference: **External experts for on-site inspections- market research**, and:

- Briefly describe themselves highlighting their areas of expertise according to Section II/Required areas of competency.
- Indicate the number of professionals that they could commit to support the ECB on-site inspections as described above in terms of duration of inspection and competencies required, highlighting the numbers of experts on IT security, internal models and estate valuators.
- Precise in which European countries they have at least one subsidiary.
- In case they don't have as many professionals as requested by the ECB, indicate if they would be willing to sub-contract in order to make an offer.

Should the ECB conduct a procurement procedure for such or similar services, it will formally publish a Contract Notice in the Official Journal of the EU (OJEU) in due time.

**The ECB will notify participants in this market research if/when the notice is published.**

All the conditions for participation in this procurement as well as relevant documents and further details regarding this procurement will be accessible at the ECB website by the time of the Contract Notice publication.

The ECB will process personal data received (such as names, contact details and other information provided) in accordance with the Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with

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<sup>1</sup> Firms should not attach any supporting documents.

regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.

Data subjects have the right to access their personal data and correct any data that is inaccurate or incomplete. They also have (with some limitations) the rights to have their personal data deleted, restrict or object to the processing of their personal data in line with the relevant provisions of Regulation (EU) 2018/1725.

Follow-up to the market research

Launching of this research does not constitute any obligation on the part of the ECB to initiate a procurement procedure. This research is solely for information purposes. It is not a tendered request for an offer and is therefore legally non-binding for both parties. The information provided will be treated confidentially and will be used to increase the ECB's understanding of the supply markets for these services. Participation in the market research is voluntary for the firms. The ECB will not reimburse expenses that may potentially derive from participating in this research. Any future procurement process that may follow this market research will be implemented in accordance with the ECB Procurement Rules.

**Closing date:** 09/05/2021