TRADE FINANCE (BIDBOX)

VERSION 1.0

PROCESS FLOW

1. INTRODUCTION

Trade Finance signifies financing for trade. It concerns both domestic and International trade transactions. A trade requires a seller of goods and services as well as a buyer. Various financial institutions can facilitate these transactions by financing the trade. BidBox is a web based bonds application tool. Currently bonds applications are initialized online and processed at bank which requires physical submission of certain documents at banks premise

A bid bond is a written guarantee, usually from a financial institution, submitted to the individual/organization that has advertised for a service (project owner) by a business that is willing to supply the service to ensure that upon receiving the bid/tender, they shall take on the job and in the price terms that they had put in the bid/tender.

A bid bond protects the organization that has advertised for the service (project owner) as there is a total bond amount that a supplier/contractor will be liable to pay should he/she breach the contract by not taking on the project or by asking for a higher price.

Contents

[2. PROPOSED SOLUTION 3](#_Toc531005395)

[2.1. Client Accounts 3](#_Toc531005396)

[2.1.1. Client Registration 3](#_Toc531005397)

[2.1.2. Client Profile 3](#_Toc531005398)

[2.2. Transactions 3](#_Toc531005399)

[2.2.1. Bond Application 3](#_Toc531005400)

[2.2.2. Commission Payment 3](#_Toc531005401)

[2.2.3. CRB Vetting 3](#_Toc531005402)

[2.3. Bank Approval 3](#_Toc531005403)

[3. Banks 4](#_Toc531005405)

[3.1.1. Bank Accounts 4](#_Toc531005406)

[4. Administrator’s Panel 4](#_Toc531005407)

5.Reports…………………………………………………………………………………………………………………………………………..5

# PROPOSED SOLUTION

## Client Accounts

### Client Registration

• During registration we will collect company information

• On account creation we will Collect Business information

• Send account activation details via email or SMS

• When client activates the account Check clients CRB credit rating

### Client Profile

• Client can View previous Bond applications and run queries on application status

• Client can apply for a new Bond

• Client can manage a service fee financial account that saves money

• Client select a preferred notification mode i.e. SMS/email or both

• Create company users

## Transactions

### Bond Application

• Client can raise multiple bond applications to different banks

• When client creates a new application, the system checks for different bank quotes based on a listing matrix and provide the client with options. The client has also the option of selecting a preferred bank.

### Commission Payment by Company Applicants

• Before application is submitted to CRB for vetting the client will make payment for the bond commission and portal charges.

* This is revenue to DIT and other third parties.

### CRB Vetting

• Once the commissions and portal charges are paid the Bond application is then forwarded to CRB portal for credit eligibility vetting. This reduces the banks workload.

### Bank Approval

• Bond applications that are eligible for credit as per the CRB portal are submitted to the bank for processing and approval.

• For Applicants who haven’t met the bare minimum bank registration requirements, the bank user can view respective applications and client details that have been submitted and approve or cancel the application reducing the time taken on one bond application.

On the other hand, Applicants who have fully met the registration requirements, The approval process at the bank will be seamless(No human/bank staff further verification at the bank)

• Once the bond is accepted by the bank, the bond document will be autogenerated, security stamp(barcode) attached onto it by the system and then sent to the applying entity via the portal. Any major amendments needed on this bond would attract a fee that is sharable between Dit and the banks.

Minor amendments that don’t involve bank’s approval would attract fees but only channelled to Dit.

• Notifications and approvals are sent to the clients via email or SMS increasing efficiency.

• The tendering bodies are also able to verify the legality of the bond document through scanning of the barcode security feature on the document.

## Banks

### Bank Accounts

• Each Bank will maintain profile in the system that will have respective bank accounts and users who have access rights for managing the aforementioned accounts.

• An administrative user account is created for each bank for management of the bank profile, commission matrix and user accounts within the bank.

N/B://All operations are Maker-Checker Based

## Administrator’s Panel

• The portal admin will be responsible for creating banks, updating commission matrix

• Creating and updating portal charges

5.Reports

The system shall generate all reports

To include;

* Audit Trail Reports
* Email and Notification Reports
* Error Logs
* Transactional Reports (per given Bank Profile).

1. Below are the Bid Bond requirements

|  |  |
| --- | --- |
| No. | PROCESS |
| 1 | Recruit Customer through the various applicable approaches |
| 2 | Customer Registers on Bid Bond platform and gets a verification email |
| 3 | Customer Logs-in and selects the preferred Bank for Bid Bond application. |
| 4 | Customer accesses Bid Bond application requirements. If okay with requirements, proceeds to the next stage of filling-in the application details. |
| 5 | Customer Fills-in and submits the Bid Bond application details which include;   1. Applicant Name & Address (as required on the bid bond) 2. Applicant’s PIN number 3. Applicant physical location details. 4. Beneficiary Name and Address 5. Bid Bond Amount and Currency 6. Tender Number 7. Tender Document 8. Tender Details 9. Tenure of the tender 10. Expiry Date   Customer also accesses Indemnity Form details, reads through the terms and conditions and confirms acceptance of the same if okay.  He/ She Selects the most convenient bank and branch and submits the Bod application for processing. |
| 6 | After successful application, the Bank where the application has been channelled to verify and approve the various applications. |
| 7 | Upon approval, the applicant is notified via E-Mail / SMS that the application has been approved and should now proceed to finalize the payment. |
| 8 | The Applicant then logs in the portal, and initiates the payment that can be done via Mpesa or Visa. |
| 9 | Upon successful payment, a payment receipt is generated,  A Bond document is also generated that can be further submitted to the tendering body for verification and acceptance. |
| 10 | Reconciliations and settlements between DIT and Banks are real time to avoid any claims. |

1. FLOWCHART DIAGRAM

IS ACCOUNT CREATED?

LOGIN

CREATE ACCOUNT

Send activation mail

Verify Credentials

Load Clients Details

Previous Bonds and status

Create application and submit for approval

IS application approved?

Application Declined

Proceed to payments

Process bond document and send to Applicant

Bond doc. Validation

no yes

yes no