



**SPECIFICATIONS ATTACHED TO THE INVITATION TO TENDER**

**Call for tender n° SANCO/2009/B1/011 concerning "*Consumer decision-making in retail investment services: a Behavioural Economics perspective*"**

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## 1. Title of contract

### *"Consumer decision-making in retail investment services: a Behavioural Economics perspective"*

Contract notice nr: SANCO/2009/B1/011.

## 2. Purpose and context of contract

- (1) The EU Consumer Policy Strategy underlines the importance of empowering consumers.<sup>1</sup> Empowered consumers, besides supporting economic activity, are essential drivers of innovation, competition and productivity. Efficient market outcomes are not only the result of a competitive supply-side structure, but are also dependent on an informed and rational demand-side, one that rewards the most efficient operators in terms of price and quality.
- (2) However, there is increasing evidence that consumers not only fail to make choices according to their long term preferences because of asymmetric information – which is a traditional cause of market failure – but also for other reasons. Even well-informed and numerate consumers exhibit systematic departures from the behaviour that maximizes their welfare; that reflects their long term preferences; and promotes the efficient functioning of markets. The main finding of behavioural economics is that the "homo economicus" is an over-simplified description of human behaviour. There is now evidence that consumers are not always selfish, rational and independent agents. Not only are they not perfectly informed, but they also exhibit a strong interdependency and limited or "bounded" rationality.
- (3) From a policy perspective, it is essential to identify both the individual and the external factors affecting consumers' decision-making. Where decisions are made as a result of lack of knowledge or information, then conventional educational campaigns, pre-contractual information and suitable advice could constitute an appropriate remedy. Where consumers' decision-making reflects certain behavioural "biases" (such as default bias, present bias, loss aversion, overconfidence, etc.), these aspects should be taken into account when designing policy.
- (4) In November 2008, the European Commission hosted a conference designed to investigate how behavioural economics can improve policies affecting consumers.<sup>2</sup> The contract resulting from this invitation to tender is a pilot project designed to deploy behavioural economics techniques as a tool for policy development. If this pilot is successful, the Commission intends to publish a call for tender for a framework contract for similar studies. The sectoral evidence presented during the conference, the depth of the current financial crisis, as well as other Commission initiatives – notably on Packaged Retail Investment Products (PRIPs), as outlined in the Communication on PRIPs (COM(2009) 204 final), suggest that retail investment services is the best candidate for such a pilot project.<sup>3</sup>

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<sup>1</sup> See [http://ec.europa.eu/consumers/strategy/index\\_en.htm](http://ec.europa.eu/consumers/strategy/index_en.htm).

<sup>2</sup> See [http://ec.europa.eu/consumers/dyna/conference/index\\_en.htm](http://ec.europa.eu/consumers/dyna/conference/index_en.htm).

<sup>3</sup> See [http://ec.europa.eu/internal\\_market/fin services-retail/investment\\_products\\_en.htm](http://ec.europa.eu/internal_market/fin services-retail/investment_products_en.htm).

- (5) According to the second Consumer Markets Scoreboard (COM (2009)25 final), retail financial services are one of the sectors characterised by substantial market malfunctioning. The retail financial services sector has a comparatively low level of consumer satisfaction, a relatively high number of complaints and a very limited switching rate. The financial environment has evolved so much that consumers are often ill-prepared to make sound decisions about increasingly complex retail financial products. The inability to fully benefit from this market is in part due to limited financial literacy or asymmetric information, but it may also be directly related to instincts driving consumers towards choices which are incoherent with their long term preferences.
- (6) In addition, the current financial crisis may have uncovered an incompatibility between the incentives of some retail financial service providers and the interests of consumers. Recent evidence shows that consumers often have limited time to fully understand complex retail financial products. "Herding" instincts and over-reliance on experts' advice may also limit rational reflection.<sup>4</sup> New policy developments also call for a more responsible role for retail financial services providers.<sup>5</sup>
- (7) The purpose of the contract is a study on the decision-making processes of consumers in the market for retail investment services. The objective of the study is to obtain experimental (and if possible field) evidence regarding both the individual behavioural traits and the external factors most influencing consumers' decision-making in retail investment services and also regarding the effectiveness of different policy remedies in helping consumers make decisions that reflect their long term preferences.
- (8) With the Communication on PRIIPs the Commission committed to take measures on investor protection in two specific areas (pre-contractual disclosures and sales practices). This study will contribute to the current work in these two areas.

### **3. Subject of contract**

- (9) Retail investment services are products that can be offered to a retail investor who has the objectives of saving money on a medium to long term basis, and maximising the potential return (interest, dividend or appreciation) through a direct or indirect exposure to a (variety of) investment market(s). Examples of retail investment products include unit-linked life insurance, UCITS funds (Undertakings for Collective Investment in Transferable Securities), nationally regulated retail funds, exchange traded or listed funds, retail tranches of structured notes and certificates, and some specific types of bank deposits (e.g. term deposits with embedded options or derivatives, such as structured deposits). The contractor shall put forward a proposal on the retail investment products to be examined by the study, so that a final choice may be taken in agreement with the European Commission, taking into account new policy developments such as the work on PRIIPs.<sup>6</sup>

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<sup>4</sup> See two main references: (1) Engelmann et al. (2009) Expert Financial Advice Neurobiologically "Offloads" Financial Decision-Making under Risk, Plos One, Vol. 4, Issue 3; (2) Consumer purchasing and outcomes survey, UK Financial Services Authority, 2008 Report.

<sup>5</sup> See the Commission Communication on "Driving European Recovery" (COM(2009) 114 final) and the recent launch of a public consultation on "Responsible lending and borrowing in the EU".

<sup>6</sup> See the definition in COM(2009) 204 final.

- (10) The study will consist of three main parts:
1. Preparatory review of the behavioural economics literature, marketing and selling practices, and policy remedies;
  2. Behavioural experiments;
  3. Analysis of results and recommendations.

### **3.1. Preparatory review**

- (11) The purpose of the review is solely to prepare the behavioural experiments under 3.2.

#### **3.1.1. Review of behavioural economics literature and marketing and selling practices**

- (12) The contractor will analyse official reports, academic research, focus groups results, public opinion surveys, studies and other resources that provide evidence regarding behavioural traits of consumers when choosing retail investment products in particular, and financial services in general. Several works and studies are suggested in section 5 – "Documents for tenderers".
- (13) The contractor will also analyse current marketing and selling practices of financial institutions. A thorough knowledge of the market, coupled with a full understanding of behavioural traits will be needed. The contractor may also make use of field or experiment data from financial institutions. For instance, field data may include information on past transactions as well as an analysis of the Customer Relationship Management algorithms adopted by financial providers. The analysis of field data will allow the contractor to draw conclusions broken down by socio-demographic characteristics of consumers and to describe the changes that have occurred in the market over time.

#### **3.1.2. Key individual and external factors**

- (14) The contractor will use the results obtained in 3.1.1 to identify, for the experiments:
- the behavioural traits and external factors; and
  - the marketing and selling practices;
- that most influence consumers to make decisions in retail investment products that do not reflect their long term preferences.

#### **3.1.3. Policy remedies**

- (15) The contractor shall analyse the existing main policy remedies that have been developed to address the issues identified under 3.1.2.
- (16) In the light both of this analysis of remedies and the analysis under 3.1.2, the contractor shall identify for the experiments the possible policy remedies most likely to address the issues identified under 3.1.2 and to help consumers to make decisions that better reflect their long term preferences (e.g., financial literacy programs, disclosure requirements, regulation of sales processes, or the development, through self-regulation or otherwise, of standardised, certified or default retail investment products). The remedies may differ according to product types.

*Content of the tender for 3.1.1-3.1.3.*

- (17) Tenderers should demonstrate a robust understanding of the market, as well as of behavioural economics concepts and research by indicating in their bid their preliminary proposals for:
- the prevailing behavioural biases that influence consumers' decision-making in retail investment services;
  - the prevailing marketing and selling practices used by financial institutions. Tenderers should indicate whether they propose to supply and analyse additional field data from financial institutions;
  - the main retail investment products where the effect of behavioural biases and the impact of marketing and selling practices could be more likely to influence consumers' decision-making;
  - the possible policy remedies and tools (differentiated by type of investment product, where this is appropriate), for each combination of behavioural bias and financial institutions' marketing practices.
- (18) Tenderers shall provide a detailed plan showing how they intend to collect the data, the sources they will use, a proposal for the documents that they will analyse, the estimated time, the number of people that will participate in the project, the resources they will use and the strategies adopted for ensuring data quality.

### **3.2. Behavioural experiments**

- (19) This part of the study will consist of a set of behavioural experiments designed to measure the extent to which the main factors identified under 3.1.2. and the possible policy remedies identified under 3.1.3 influence consumer decision-making behaviour. The precise factors and remedies to be tested shall be agreed with the Commission. The experiments shall be conducted in the form of Randomised Controlled Trials (RCTs), and shall be coupled with questionnaires to experiment participants on cultural, socio-demographic variables and opinions that could help interpret experimental results.<sup>7</sup> The contractor will study the results from the RCTs in parallel with the replies to the questionnaires in relation to issues including risk, individual and social values, and socio-demographic variables.
- (20) The samples of participants should include recent or prospective customers of retail investment products, as well as consumers from EU countries with both advanced and less advanced financial markets. The tests should foresee a sample size which will deliver results of sufficient accuracy, and should also rely on reasonable assumptions based on past behavioural experiment results.<sup>8</sup> The experiments should gather data across three different dimensions: type of investment product; stages of the decision-making process (e.g. search of information, provision of information, decision, post-

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<sup>7</sup> In RCTs, the behaviour of a group is studied in comparison with the choices of a control group, by varying one feature of the test (type of information, advice, frame ...).

<sup>8</sup> For example, we may want to test whether the proportion of people choosing a specific product is larger in the B group (e.g., with Pre-Contractual Information, PCI) with respect to the control A group (e.g., without PCI). Assuming proportions of respectively 45% in group A and 55% in group B, with a significance level of 95%, a power of 80%, the necessary sample size for a one-tailed test would be of 51 respondents per group.

decision), and geographical coverage. One part of the experiment could be identical for all countries, in order to control for the disparity between the samples used in the testing process.

- (21) Where possible the experiments should be carried out in a single-blind approach and meet the Incentive Compatibility (IC) condition.<sup>9</sup>

*Content of the tender for 3.2.*

- (22) The tenderers should demonstrate their ability to conduct these experiments by providing a description of the proposed experiments, as follows:
- the type of experiments with an explanation of their effectiveness;
  - how they will organize these experiments;
  - what problems they may have faced in previous similar experiments, or they expect to face in this contract, and anticipate how they intend to tackle them;
  - the number of locations and test samples that they intend to use;
  - how they will select the samples and how they will ensure that the samples are representative both of the current EU customer base for retail investment products as well as of the different levels of market development in the EU;
  - the resources they will use for these experiments and how they will manage the resources;
  - how they intend to ensure the quality of these experiments and the robustness of the statistical conclusions.

### **3.3. Analysis of results and recommendations**

- (23) In the final part of the study the contractor will integrate the results obtained from the previous parts of the research. The final report will contain a detailed econometric analysis of internal and external factors affecting consumers' decision-making in retail investment products and of marketing practices that influence consumers, with a quantification of their effects and relative ranking. The report will describe the most effective remedies that improve consumers' decision-making and will propose specific choice architecture guidelines for retail investment products. Overall the report should give clear insights based on the results of the experiments into the main factors that influence consumer decision making and the effectiveness of a range of different remedies that could help consumers to make better decisions reflecting their long-term preferences. The final assessment of optimal combinations of tools is beyond the scope of this study and would fall to the Commission.

*Content of the tender for 3.3.*

- (24) Tenderers shall provide a detailed plan describing how they intend to execute this part of the contract, how they will perform an econometric analysis of the data resulting from the behavioural economics research, along with information from the questionnaire. Tenderers should show how they will quantify and rank the factors that influence consumers' decision-making in retail investment products, how they will

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<sup>9</sup> An Incentive Compatible (IC) procedure encourages respondents to reveal true preferences, instead of inaccurate or untruthful responses. For example, respondents may underestimate the possible consequences of a decision when this is hypothetical (i.e., when no monetary stake is in play). The presence of a monetary stake (e.g., a show-up fee to be invested during the experiment, with a yield linked to the type of option chosen) may increase the truthfulness of participants' replies.

identify the most effective remedies and develop choice architecture guidelines for retail investment products.<sup>10</sup>

#### 4. Participation in the tendering procedure

- (25) Participation in tendering procedures is open on equal terms to all natural and legal persons coming within the scope of the Treaties and to all natural and legal persons in a third country which has a special agreement with the Communities in the field of public procurement on the conditions laid down in that agreement.
- (26) Subcontracting is allowed. Should subcontracting be included in the tender, the selection and the exclusion criteria will also be applied to subcontractors. Should subcontracting be required during the performance of the contract, the contracting authority reserves the right to validate the proposed subcontractor(s) and is entitled to demand that the selection and exclusion criteria be applied not just to the tenderer but also to any subcontractors proposed.

#### 5. Documents for tenderers

- (27) The following list includes the main official reports, articles and consumer surveys that could be relevant to the analysis of factors influencing consumer decision-making in investment services:

**Agarwal, S. et al. (2007)** Learning in the credit card market.

**Bertrand, M. et al. (2009)** What's advertising content worth? Evidence from a consumer credit marketing field experiment, *Quarterly Journal of Economics*, 125, 1.

**Beshears, J. et al. (2009)** How does simplified disclosure affect individuals' mutual fund choices? NBER Working Paper 14859.

**Della Vigna, Stefano (2009)** Psychology and economics: Evidence from the field. Forthcoming in the *Journal of Economic Literature*.

**Federal Trade Commission (2004)** The Effect of Mortgage Broker Compensation Disclosures on Consumers and Competition: A Controlled Experiment  
<http://www.ftc.gov/os/2004/01/030123mortgagefullrpt.pdf>

**Federal Trade Commission (2007)** Summary report of the Behavioural Economics Conference, Washington, 20 April 2007.

**Financial Services Authority (2008)** Information versus Persuasion: Experimental Evidence on Salesmanship, Mandatory Disclosure and the Purchase of Income and Loan Payment Protection Insurance.  
[http://www.fsa.gov.uk/pubs/other/DeMeza\\_Report.pdf](http://www.fsa.gov.uk/pubs/other/DeMeza_Report.pdf)

**Fornero, E., Lusardi, A. and Monticone, C. (2008)**. Maestro di risparmio cercasi, [www.lavoce.info](http://www.lavoce.info), 23-06-2008.

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<sup>10</sup> Choice architecture is the specific context in which consumers' decision-making take place. As such it includes a variety of aspects, including the quality and nature of the advice received, as well as the "when", the "how" and the "what" information is provided to consumers before they make a final decision.

**Lunn, P. (2008).** Basic Instincts, Human Nature And The New Economics. Marshall Cavendish. London.

**Shafir, E et al. (1997)** Money illusion. *Quarterly Journal of Economics*, 2, 341-374.

## **6. Visits to premises or briefing**

- (28) A kick off meeting will be convened within 2 weeks of the start of the contract in order to make the necessary arrangements concerning contacts between the contractor and the Commission, during the period of contractual performance and any further practical aspects.
- (29) The contractor will produce an inception report within 1 week of the initial meeting, which should contain minutes of the meeting and the agreed detailed methodology and work plan for the contract.
- (30) No later than 3 months after the signature of the contract the preliminary report is to be submitted to the Commission. The contents of these reports are described in chapter 11.
- (31) No later than 4 months after the submission of the preliminary report, an interim report is to be submitted to the Commission.
- (32) A second meeting will be held in Brussels in order to enable the contracting parties to discuss the interim report. The contractor will have to take fully into consideration any suggestion made by the Commission.
- (33) No later than 2 months after the submission of the interim report, the draft final report is to be submitted to the Commission.
- (34) A third meeting will be held in Brussels in order to enable the contracting parties to discuss the draft final report. The contractor will have to take fully into consideration any suggestion made by the Commission.
- (35) Procedures for final report (in line with section 11)
- (36) Tenderers shall foresee travel and subsistence costs for the above meetings. These costs will be presented in the submitted tender and no additional expense will be authorized after this stage.
- (37) The contents of the abovementioned reports are described in chapter 11.

## **7. Variants**

- (38) Tenderers may not submit offers only for part of the services required. Variants are not allowed.

## **8. Volume of contract**

- (39) The maximum contract price is 500,000.00 Euro.

## **9. Price**

- (40) Prices must be quoted in Euro using, if necessary, the conversion rates published in the C series of the Official Journal of the European Union on the day when the

contract notice was published (if no notice was published, on the day when the invitation to tender was sent out).

- (41) Prices must be fixed amounts in Euro.
- (42) Estimated travel and subsistence expenses must be indicated separately.
- (43) This estimate should be based on Article I.3.2 of the contract annexed to these specifications and include any travel required to meet representatives of DG Health and Consumers. In any event, it should represent the maximum amount of travel and subsistence expenses payable for all the services provided.
- (44) Prices should be quoted free of all duties, taxes and other charges, including VAT, as the Communities are exempt from such charges under Articles 3 and 4 of the Protocol on the privileges and immunities of the European Communities; the amount of VAT should be shown separately.
- (45) Prices are firm and not subject to revision.
- (46) Costs incurred in preparing and submitting tenders are borne by the tenderers and cannot be reimbursed.

## **10. Terms of payment**

### *Pre-financing:*

- (47) Following signature of the Contract by the last contracting party<sup>11</sup>, within forty-five days of the latest of the following dates:
  - the receipt by the Commission of a request for pre-financing with a relevant invoice
  - the receipt by the Commission of a duly constituted financial guarantee equal to at least the amount of pre-financing<sup>12</sup>
  - a pre-financing payment equal to 30% of the total amount shall be made.

### *Interim payment:*

- (48) Within forty-five days of the date on which the interim report is approved by the Commission, an interim payment equal to 30% of the total amount shall be made.

### *Payment of the balance:*

- (49) Within forty-five days of the date on which the final report is approved by the Commission, payment of the balance equal to 40% of the total amount shall be made.

### *Payment for travel and subsistence expenses:*

- (50) Reimbursement will be made on presentation of statements of reimbursable expenses according to article II.7 of the contract, and after their approval.

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<sup>11</sup> Where the Contractor is the last to sign, this clause should be worded as follows: "the date on which the signed Contract was received by the Commission".

<sup>12</sup> This guarantee is mandatory for pre-financing payments exceeding EUR 150 000.

## 11. Reports and documents to be submitted

(51) The work carried out by the Contractor under the contract will be the subject of the following reports, which must be sent to the Commission by the Contractor (both in paper copy and electronic format). Data will be provided in a format that allows it to be effectively exploited (e.g. Word, Excel, Stata, SPSS).

(52) All work must be carried out in English.

(53) All reports should have numbered paragraphs and pages.

(54) Any document/data collected or created in electronic format in the context of this contract will be the property of the Commission and will be delivered at the end of the contract to the Commission in an electronic format by e-mail and CD-ROM.

- **Inception report:** 5 copies

(55) The inception report will contain the minutes of the kick-off meeting between the Commission and the contractor. It will also contain the agreed detailed methodology and work plan for the contract.

(56) The inception report must be sent to the Commission no later than 1 week after the initial meeting which will be convened within 2 weeks of the signature of the contract.

- **Preliminary report:** 5 copies

(57) The report will describe the work carried out and the results obtained during this period, the duration of which is specified below, and provide in particular:

- the results of 3.1.1-3.1.3 of the specifications identifying the most important factors that affect consumers' decision-making in retail investment products, the marketing practices employed by financial providers and the possible remedies that could compensate for these elements;
- a description the effects of the results obtained on the overall work covered by the contract;
- a detailed description of the design of the proposed experiments;
- a description of the work programme planned for the following period.

(58) The preliminary report must be sent to the Commission no later than 3 months after signature of the contract.

- **Interim report:** 5 copies

(59) The report will describe the work carried out and the results obtained during this period, the duration of which is specified below, and state in particular:

- the experimental and self-reported data obtained under 3.2;
- the effects of the results obtained on the overall work covered by the contract;
- the work programme planned for the following period.

(60) The interim report must be sent to the Commission no later than 7 months after signature of the contract, on completion of all the work set out under 3.2.

- **Final report:** 5 copies.

- (61) The final report will describe all the work carried out and the results obtained under the contract, including a summary of the main results obtained.
- (62) The draft final report must be submitted to the Commission no later than 8 months after signature of the contract. The Commission will then either inform the Contractor that it approves the draft or will send him its comments.
- (63) Within 30 days of receiving any such comments, the Contractor will send the Commission his final report, which will fully address the Commission's comments.
- (64) In the absence of any comments from the Commission within 45 days of its receiving the draft report, the Contractor may request written acceptance of it.
- (65) The final report will be deemed to have been approved by the Commission if it does not expressly inform the Contractor of any comments within 45 days of its request.

## **12. Contractual terms and guarantees**

- (66) In drawing up his bid, the tenderer should bear in mind the provisions of the standard contract attached to this invitation to tender (Annex VI).
- (67) Submission of a tender implies acceptance of all the terms specified in the present specifications and in particular in the attached standard contract including the general conditions applicable to contracts (Annex VI).
- (68) All documents presented by the tenderer become the property of the European Commission and are deemed confidential.
- (69) The Commission will not reimburse expenses incurred in preparing and submitting offers.

## **13. Requirement as to the tender**

- (70) The tender must include:
  - (a) an administrative part including all the information and documents required by the contracting authority for the appraisal of tenders on the basis of the exclusion and selection criteria set out under paragraphs 14 and 15 respectively of these specifications;
  - (b) a technical part including all the information and documents required by the contracting authority in chapter 3 of these tender specifications. The appraisal of tenders will be based on the award criteria set out under paragraph 16 of these specifications;
  - (c) a financial part setting out prices in accordance with paragraph 17 of these specifications.

## **ADMINISTRATIVE PART**

### **14. Exclusion criteria**

#### **14.1. Candidates or tenderers shall be excluded from participation in a procurement procedure if:**

- (71) (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;
- (c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- (d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- (e) they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- (f) they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation (The contracting authority may impose administrative or financial penalties on the following: (a) candidates or tenderers in the cases referred to in point (b) of point 14.3, (b) contractors who have been declared to be in serious breach of their obligations under contracts covered by the budget. In all cases, however, the contracting authority must first give the person concerned an opportunity to present his observations.)
- (72) Points (a) to (d) of the first subparagraph shall not apply in the case of purchase of supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or from the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law.
- (73) Candidates or tenderers must certify that they are not in one of the situations listed above by completing and signing the form in Annex IV, "Certification with respect to the Exclusion Criteria".
- (74) The tenderer to whom the contract is to be awarded must also provide evidence that they are not in any of the situations described in points (a), (b), (d) and (e) above within the time limit stipulated by the contracting authority. This evidence must be in one of the forms described in paragraph 14.2 below.

#### **14.2. Evidence**

- (75) a) The contracting authority shall accept as satisfactory evidence that the candidate or tenderer to whom the contract is to be awarded is not in one of the situations described in point (a), (b) or (e) of paragraph 14.1, a recent extract from the judicial

record or, failing that, an equivalent document recently issued by a judicial or administrative authority in the country of origin or provenance showing that those requirements are satisfied.

b) The contracting authority shall accept, as satisfactory evidence that the candidate or tenderer is not in the situation described in point (d) of paragraph 14.1, a recent certificate issued by the competent authority of the State concerned. Where the document or certificate referred to in paragraph 1 is not issued in the country concerned and for the other cases of exclusion referred to in paragraph 14.1, it may be replaced by a sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance.

c) Depending on the national legislation of the country in which the candidate or tenderer is established, the documents referred to in paragraph 14.2 shall relate to legal persons and/or natural persons including, where considered necessary by the contracting authority, company directors or any person with powers of representation, decision-making or control in relation to the candidate or tenderer.

### **14.3. Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:**

- (76) (a) are subject to a conflict of interest;
- (b) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information;
- (c) find themselves in one of the situations of exclusion, referred to in paragraph 14.1, for this procurement procedure.
- (77) Candidates or tenderers must certify that they are not in the situation in point (a) by completing and signing the form in Annex IV, "Certification with respect to the Exclusion Criteria".

## **15. Selection criteria**

### **15.1. Evidence of access to contracts (proof of eligibility)**

- (78) The tenderer indicates in which State it has its headquarters or domicile and presents the supporting evidence normally acceptable under its own law (see annex I).
- (79) Moreover, the tenderers are requested to:
- indicate their VAT number (see annex I);
  - indicate the name and position of the person authorised to sign the contract (see annex I);
  - indicate their account number and bank address (R.I.B. or standard form in annex II);
  - for natural persons, the standard form in annex III must also be completed and returned.

## **15.2. Economic and financial capacity**

- (80) 1. Proof of economic and financial capacity may be furnished by the following documents:
- (a) the presentation of balance sheets and income statements or extracts thereof for at least the last two years for which accounts have been closed;
  - (b) a statement of overall turnover and turnover concerning the works, supplies or services covered by the contract during the last three financial years.
- (81) 2. If, for some exceptional reason which the contracting authority considers justified, the tenderer or candidate is unable to provide the references requested by the contracting authority, he may prove his economic and financial capacity by any other means which the Commission considers appropriate.

## **15.3. Technical and professional capacity**

- (82) The tenderer must be able to demonstrate that the proposed project team (as a whole) possesses the following qualifications which are needed to perform this project to a satisfactory level:
- a) Relevant experience of the tenderer, including consortium members or subcontractors if any, in the last 3 years, in the area of consumer surveys in at least 6 EU27 countries, including at least 2 EU12 countries.<sup>13</sup>
  - b) The core team must include:
    - one member with competence and experience of at least 3 years in econometrics or statistics;
    - one member with knowledge and work experience in retail investment services or marketing of at least 3 years;
    - at least one economist who has published at least one behavioural economics paper in an international refereed journal and who has practical experience of designing the setting and/or carrying out behavioural economic experiments.
  - c) The tenderer must have a proven capacity – supported by the availability of professional and electronic resources – to run an econometric analysis of the results of the study.
- (83) 1. Technical and professional capacity of economic operators shall be evaluated and verified in accordance with paragraph (82).
- (84) 2. All criteria must be verifiable. The tenderers shall submit documents to demonstrate comprehensively that they possess the required competences and work experience. Evidence of the technical and professional capacity of economic operators may be furnished on the basis of the following documents:
- a) the educational and professional qualifications of the service provider or contractor and/or those of the firm's managerial staff and, in particular, those of the person or persons responsible for providing the services or carrying out the works;

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<sup>13</sup> The EU12 group include Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic and Slovenia.

- b) a list of the principal services provided in the past three years, with the sums, dates and recipients, public or private;
- c) a description of the technical equipment, tools and plant to be employed by the firm for performing a service or works contract;
- d) a description of the measures employed to ensure the quality of supplies and services, and a description of the firm's study and research facilities;
- e) an indication of the technicians or technical bodies involved, whether or not belonging directly to the firm, especially those responsible for quality control;
- f) a statement of the average annual manpower and the number of managerial staff of the service provider or contractor in the last three years;
- g) an indication of the proportion of the contract which the service provider may intend to subcontract.

(85) Where the services referred to in point (b) of the first subparagraph are provided to contracting authorities (incl. the Commission), evidence of performance shall be in the form of certificates issued or countersigned by the competent authority.

**15.4. Tenders from consortia of firms or groups of service providers, contractors or suppliers**

- (86) Tenders from consortia of firms or groups of service providers, contractors or suppliers must specify the role, qualifications and experience of each member or group.
- (87) Proof of eligibility, Certification with respect to the Exclusion Criteria and documents on exclusion and selection criteria must be supplied by each member of the consortium of firms or groups of service providers submitting a single tender.

**TECHNICAL PART**

**16. Award criteria**

(88) The contract will be awarded to the tenderer who submits the most economically advantageous bid, as assessed on the basis of the following factors:

(a) Technical evaluation criteria in their order of importance as weighted by percentage:

N°	Qualitative Award criteria	Weighting (max. points)
1.	Methodology of the preparatory phase (3.1)	20
2.	Test design, analysis and recommendations (3.2 and 3.3)	60
3.	Overall Management of the project	20
<b><i>Total points</i></b>		<b>100</b>

(89) The **Methodology of the preparatory phase** will be scored based on:

- knowledge of behavioural economics concepts and research and the capacity of tenderers to prove a robust understanding of the market;
- the identification of prevailing behavioural biases that influence consumers' decision-making in retail investment products;
- the sources identified for the behavioural economics literature review and the plan detailing the data collection;
- the sources intended for the review of marketing practices;
- the presentation of prevailing marketing practices used by financial institutions;
- the description of policy remedies;
- the availability and the description of relevant field data (coming from financial institutions);

(90) The **Test Design, analysis and recommendations** will be scored based on several elements such as:

- the types of experiments proposed and their organization, including contingency plans resulting from past experience with similar experiments;
- the proposed arrangements for the design and survey of the self-reported consumer preferences;
- the number of experiments that will be conducted;
- the number of behavioural biases that will be covered by the testing procedure;
- the sample size (including the statistical parameters and the theoretical assumptions on which this is based), the sample selection methodology, the representativeness of the sample at the EU level in terms of: current consumers, cultural and socio-demographic factors (e.g. age, income, education, etc.), level of market development, etc.;
- the capacity of the tests and questionnaires to capture real life consumer decision-making aspects while controlling for other socio-demographic factors;
- the capacity of the tests to identify and quantify the effectiveness of the remedies to consumer behavioural biases and to marketing practices;
- the statistical methodology presented in the tender, the proposal submitted by the tenderer to perform an econometric analysis of the results;
- the methodology used to quantify and rank the behavioural biases and the factors that influence consumers' decision-making in retail investment products;
- the methodology used to identify remedies and to design the choice architecture guidelines.

(91) The **Management of the Project** will be scored according to the soundness of its work plan and on effectiveness of the proposed organization. In particular, tenderers shall provide a detailed description, for each of the tasks required in this contract, of their intended use of resources, the staff that will take part in the contract, the estimated time for each section of the project and the strategies used by the company to ensure the quality of data and the reliability of results. The tenderers shall provide the allocation of time across the different tasks in FTE (Full Time Equivalent), based on past productivity levels. The tenderers shall also provide accounts of issues they faced in the past in similar studies, and their strategies for preventing such problems in the current contract. The tenderers shall provide sufficient information in their offers in order to demonstrate that they have the necessary resources and the feasible planning for the execution of this contract. The tenderers shall also demonstrate their understanding and specific competency to perform the tasks described in these specifications and in their individual offer.

(92) Each of the three award criteria shall have a minimum threshold of 50%. An additional minimum threshold of 70% also applies for the entire score of each offer. All tenders that do not meet these minimum threshold requirements will be eliminated from the tendering procedure.

(b) Price.

(93) The contract will be awarded to the tender that offers the best value for money according to the formula described below.

(94) The score for tender X will be calculated as the sum of the quality score and the price score. The quality score is calculated as the total quality points (out of 100) for all criteria of tender X multiplied by 70%. The price score is calculated as the cheapest price among all accepted tenders divided by the price of tender X multiplied by 30.

## **FINANCIAL PART**

### **17. Financial part**

(95) Prices must be presented in the standard format of annex V.

#### **Annexes:**

- I: Tender submission form
- II: Financial identification form
- III: Form for natural persons only
- IV: Certification with respect to the exclusion criteria
- V: Budget
- VI: Contract and annexes