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Networks

*Agent Network Accelerator (ANA) Programme:*

# What Have We Learned?

June 2017

In partnership with

**MicroSave**  
*Market-led solutions for financial services*

**BILL & MELINDA  
GATES foundation**



## Session I Overview

About the Agent Network Accelerator (ANA) Programme

Agent Network Success Framework

Assessing Agent Network Success

Provider Priorities Post Training/Research

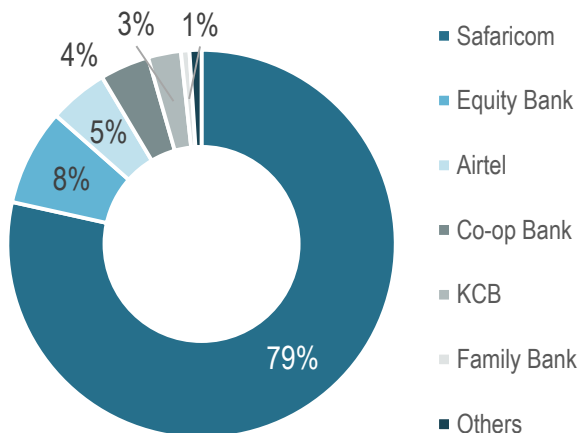
## Agent Network Accelerator (ANA) Programme

- ANA has conducted research in 11 countries – Kenya, Tanzania, Uganda, Nigeria, India, Indonesia, Bangladesh, Pakistan. Expanded to Zambia, Senegal and Benin.
- Designed to help leading providers **overcome the cost and complexity of building sustainable cash-in/cash-out (CICO) networks**
- Delivers **cutting edge knowledge** and **data** on agent network management
- Produces **country & provider reports**, powers **The Helix training curriculum**
- Managed by *MicroSave*, funded by the Bill & Melinda Gates Foundation. Expansion funded by the UNCDF.

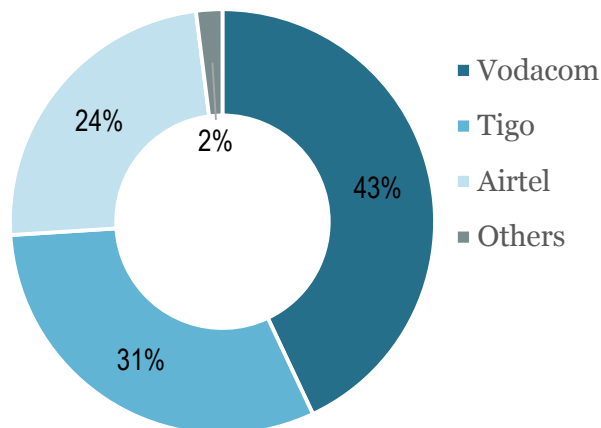


# Enabling Environment: Supply-Side Competition

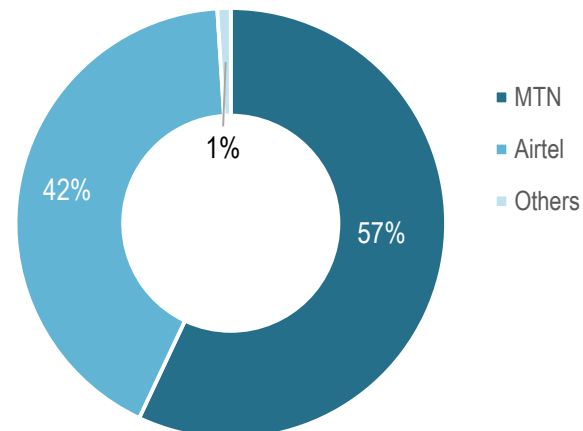
## Kenya 2014



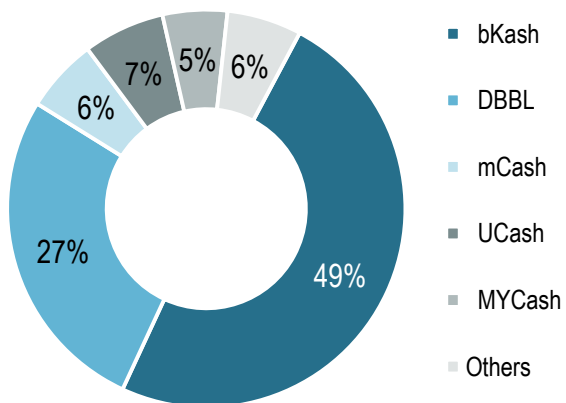
## Tanzania 2015



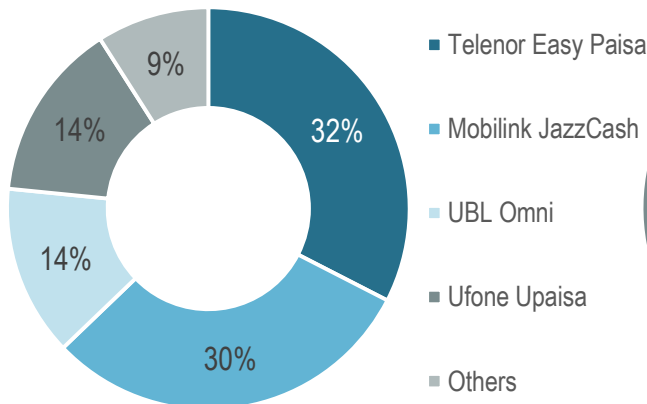
## Uganda 2015



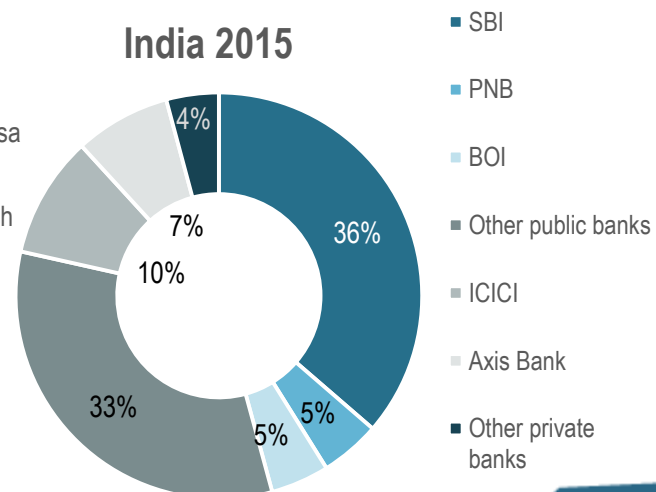
## Bangladesh 2016



## Pakistan 2017

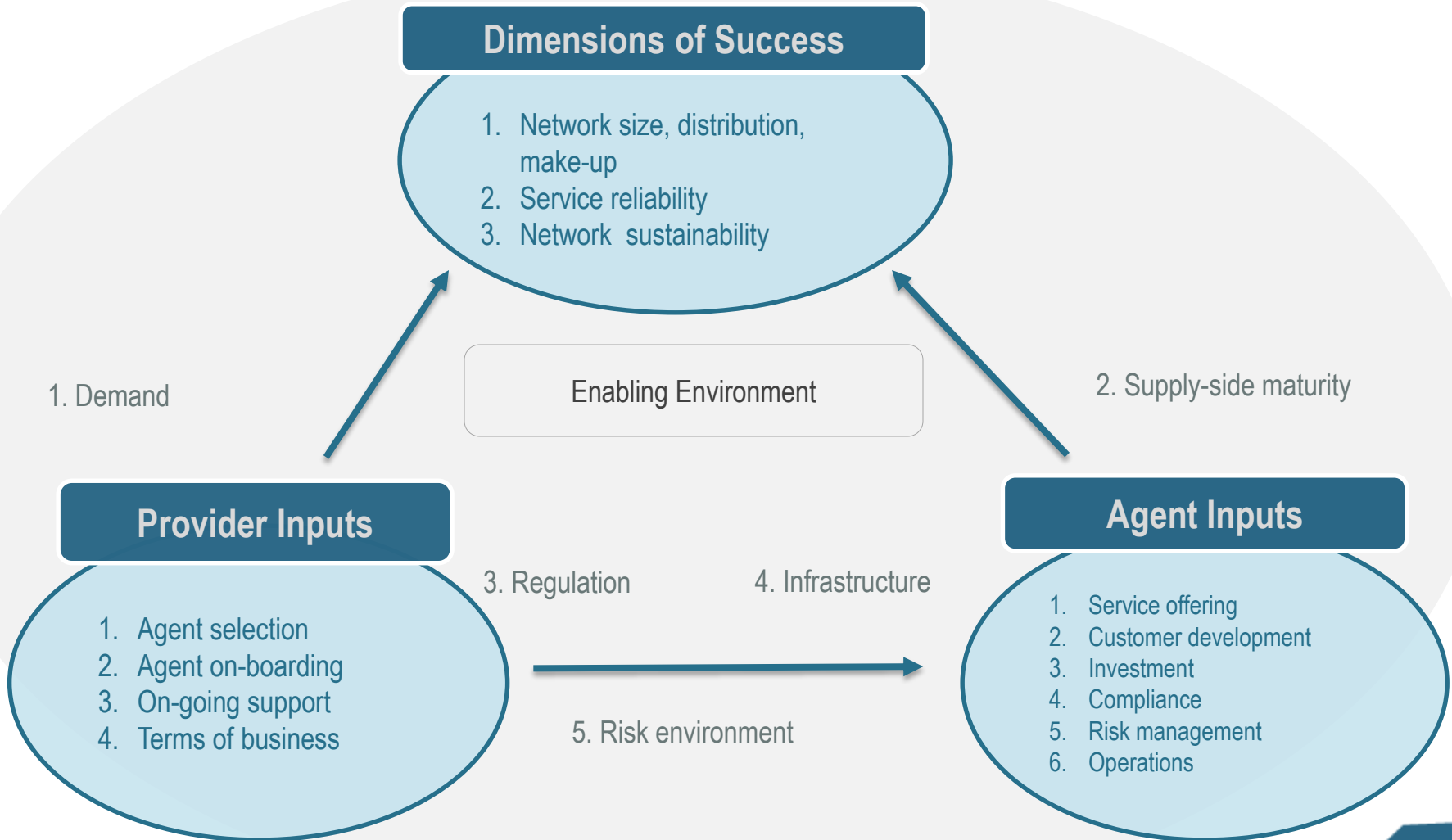


## India 2015



# Agent Network Success Framework

# Agent Network Success Framework



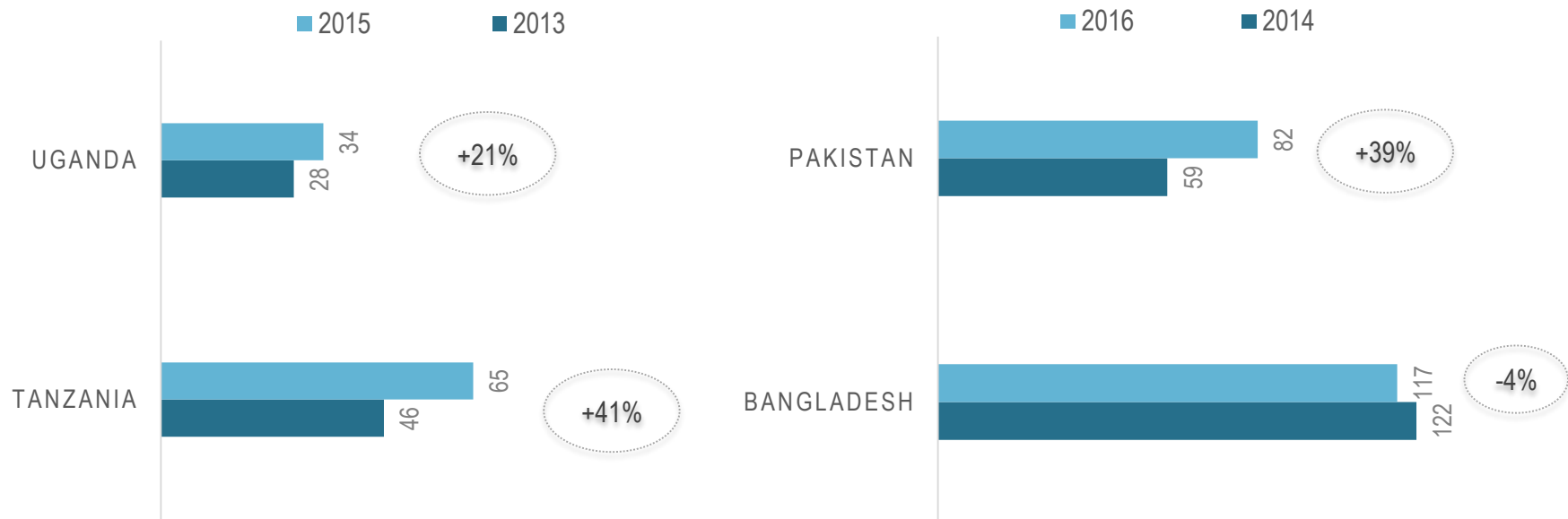
Source: Adapted from *Successful Agent Networks*, The Helix Institute of Digital Finance, 2017.

# Assessing Agent Network Success

## Networks Expanded Most in Tanzania & Pakistan Over 2 Years

1. We've been over estimating agent outreach and number of agent outlets;
2. A less dense agent network (and thus less costly) may be adequate to serve customers etc.

Number of active agent outlets (Thousands)



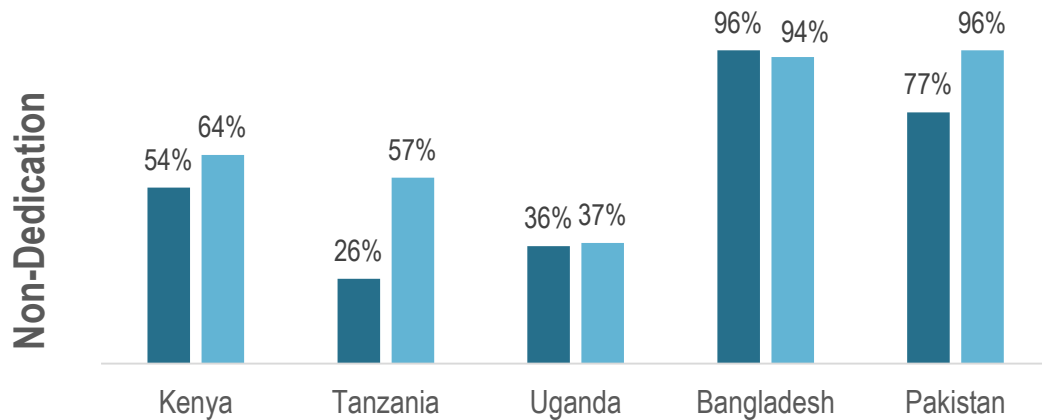
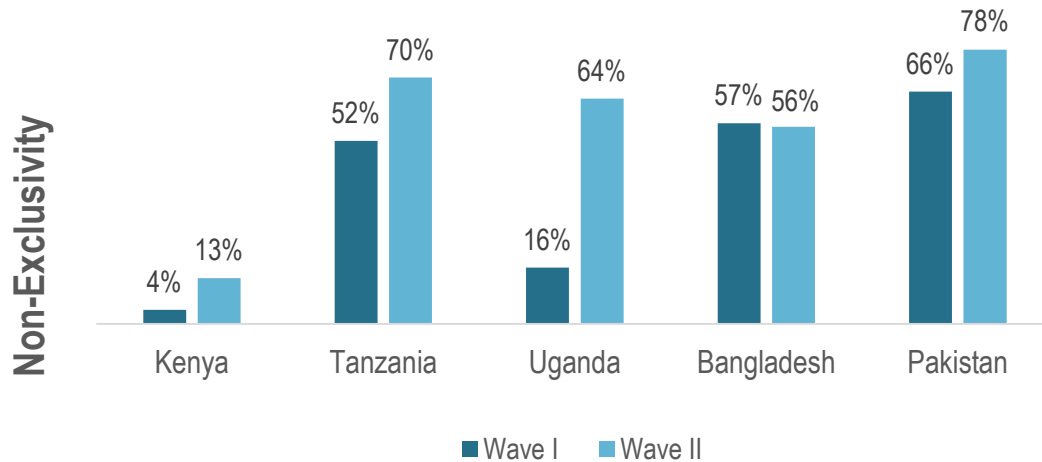
Our publication *Agents Count* stresses the importance of measuring network size using active agent outlets rather than agent tills and proposes a methodology for calculating the number of active agent outlets using IMF (regulator) statistics and ANA survey data.

Decrease in Bangladesh is attributable to reduction in activity rates. In Uganda growth was modest as post-merger Airtel opted to build on competitor's network after exclusivity ban.



# Business Models Move Toward Non-Exclusivity & Non-Dedication

1. Service and support to agents will be a key success driver
2. 3rd party model / outsourced services may be the way to go



- General trend towards:
  - agents working for more than one provider
  - agents running DFS agency as an add-on to other businesses
- Greatest increases in non-exclusivity and non-dedication in Tanzania and Pakistan
- Little evolution in Bangladesh with existing agents. But new 3<sup>rd</sup> party models emerging.

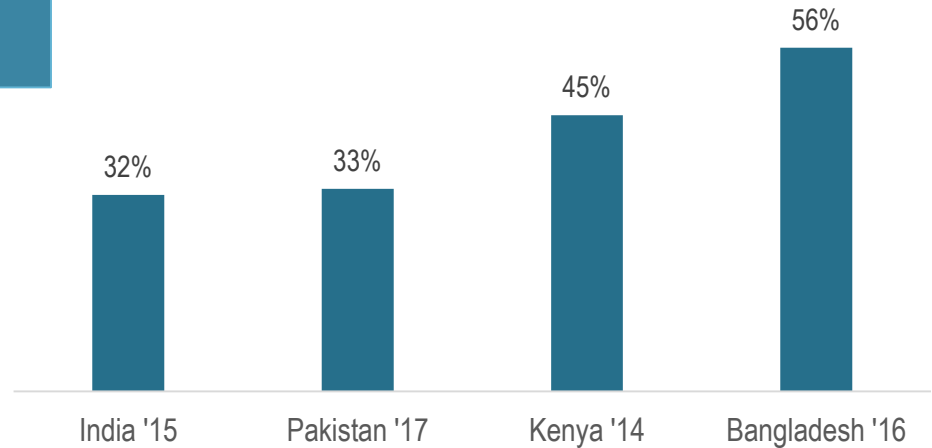
NOTE: ANA surveys were conducted in 2013 in [Uganda](#), [Kenya](#), and [Tanzania](#); in 2014 in [Bangladesh](#), [Kenya](#), [Pakistan](#), and [India](#); in 2015 in [Zambia](#), [Tanzania](#), [Uganda](#) and [Senegal](#); in 2016 in [Bangladesh](#) and in 2017 in Pakistan.

# There is Room to Improve Service Reliability

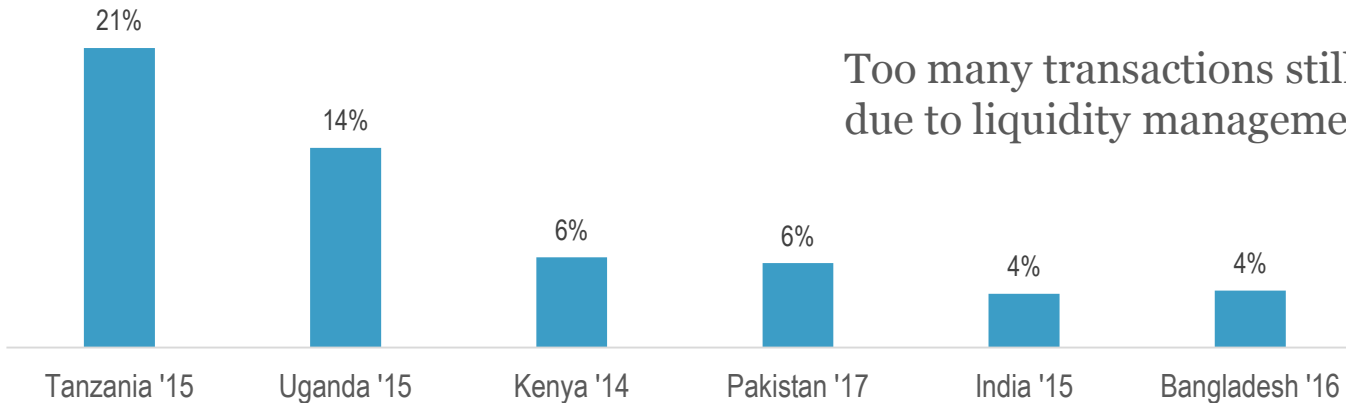
Trust is being eroded ... Providers with reliable platforms and innovative liquidity management systems will carry the day.

Large proportions of agents report experiencing periods when they are unable to transact, be it due to network interruptions or system downtime.

Agents experiencing downtime



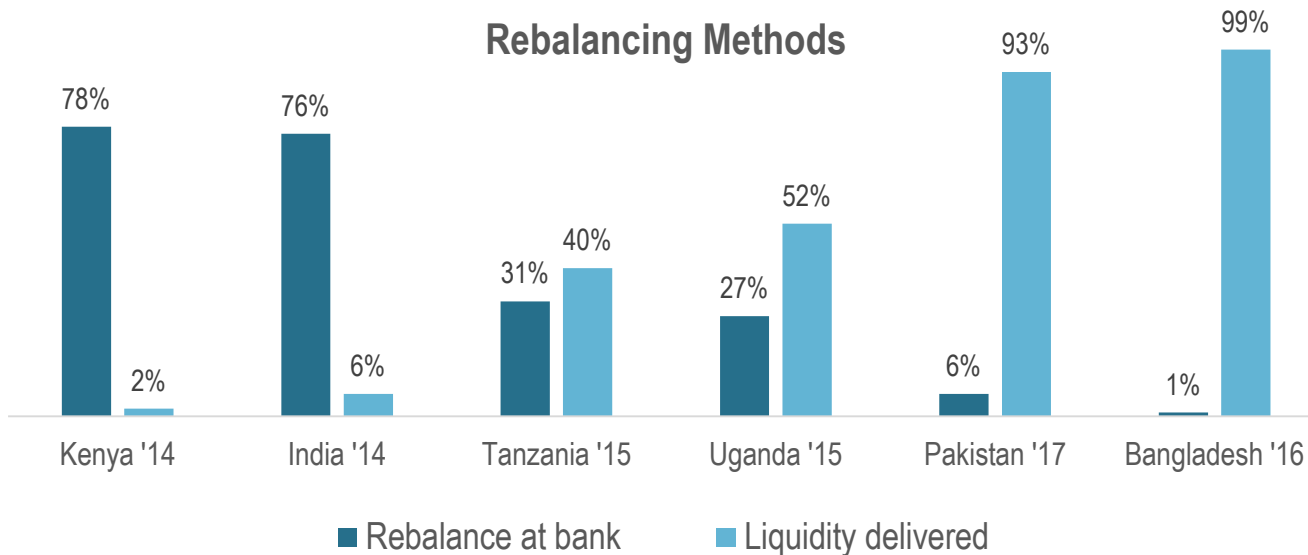
% of daily transactions denied due to lack of float



Too many transactions still being denied due to liquidity management challenges

# Liquidity Management Remains a Challenge

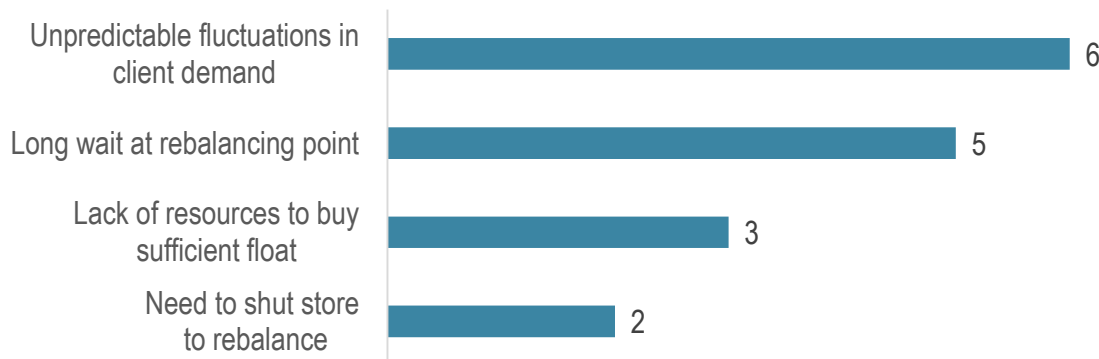
## Rebalancing Methods



## Emerging remedies:

- ◆ Use of analytical tools to predict demand
- ◆ In-depth liquidity management training
- ◆ Dedicated rebalancing counters at banks
- ◆ Liquidity “runners”
- ◆ Credit lines/overdraft facilities for float

## # of Countries Reporting as Top 3 Barriers to Liquidity Management

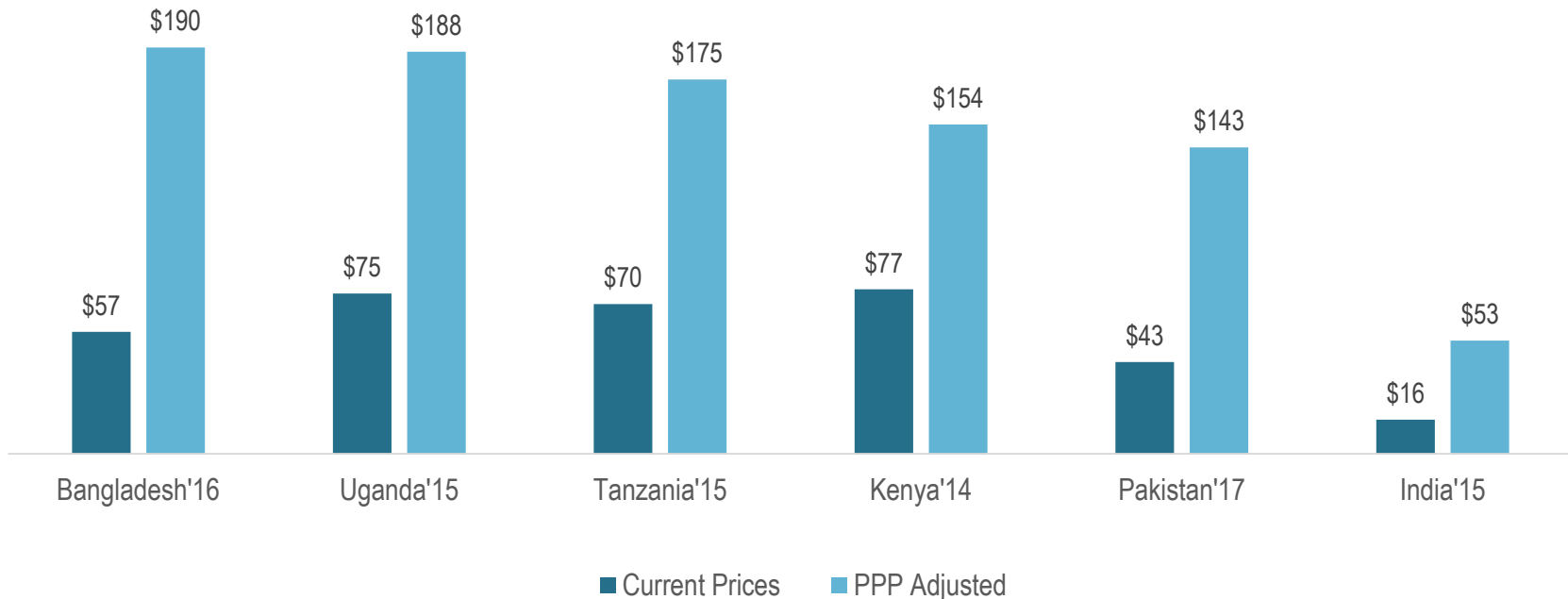


Need more solutions for liquidity management, especially getting cash to rural areas.

# Network Sustainability

## Median Monthly Profits from Agency Business

1. Agency remains a low-profit business – driving unauthorized charges
2. Agency typically remains an add on business.

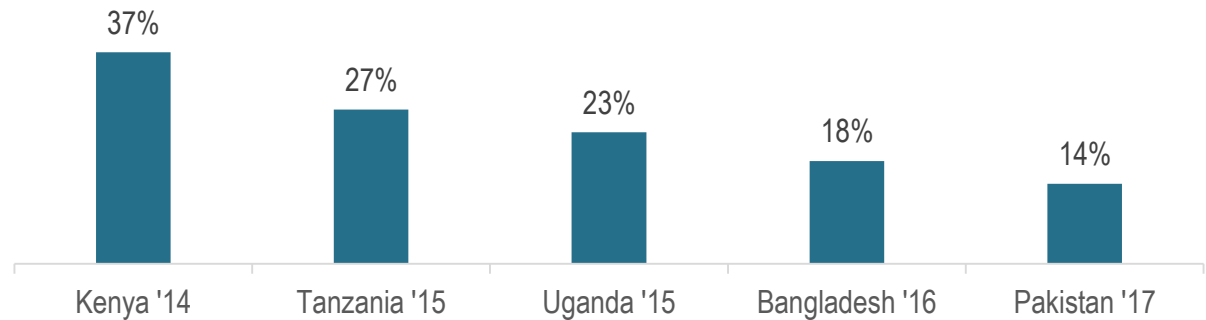


- Profits from agency business are modest, between USD 143 and 190 pcm, adjusted cost of living differences.
- Highest profits reported in two markets plagued by illicit OTC transactions, frequently performed by the agent for an unofficial fee.

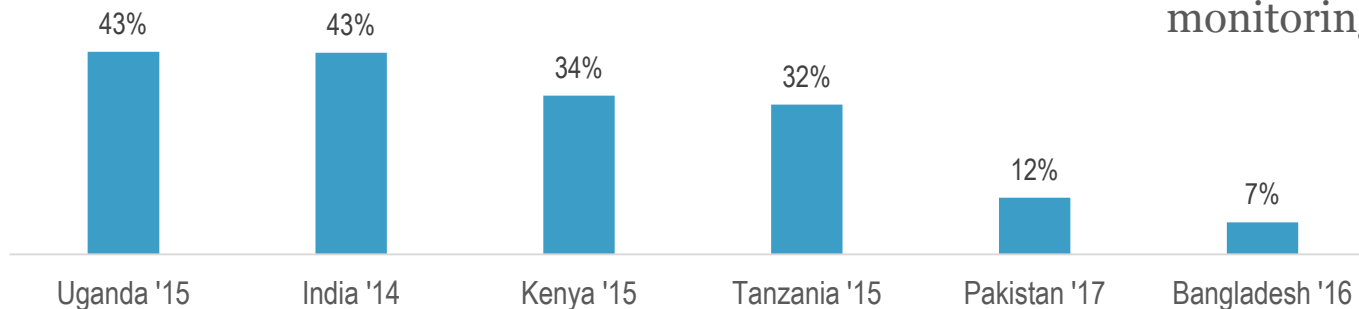
# Providers Could Invest More in Agent On-boarding & On-going Support

- Providers tend to delegate induction training to master agents and third parties
- A minority of agents report being trained directly by provider

Agents initially trained by provider



Agents never visited

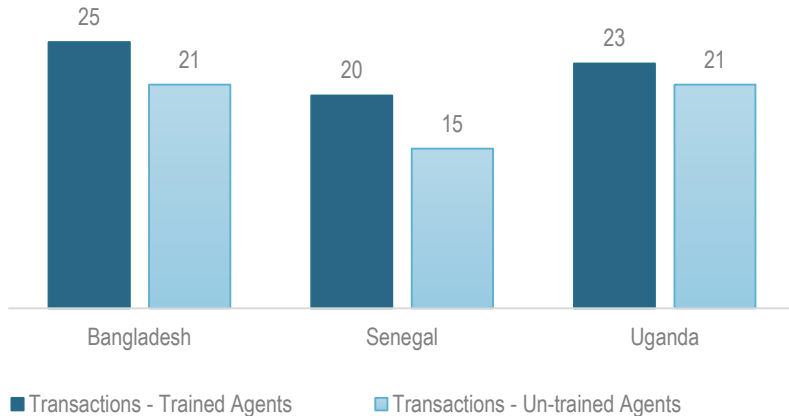


- Too many agents are left to their own devices and never receive monitoring or support visits

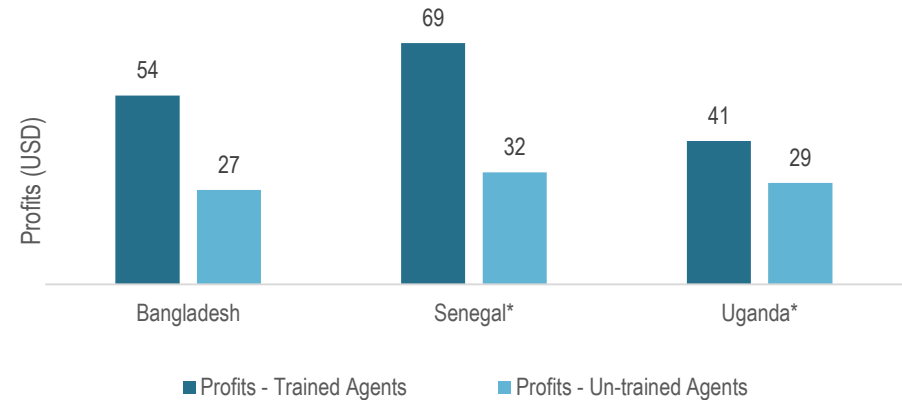
# Trained Agents are Compliant and Profitable

NUMBER OF DAILY TRANSACTIONS

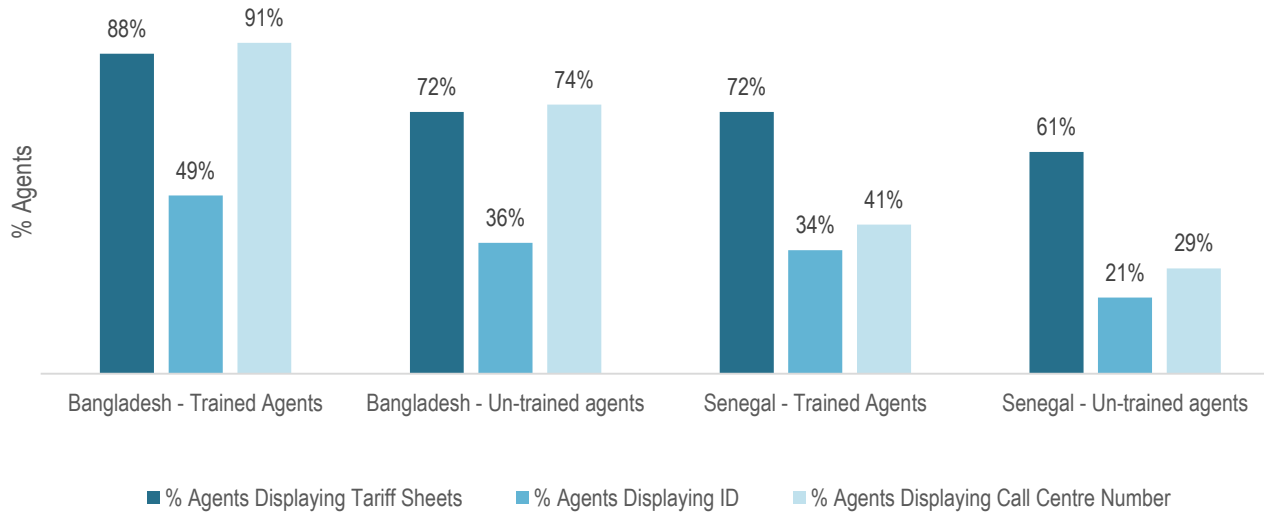
Transactions per day – With And Without Training In The First Three Months



Provider Level Profitability (USD)/per month – With And Without Training In The First 3 Months



Training and Compliance

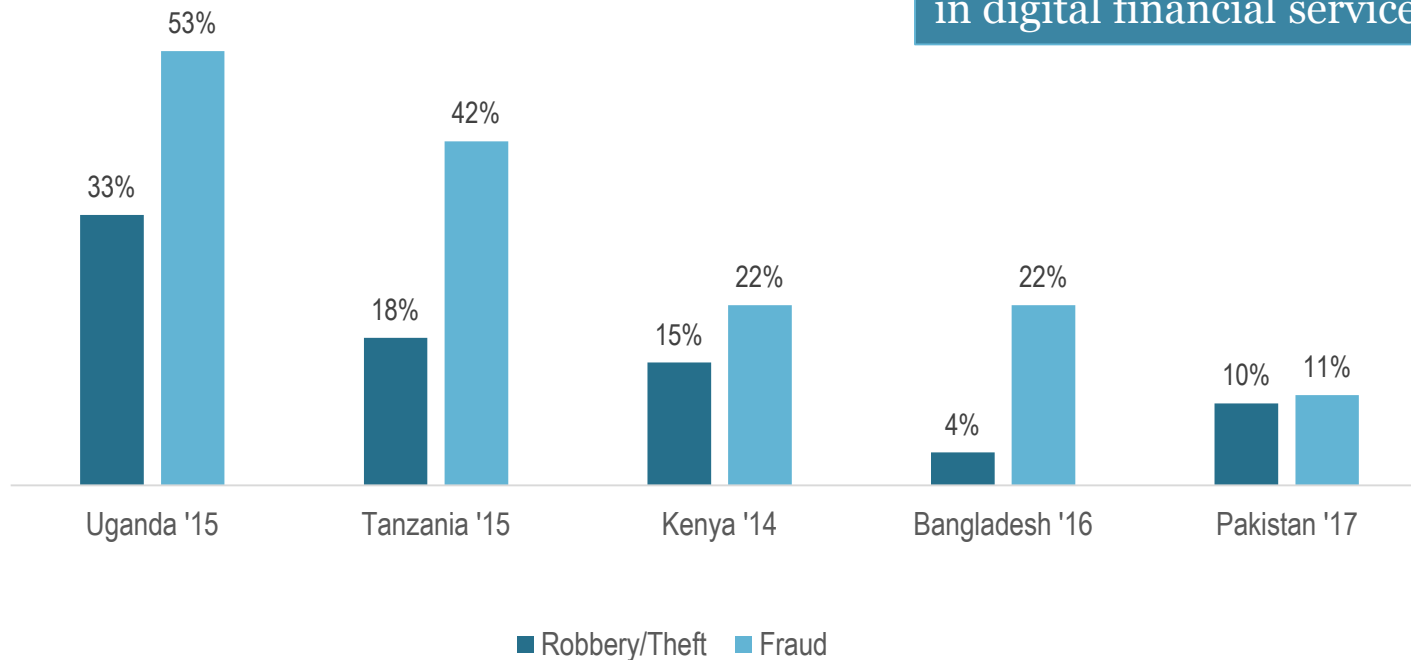


Poorly trained / monitored agents = poor quality, inactive agents = low revenues for agents and provider

# Enabling Environment: Security & Fraud Risks

## Agents Reporting Robbery/Theft & Fraud

Insecurity and fraudulent activities are growing. This undermines trust in digital financial services



NOTE: Robbery/theft can include theft by people external to the agency business (armed robbery) and internal theft by staff. In Kenya, agents reported whether they or one of their employees had ever experienced robbery or fraud; in all other countries agents were asked whether they or their employees had experienced such incidents within the last year. Thus, data is not fully comparable.

# Provider Priorities Post Training/Research



## To Enhance Agent Network Size, Distribution, Make-Up

### Revisit Agent Network Strategy

**11 providers** reviewed their agent network strategy:

- Introduced outsourcing, master agent models
- Removed exclusivity, spacing requirements

### Strategic Agent Selection

**14 providers** refined agent selection criteria:

- Enhanced geographic targeting, higher capital requirements
- Deactivated dormant/under-performing agents

### Mandatory Agent Training

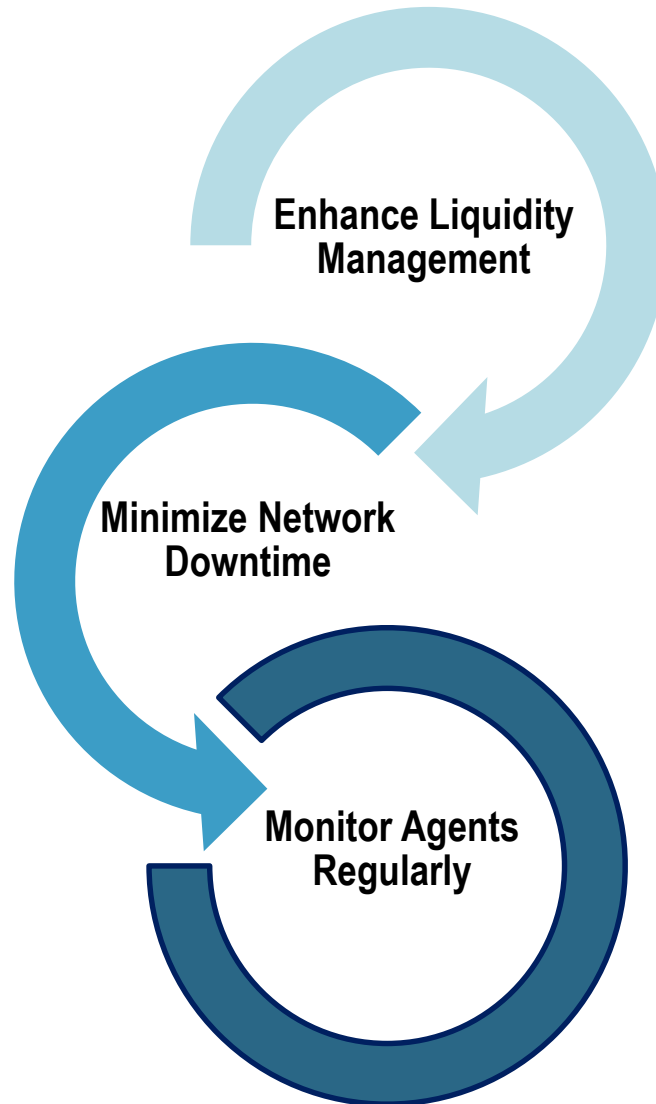
**14 providers** reviewed agent training & on-boarding approach:

- Created training departments, formalised curriculum, ToT manuals
- Trained agents on issues logged by call centre & used social media to disseminate tips

## To Boost Service Reliability

### 2 providers

- Located agents in areas with masts for reliable network coverage
- Implemented system upgrades, recommended by peers



### 23 providers

- Diversified liquidity management options, incl. runners
- Recruited rebalancing points close to agent outlets
- Streamlined float rebalancing via real time linkage to bank accounts
- Provided overdraft facilities & credit lines

### 10 providers

- Defined agent monitoring structures: internal/outsourced
- Formalised protocols for monitoring (what to check for)
- Automated aspects of monitoring to cut costs

## To Ensure Network Sustainability

### Agent Business Terms

**13 providers made agent value proposition more attractive**

- Boosted commissions, introduced bonuses for customer registration/activation
- Non-monetary rewards: business tools and opportunities to present at agent conventions
- In OTC markets, collaborated to halt commission wars

### Customer Value Prop

**20 providers have revamped their customer offering**

- Redefined product offering: new use cases, multi-language functionality and repositioning
- Dropped transaction fees, introduce airtime rewards for continued usage
- Back to square one: market research and consultations to tailor products to client needs

### Marketing & Comms

**13 providers have diversified marketing & comms activities**

- Shifted emphasis from impersonal above-the-line campaigns to targeted below-the-line activities
- Recruited 'town criers' to push products on market days & involved agents in client education
- Introduced community activation drives: dedicated days to visit agents

# Thank You

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