

# MicroSave India Focus Note 66

## What Do Clients Want in E/M-Banking Agents?

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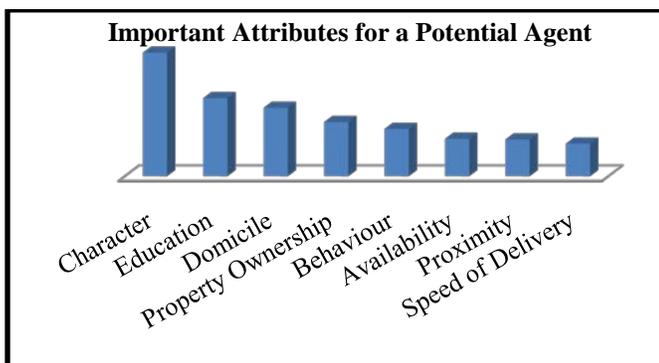
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### Introduction

With agent banking models being implemented across the globe as a viable alternative to branch-based banking, the selection of the right agent has become of paramount importance. Previous *MicroSave* Briefing Notes<sup>1</sup> dealt with this issue, but primarily from a viability standpoint. This Note describes clients' preferences for desired agent profiles in India, and looks at how this data could be used when selecting agents. The feedback was generated from several field research initiatives undertaken by *MicroSave* with its clients throughout India.

### What Do Clients Look For?

The chart<sup>2</sup> below shows the attributes clients generally considered most important in agents, with 'Character' and 'Education' being the most preferred attributes.



- **Character:** Honesty is the most important personal trait that clients look for in a prospective agent, who is (unsurprisingly) expected not to commit fraud. This is especially true when the primary focus of the service - as in agent banking models - is savings mobilisation. Many clients have already had bad experiences with agents for financial services, such as chit funds, who ran off with their savings, and are extremely cautious when it comes to conducting transactions with agents.

*“A person who is dishonest will speak more sweetly.”*  
– Clients on assessing character

- **Education:** Respondents considered banking to be an activity involving complex processes, like book keeping, and felt only an educated person would be capable of undertaking such activities. Clients also felt

that an uneducated agent would not be able to assist them in choosing suitable products.

- **Domicile:** Domicile indicates familiarity, and is an important attribute in establishing credibility as it also refers to the period the prospective agent has resided in the community. The longer the period, the greater the trust.
- **Property Ownership:** Clients prefer an agent owning property to reassure them that their money is safe; they feel that having immovable property could act as a deterrent for fraud and flight. Respondents also mentioned that property could act as collateral.
- **Behaviour:** For clients, being well behaved is critical to provide superior customer service. The importance of “behaviour” was brought up primarily as a result of bad experiences respondents have had with banks.

*“Behaviour of the shopkeeper holds the key. If he does not talk properly then no one will go.”* – Clients on the importance of behaviour

- **Proximity:** Proximity has direct bearing on the accessibility of the services and the time spent in going to/returning from the service point. The importance of this stems from transactional and indirect expenses, such as lost time and sales.
- **Availability:** Clients expected that the agent should be available for as many days in the week as possible and have long working hours to suit client needs.<sup>3</sup>
- **Speed of Service Delivery:** Speed of service delivery was mentioned to be important, since clients want to spend minimal time conducting financial transactions.

Surprisingly, some attributes, such as age, gender and space, did not come up as important, or received mixed reactions across locations. In some instances, younger people were perceived to be better as they understood technology; while in others, they were not considered trustworthy. Likewise, in areas where safety of the agent was a concern, men were preferred; while in others, women were preferred because they behaved better. Also, the space provided, in terms of appearance or adequacy, did not emerge as critical for most clients.

### Common Agent Profiles

<sup>1</sup>See *MicroSave* Briefing Note # 81 “M-Banking Agent Selection”; #73 “Managing Agent Networks to Optimise E- and M-Banking Systems (1/2)” and #74 “Managing Agent Networks to Optimise E- and M-Banking Systems (2/2)”

<sup>2</sup>Based on a recent research project covering 395 respondents conducted by *MicroSave* on Agent Networks in Rajasthan and northern Uttar Pradesh. The ‘Y’ axis denotes relative importance as scored by the respondents on a scale of 1-5, 5 being high.

<sup>3</sup>See Platt et al. “The Answer is ‘Yes’- Cost & Willingness To Pay” *MicroSave* 2011

For the purpose of simplicity, service providers tend to focus on different ‘segments’ of potential agents. However, clients tend to focus on individuals. Even though *MicroSave* research has identified common agent profiles below, one must be careful to identify key agent characteristics clients prefer based on local conditions.

Two *MicroSave* clients in India - one in the urban south and the other in the hill areas of the north - independently came up with the idea of using auto rickshaw/jeep drivers as agents, as they were ubiquitous and open to enabling transactions. However, the research in both areas indicated that clients do not consider these drivers as trustworthy due to their less than ideal reputation and their transient nature.

Provided below are the four most common categories<sup>3</sup> that clients identified as potential agents in India, and their performance on the customer preferences above.

- **Grocery/Kirana Shops:** These stores were popular because respondents were typically very well acquainted with the village grocer over a long period of time and generally perceived them to be approachable. They were also open for longer hours and accessible.
- **Medical Shops:** Medical shop (pharmacy) owners are typically trusted due to the nature of their service. (Pharmacists often provide medical advice for those who cannot afford doctor visits). Moreover, their shops are normally clean and well organised, and hence considered to be ideal for transacting. Pharmacists are also generally well educated and thought of as capable of delivering financial services.
- **Mobile Recharge Shops:** Mobile recharge shops received a mixed response. On the one hand, it was perceived that these shops are manned by people more knowledgeable about technology solutions and hence may facilitate fast and efficient service. On the other hand, they were considered to be very busy, thereby limiting their capability to deliver. Another negative aspect mentioned was that they typically were manned by younger people not considered especially trustworthy for money matters.
- **Financial Service Agents:** Existing financial service agents, such as those of Sahara, chit funds and insurance, received a mixed response. They were considered to be familiar with financial services, well behaved (in general) and were appreciated for providing doorstep service delivery. However, many clients did not like the fact that many were not from the same locality, and past experiences were less than satisfactory on account of misbehaviour and even cases of fraud.

### How to Incorporate Clients’ Feedback?

Many of the attributes mentioned by clients are qualitative in nature and by definition, difficult to measure. This brings to the fore the need for field-based verification or putting in place adequate proxies while selecting prospective agents. For example, during the application stage, the community can be involved by providing referrals for obtaining agent profiles. Behavioural tests could, on occasion, act as proxy for character measurement.

The table below outlines some thoughts on how each of the key attributes can be measured during agent recruitment. Organisations may want to screen the agents on “easily verifiable” criteria first, and then run the more “qualitative” screening with a smaller group of potential agents so as to maximise efficiency.

| Attribute                       | Indicator   |
|---------------------------------|---|
| <i>Easily verifiable</i>        |   |
| <b>Education</b>                | <ul style="list-style-type: none"> <li>• Verification of educational certificates</li> <li>• Test of literacy and book-keeping abilities</li> </ul>   |
| <b>Domicile</b>                 | <ul style="list-style-type: none"> <li>• Proof of residence</li> <li>• Feedback from clients and villagers</li> </ul>   |
| <b>Property Ownership</b>       | <ul style="list-style-type: none"> <li>• Physical verification of shop / store</li> <li>• Verification of property documents</li> </ul>   |
| <b>Availability</b>             | <ul style="list-style-type: none"> <li>• Self reporting by potential agents combined with field observations</li> <li>• Feedback from clients or shopkeepers</li> </ul>   |
| <b>Proximity</b>                | <ul style="list-style-type: none"> <li>• Physical location verification of the shop versus where most clients reside or work</li> </ul>   |
| <i>Qualitative / Subjective</i> |   |
| <b>Character</b>                | <ul style="list-style-type: none"> <li>• Credential checks from clients, villagers, and community leaders covering the agent and his/her family, their profession, economic status, acceptance by villagers etc.</li> </ul> |
| <b>Behaviour</b>                | <ul style="list-style-type: none"> <li>• Feedback from clients</li> </ul>   |
| <b>Speed of Delivery</b>        | <ul style="list-style-type: none"> <li>• Feedback from clients</li> </ul>   |

### Conclusion

Agent selection must consider many aspects key to the viability of the business, such as the capacity to scale up and the ability to manage cash. However, client preferences for agent attributes are perhaps more important than other considerations, since these will be one of the main factors driving transactions. Organisations wanting to adopt agency banking models should take cognisance of this and exercise adequate due diligence in identifying key characteristics that clients desire and selecting agents according to those traits.

<sup>3</sup> Clients came up with other categories as well, but these were the most recurring profiles.