

Agent Network Accelerator (ANA) Programme:

What Have We Learned?

June 2017

In partnership with



MicroSave
Market-led solutions for financial services



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Session I Overview

About the *Agent Network Accelerator (ANA)* Programme

Agent Network Success Framework

Assessing Agent Network Success

Provider Priorities Post Training/Research

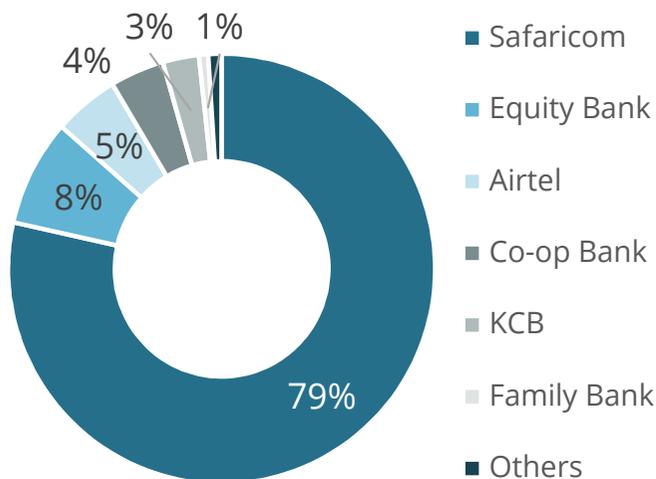
Agent Network Accelerator (ANA) Programme

- 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 training curriculum**
- Managed by *MicroSave*, funded by the Bill & Melinda Gates Foundation. Expansion funded by the UNCDF.

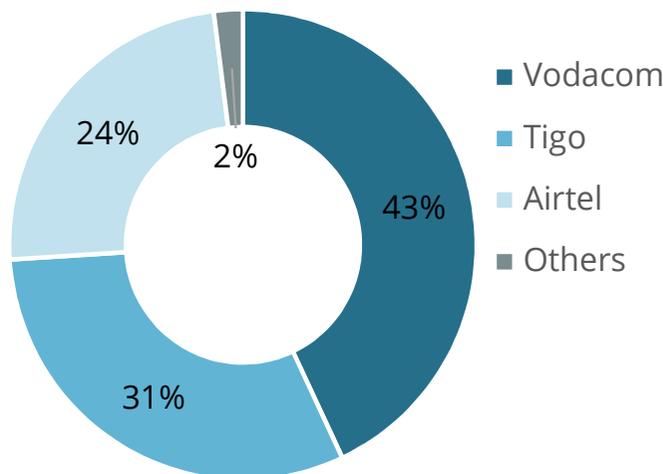


Enabling Environment: Supply-Side Competition

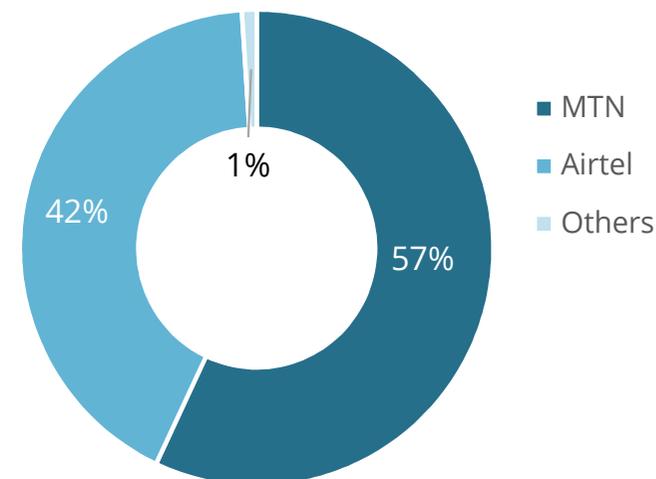
Kenya 2014



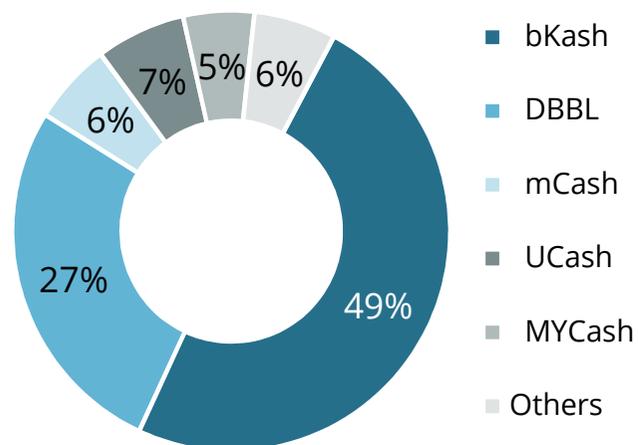
Tanzania 2015



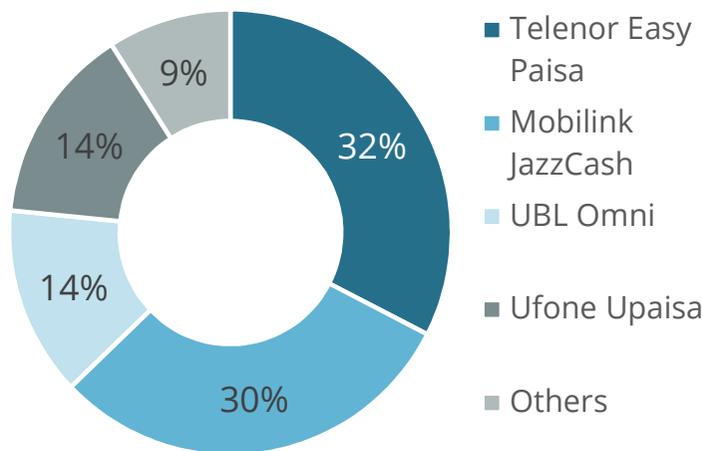
Uganda 2015



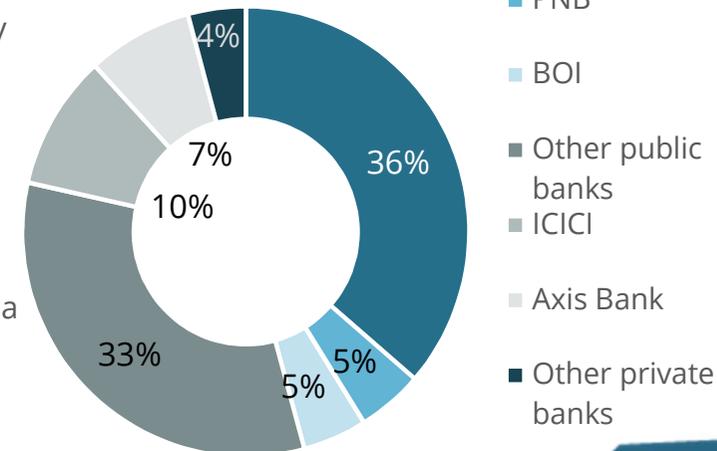
Bangladesh 2016



Pakistan 2017

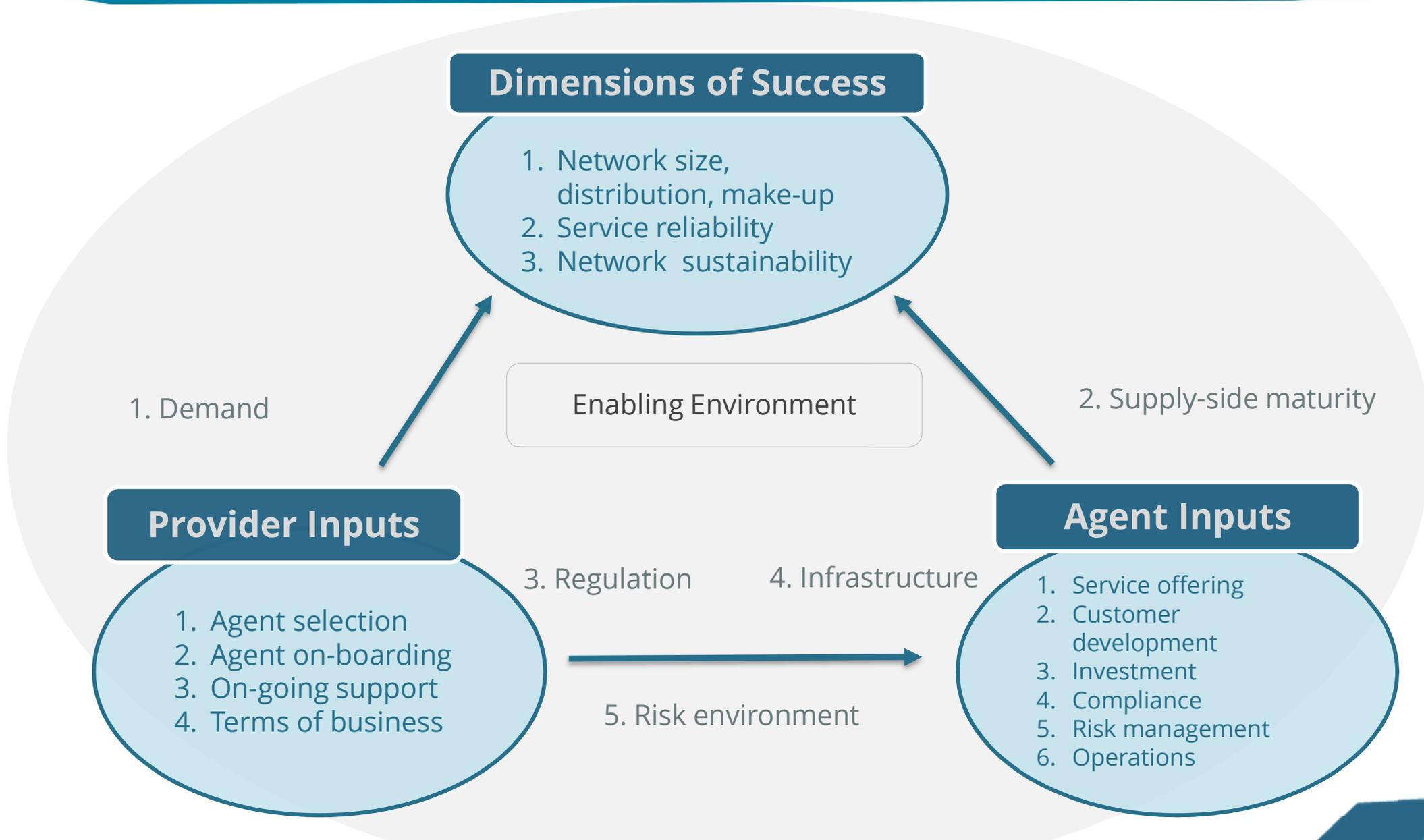


India 2015



Agent Network Success Framework

Agent Network Success Framework



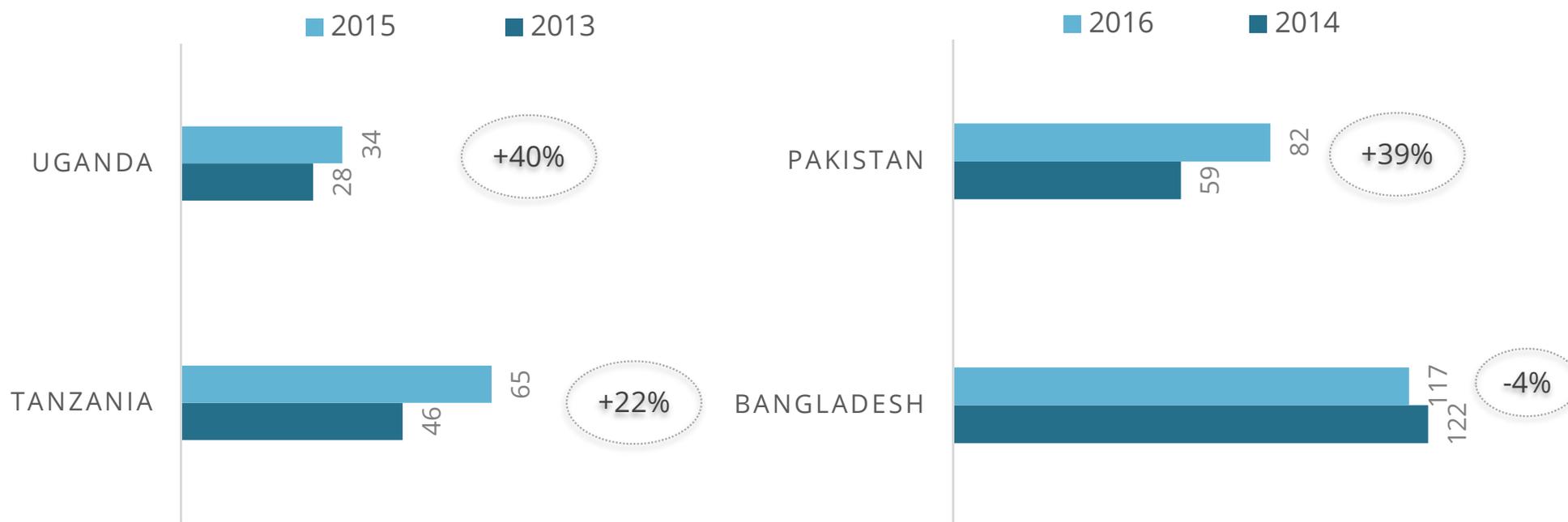
Source: Adapted from *Successful Agent Networks*, The Helix Institute of Digital Finance, 2017.

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)

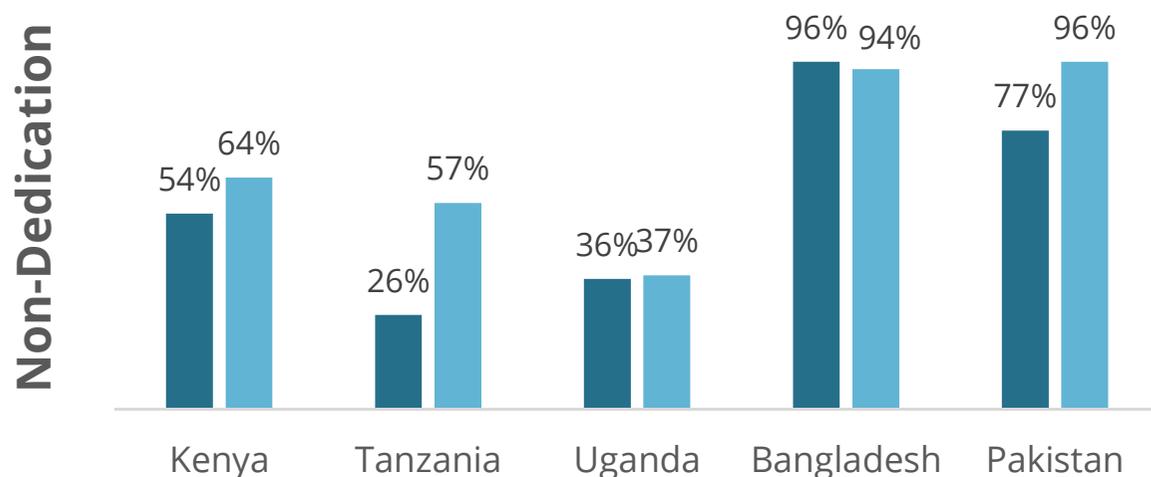
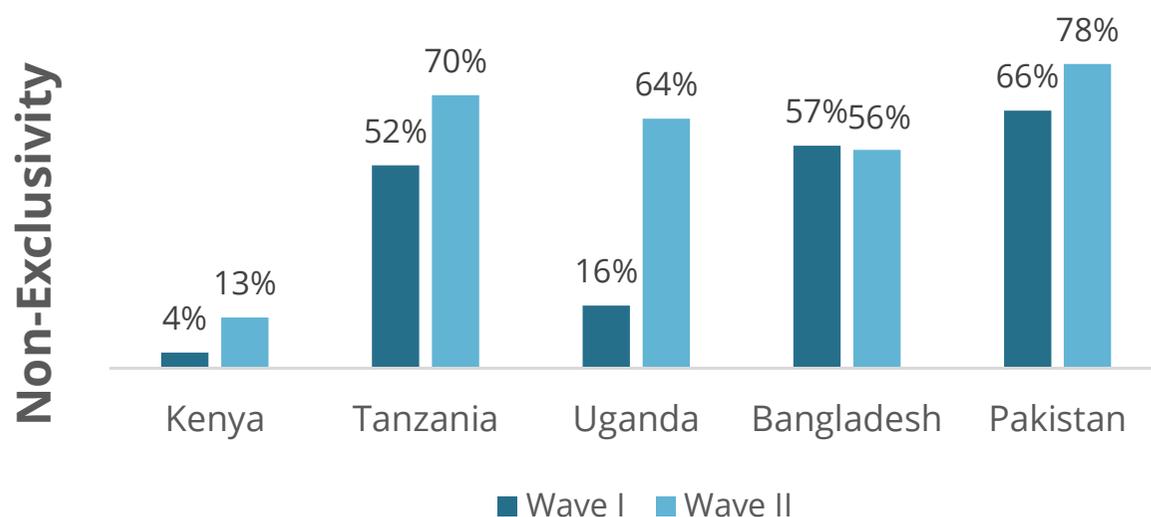


Our publication *Agents Count* stresses the importance of measuring network size using active agent outlets rather than agent tills and proposes a methodology for calculating the number of active agent outlets using IMF (regulator) statistics and ANA survey data.

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 3rd party models emerging.
- India survey currently underway.

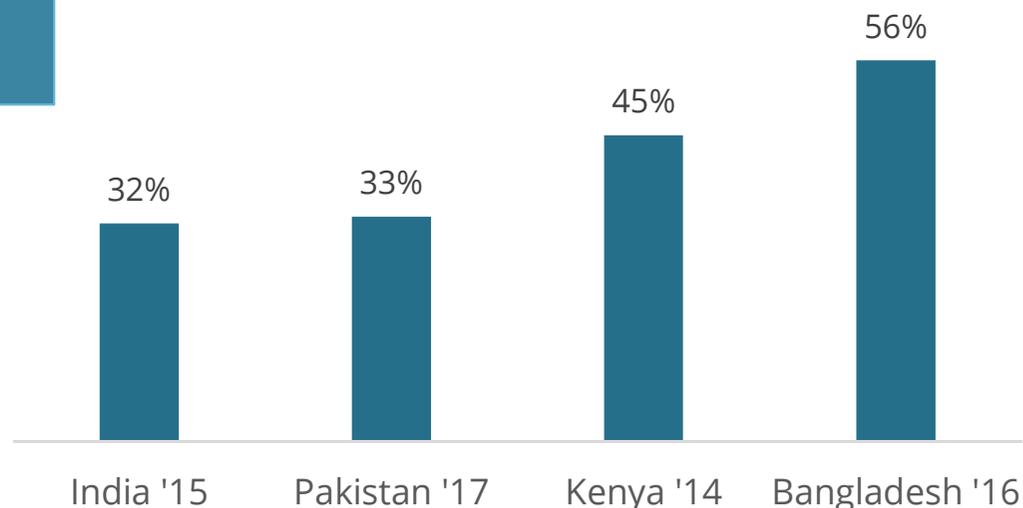
NOTE: ANA surveys were conducted in 2013 in [Uganda](#), [Kenya](#), and [Tanzania](#); in 2014 in [Bangladesh](#), [Kenya](#), [Pakistan](#), and [India](#); in 2015 in [Zambia](#), [Tanzania](#), [Uganda](#) and [Senegal](#); in 2016 in [Bangladesh](#) and in 2017 in [Pakistan](#).

There is Room to Improve Service Reliability

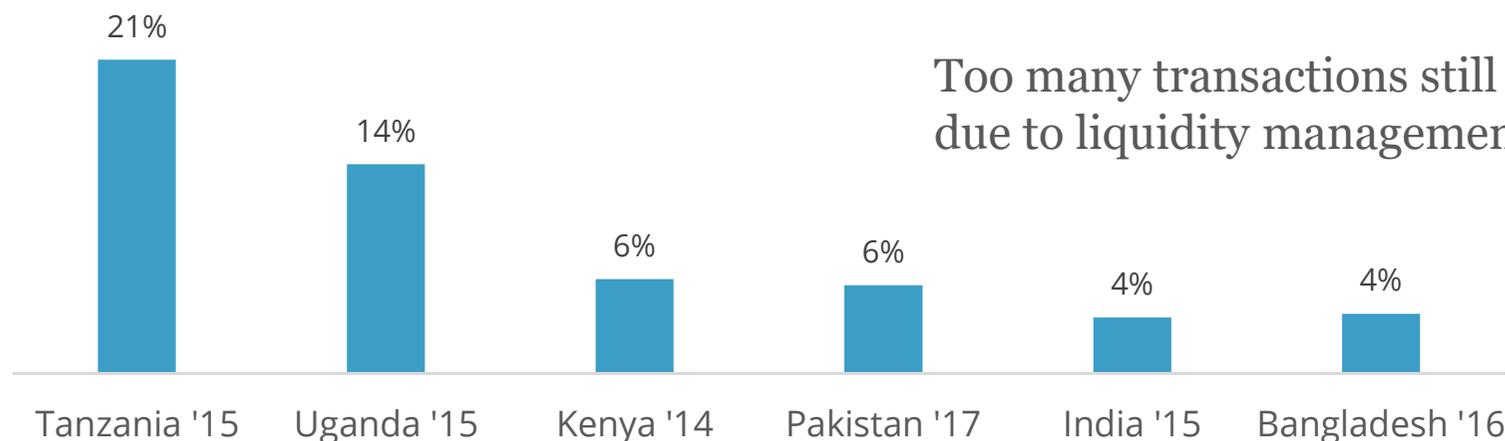
Trust is being eroded ... Providers with reliable platforms and innovative liquidity management systems will carry the day.

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



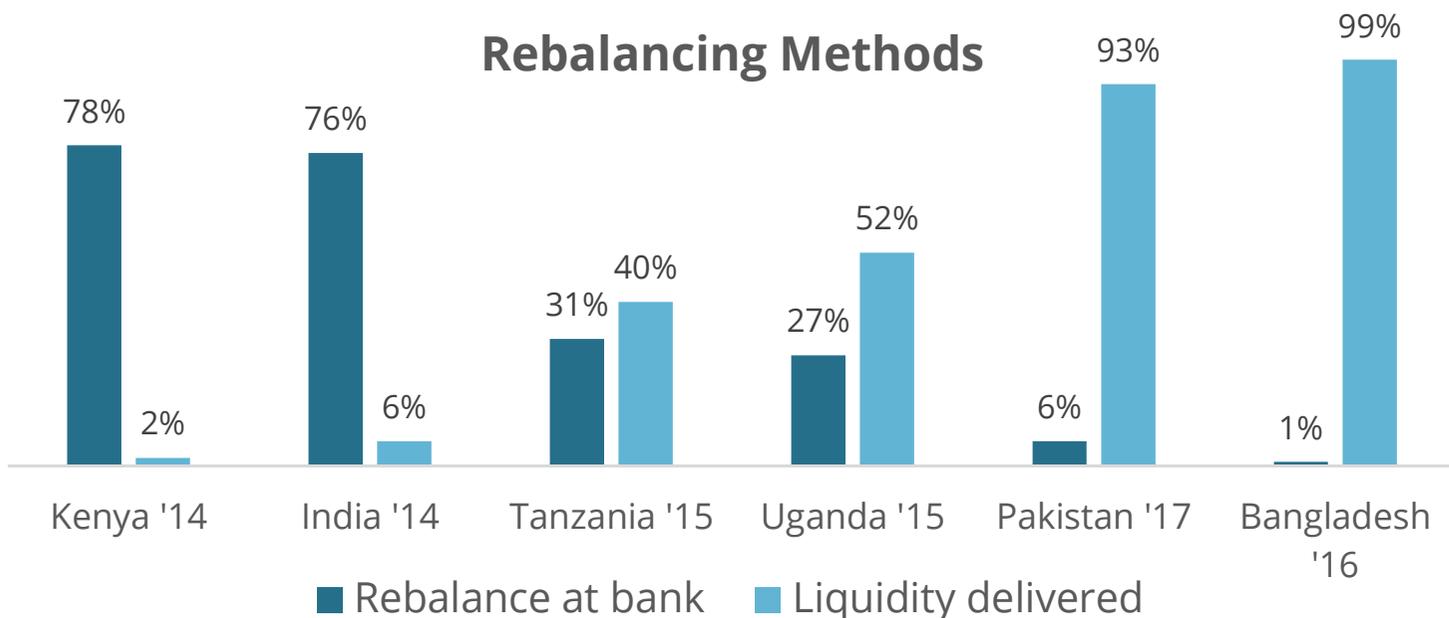
% of daily transactions denied due to lack of float



Too many transactions still being denied due to liquidity management challenges

Liquidity Management Remains a Challenge

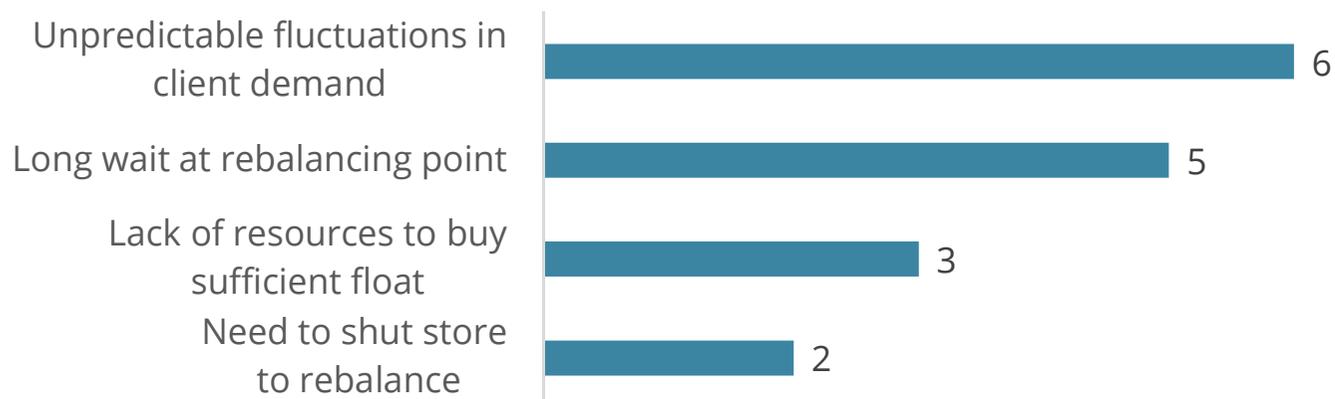
Rebalancing Methods



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

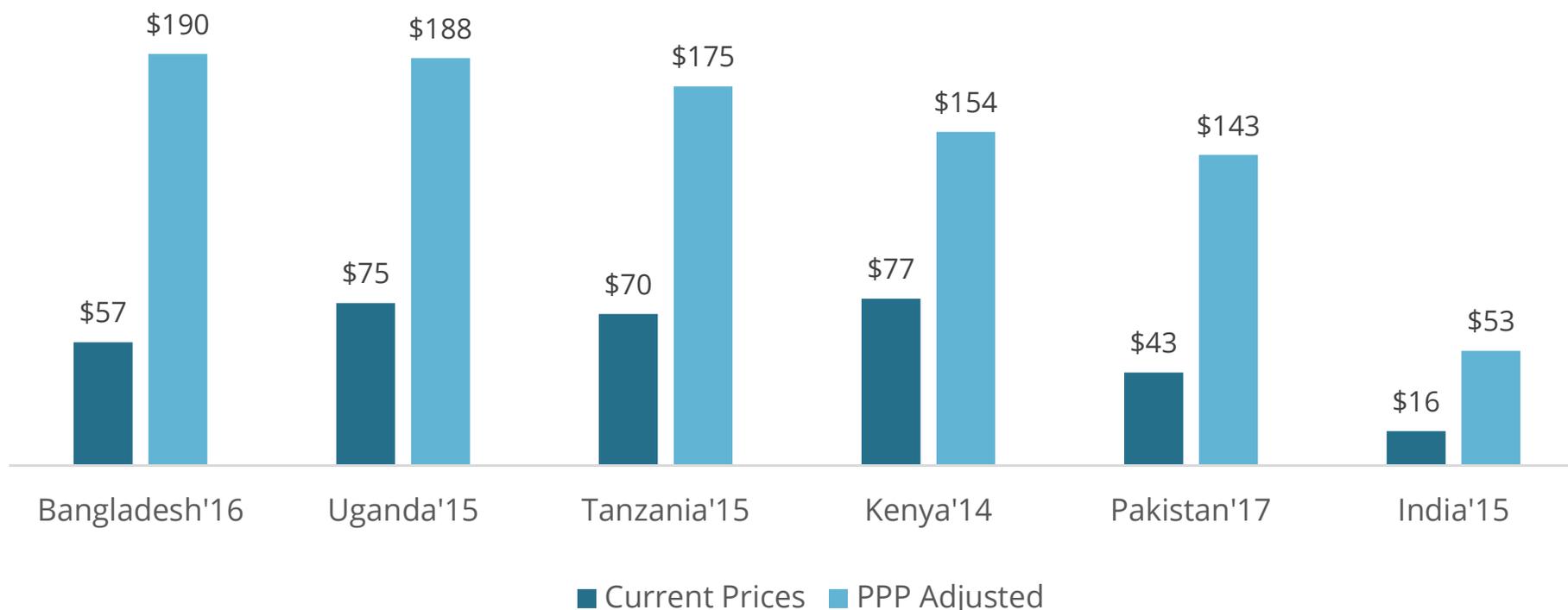


Need more solutions for liquidity management, especially getting cash to rural areas.

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.

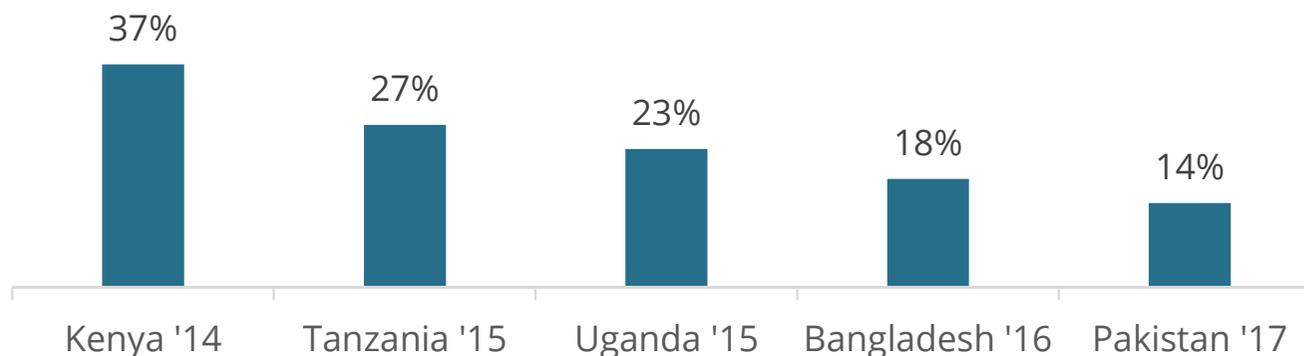


- Profits from agency business are modest, between USD 143 and 190, adjusted cost of living differences.
- Highest profits reported in two markets plagued by illicit OTC transactions, frequently performed by the agent for an unofficial fee.

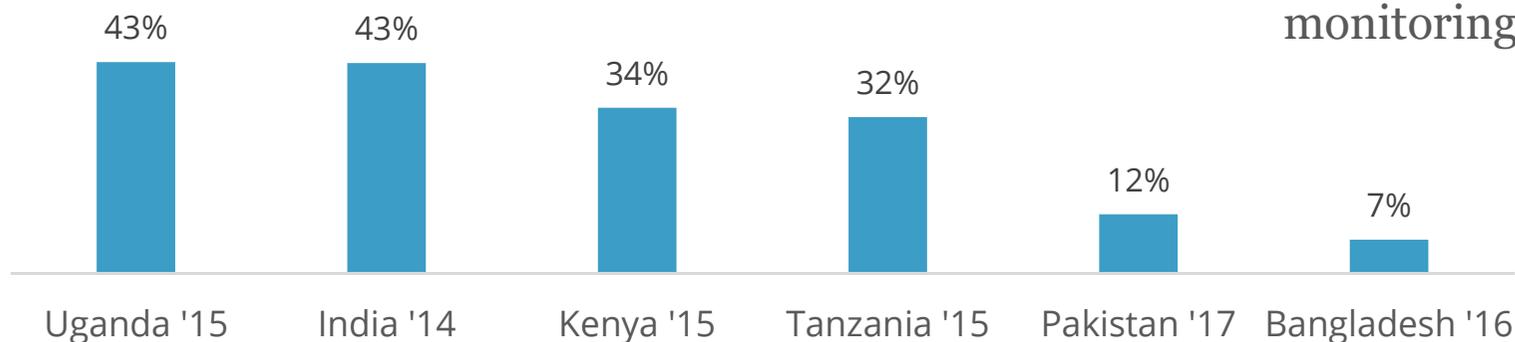
Providers Could Invest More in Agent On-boarding & On-going Support

- 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

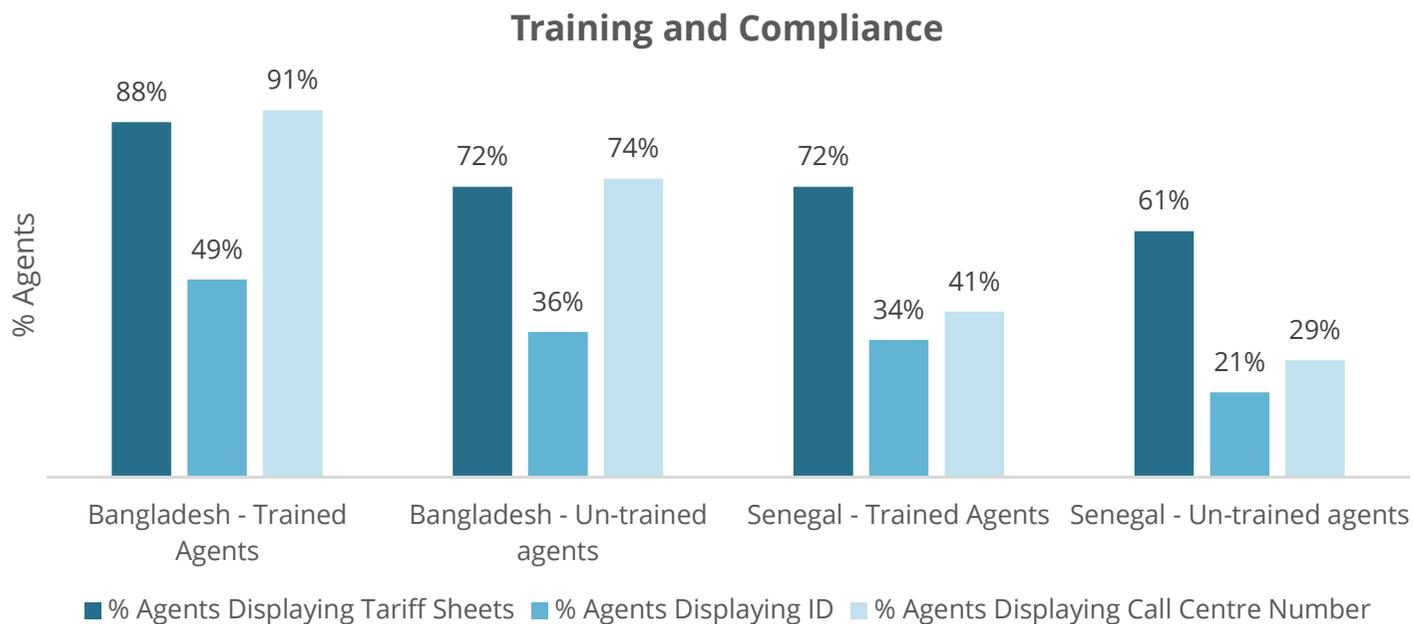
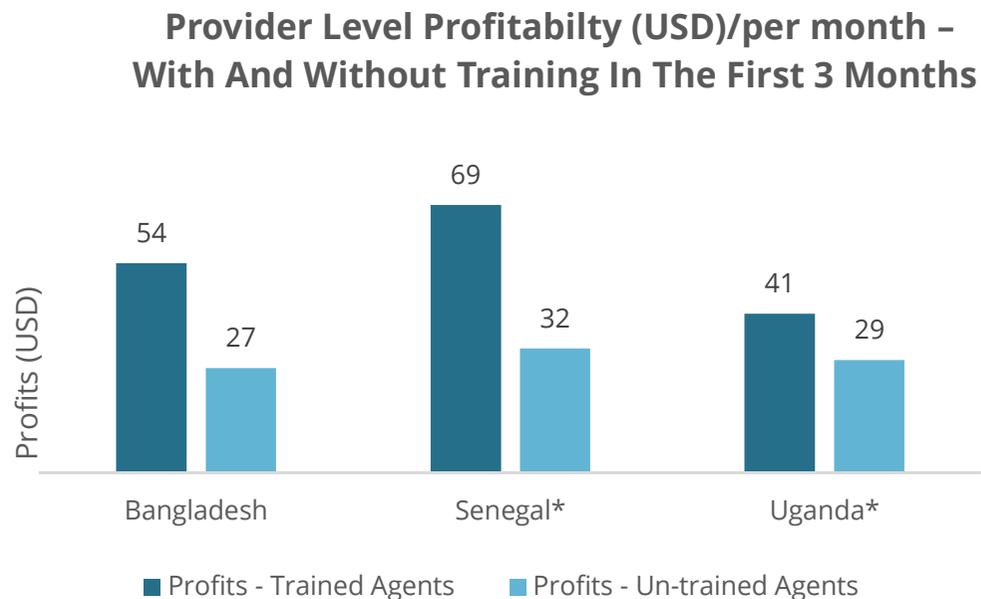
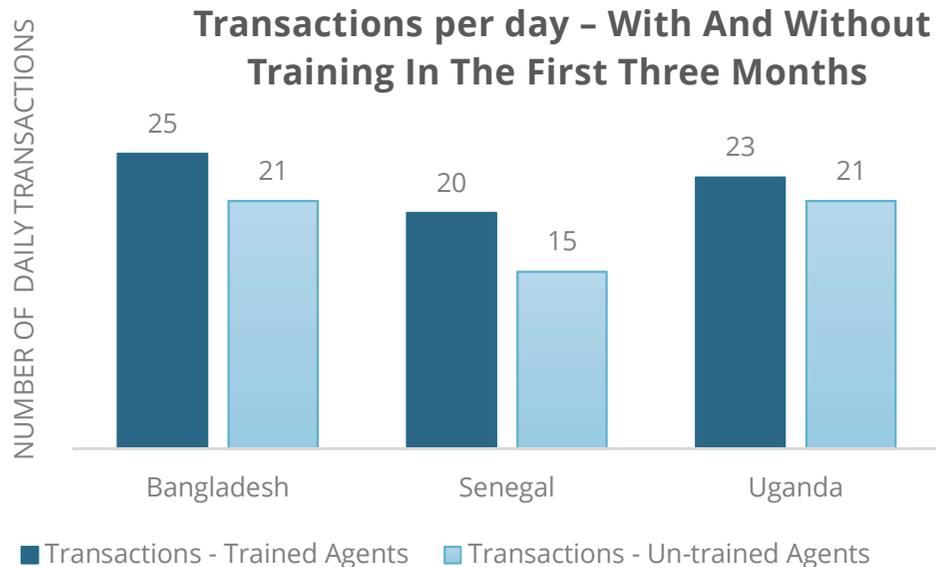


Agents never visited



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

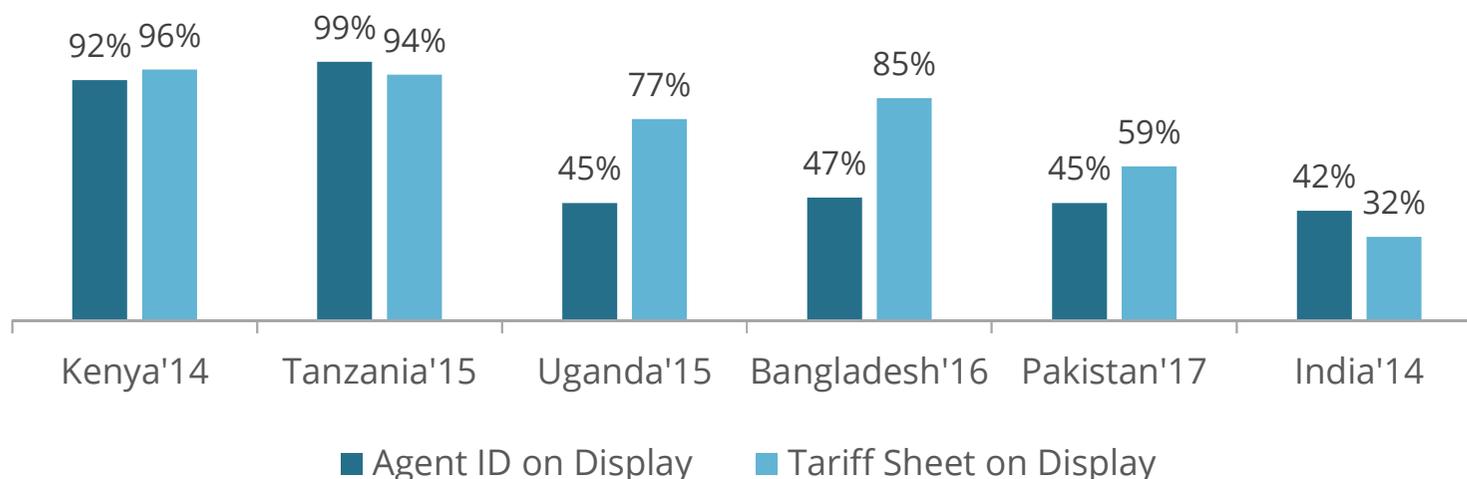
Trained Agents are Compliant and Profitable



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

In South Asia, Agents Struggle with Compliance & Branding

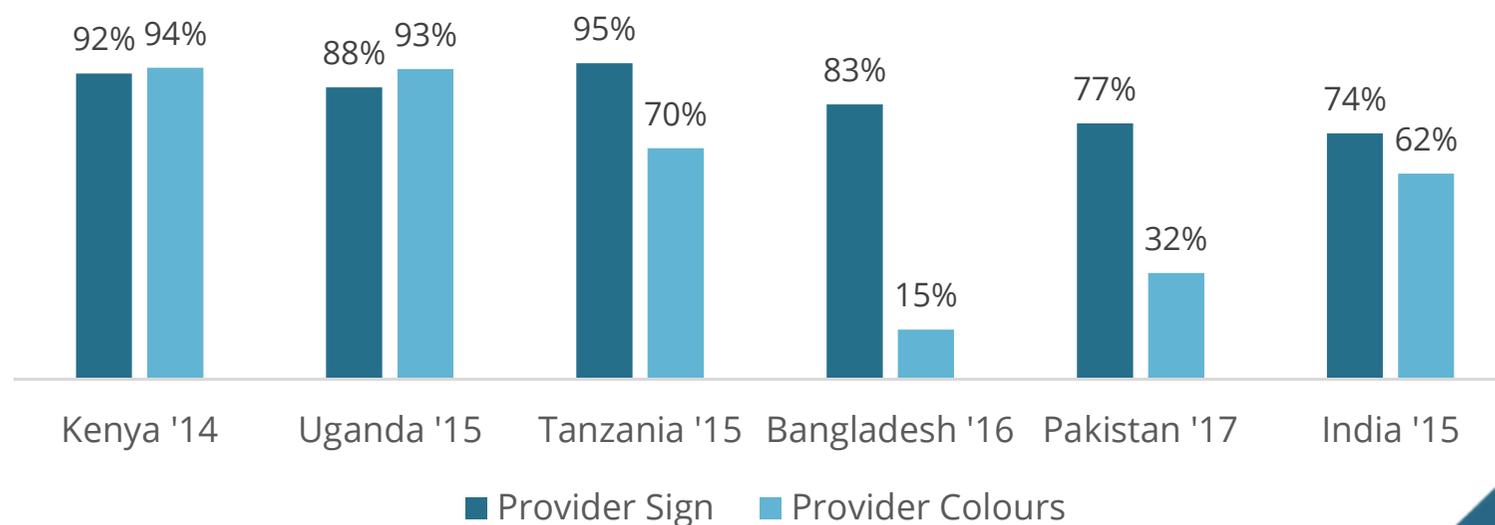
Compliance



Agents are less transparent in South Asia than in East Africa

In South Asia, agents are less likely to display provider signs and to paint their shops with provider colours

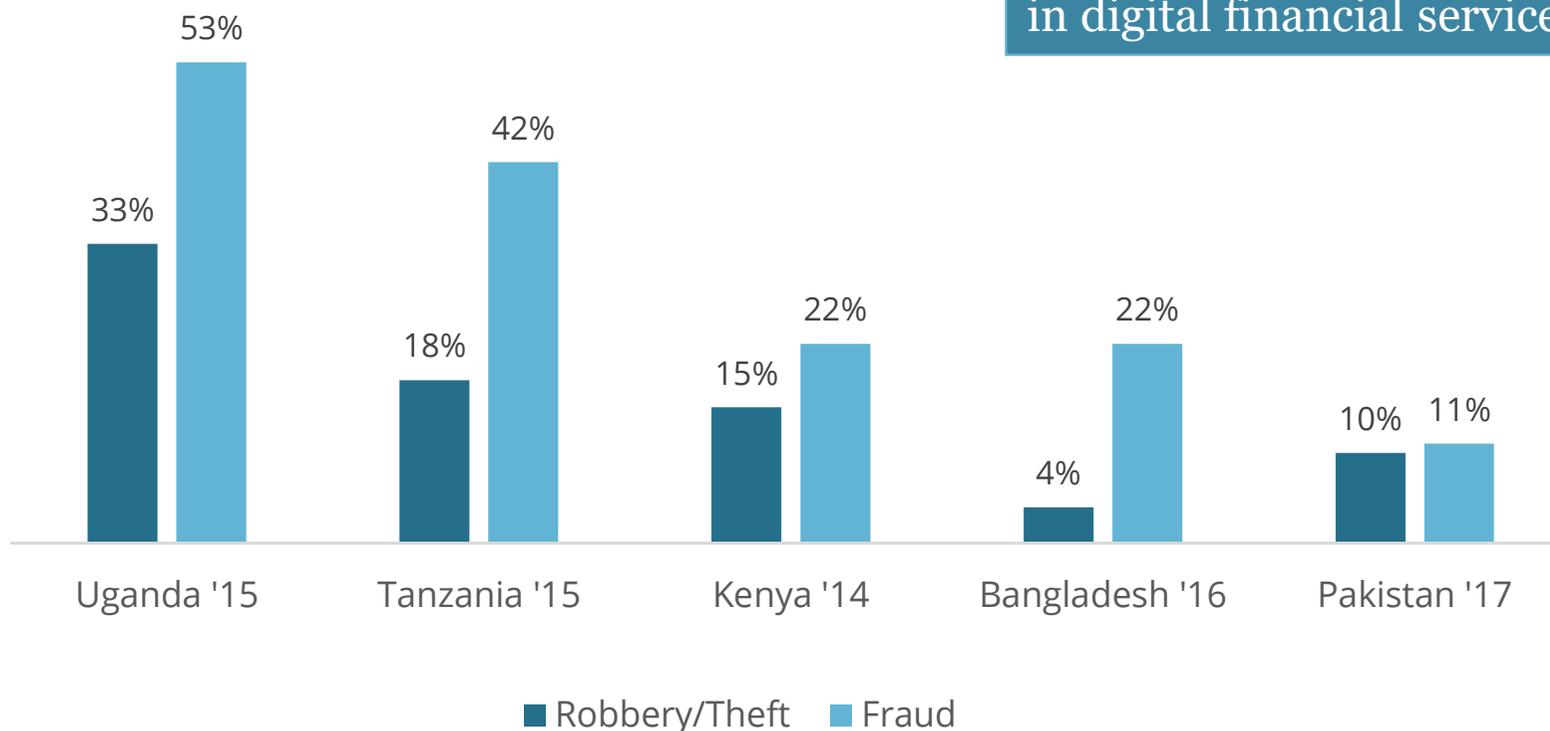
Outlet Branding



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

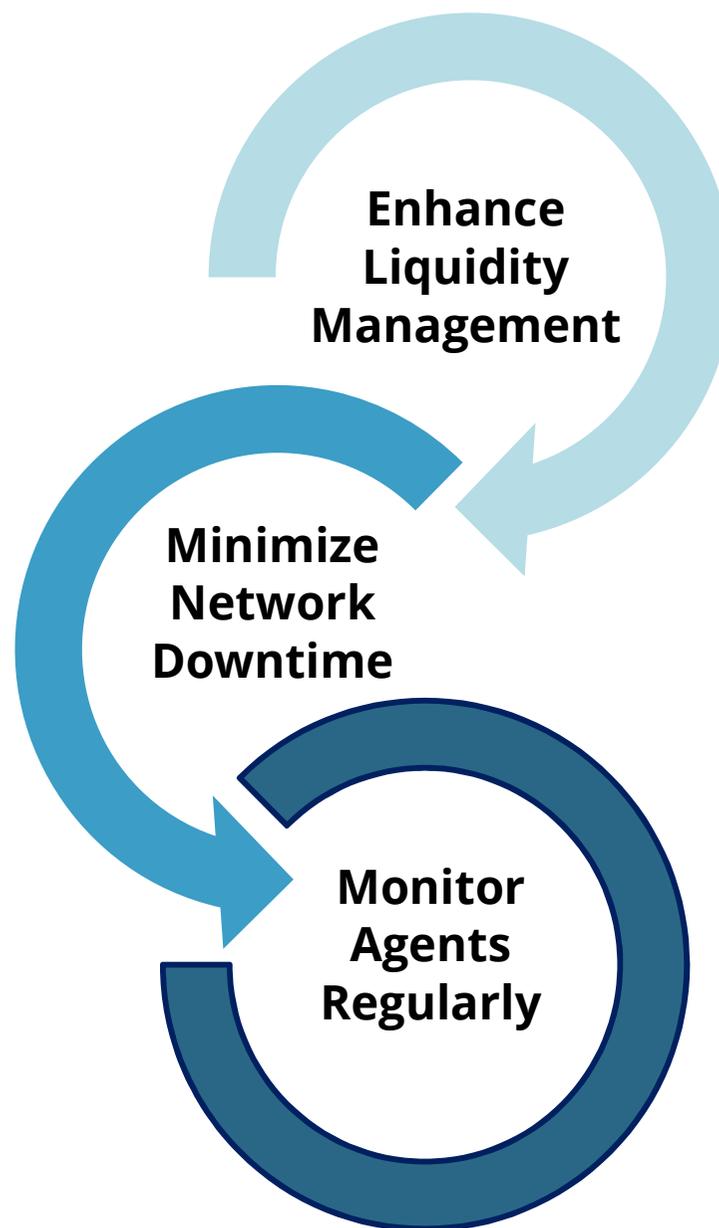
14 providers reviewed agent training & on-boarding approach:

- 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

Break-out: Innovating & Reforming Agent Networks

Group Discussions

Group 1

Regulation and policy to enable agent networks
Facilitators: David, Jacqueline

Group 2

Agent network strategy and the evolution of markets
Facilitators: William, Isaac

Group 3

Agent network operations
Facilitators: Graham, Nancy

Thank You

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