

MicroSave India Focus Note 38

Listening to Agents of Mobile Banking in India

Nitin Garg and Swati Mehta

April 2010

India Focus Note 37¹ examined why customers of mobile banking (m-banking) adopted this service; their experience so far and what more they expect or want to be delivered through this platform. This note furthers this analysis to the other side of the m-banking counters: the agent's side.

This note is based on the findings of the Customer Satisfaction Measurement and Management exercise that *MicroSave* conducts regularly with Eko's agents in order to gauge their expectations from the product and the support provided by Eko.²

Who Are Eko/M-Banking Agents?

Eko appoints retailers (often but not always) with the experience of selling mobile airtime as their agents; they call these agents Customer Service Points (CSPs). These retailers might be involved in selling grocery, stationery items, medicines, mobile handsets, mobile repairing/accessories, etc.

The fundamental role of these agents is to act as the front line customer service desks for the bank (SBI in the case of Eko), where the customer can open a bank account and make cash deposits/withdrawals. In addition to this, the agents are also required to conduct personal selling to their existing customers, handling customer enquiries on account balances and troubleshooting in case the customer faces any problems in using his/her account. They are supported in this by a dedicated centre for customer care related issues.

Why Did They Become Eko/M-Banking Agents?

Most of the m-banking agents are introduced to this concept by their channel partners in the telecom distributions channels. Following are the major reasons that they choose to become m-banking agents.

Association with Bank

The biggest lure for the agents is the association with trusted banks such as the SBI, which is the largest public sector bank in India. This gives them the right and privilege to display the bank's logo at their shops and helps them gain the attention of their customers and by-passers. Customers start differentiating their shops from others in the neighbourhood, and the agents anticipate that having a prestigious bank logo on their shop will

add to the shop's reputation and this will result in increased footfall.

Increased Footfall and Cross-Selling

Most of the retailers believe that this product will bring some new customers to their shop, and thus there is an opportunity to cross-sell other products to them. This seems to be true. In particular, agents located in busy streets or on main roads have significantly increased their customer base. Agents cross-sell other products to their extended customer base. Some of the agents also accept payments in their Eko account from customers' Eko accounts for the purchase of mobile airtime top-ups or other goods. This also helps them to establish long term relationships with their customers.

Additional Revenue Stream

The majority of these agents have a number of small supplementary businesses like mobile airtime recharge, online ticketing, accepting bill payments, running STD/PCO telephone services, photocopying, printing, etc. They accumulate small revenue streams from all these businesses. Thus, the commission earned for account opening and transactions from Eko is simply viewed as another revenue stream by most agents.

Insistence of Their Distributors/Existing Channel Partners

Some of the agents also allude to their need to maintain relationships with their existing channel partners/distributors in the telecom business as one of the reasons for entering this line of business. They decided to start offering this product solely at the insistence of these channel partners/distributors.

Interest in the Product/Concept

Some agents also cite their belief in the strong customer value proposition that this product offers for the targeted unbanked and under banked population as one of the prime reasons for adopting Eko. Since the concept is relatively new, the agents know that only few retailers have this service thus making them 'one of a kind', and acting as a point of differentiation in the more or less perfectly competitive markets in which they operate.

¹ See *MicroSave India Focus Note 37* "Listening to the Clients of Mobile Banking in India"

² *Eko India Financial Services Private Limited* is a Business Correspondent for *State Bank of India* (SBI).

Expectations from M-Banking Service Providers

These agents bring in customers and the business and are the street-side face of the bank for the customers. It is therefore extremely important to keep the agents contented, and to constantly gauge their expectations, in order to further refine the product and optimise channel management. Agents' expectations include:

Adequate Commissions

As discussed above, additional commission revenue is one of the motivations for these agents. However, the majority of them complain that the commissions offered at present are not sufficient to cover the cost that they incur on promoting and servicing the product³.

Constant Operational Support

As the concept is new, and retailers acting as agents do not have any previous exposure to m-banking systems, it is important to provide constant operational and technical support – particularly during the initial phase until the concept is well understood in market. The support required includes induction and refresher trainings, a 24 hour call centre to respond to customer enquiries and direct field support for problem-solving.

Marketing and Promotional Support

Since the product is still unknown to most, the agents are required to invest considerable amount of time in personally selling the service to their customers and in gaining their trust. Thus, it is very important to invest in supplementing their marketing and promotional efforts. This is required at two levels. First is by providing marketing support in the form of sufficient brochures, pamphlets and marketing collaterals for the shop such as banners, flanges and flex boards. This is to brand the m-banking counter and to establish the credibility of the services offered.

Second is by providing promotional support by organising account opening camps and setting up kiosks and canopies; as well as awareness campaigns and advertisements in other mass media such as print, radio and television. This would help in creating visibility for the service, push potential customers to take notice of the m-banking counters and to visit them to enquire about the product.

Delivery of Additional Services

At present, most of the m-banking service providers in the low income market offer a restricted bouquet of services that includes the usual cash in, cash out, and money transfers through the 'No Frills' accounts. Some are also used for disbursing payments under government schemes. However, the volume of transactions through,

and thus the revenue from, this channel remains limited in comparison to what the agents anticipate.

Agents expect that in addition to the services already offered, a range of other services like utility bill payments, mobile top-ups, merchant payments and financial products like insurance, recurring deposits etc. will be added. This, they believe, will make the business proposition for agents stronger.



CSP Name: Ravi Chandan
Business: Stationery Shop
Location: Uttam Nagar, Delhi, India
Eko CSP Since: March 2009

Ravi Chandan is one of best performing CSPs of Eko and also one of the oldest.

Owing to the nature of his business, Ravi's customer base when he started as Eko CSP was limited to school and college students. Offering Eko has helped him to extend his customer base to more college students, part time students, young working professionals, self employed and housewives who save regularly in Eko account. As a result he has also started offering more products and services at his shop including basic level mobile phone handsets and accessories, online ticketing, accepting utility bill payments, photocopying and printing.

He also accepts payments through Eko account from his customers. Customers do not have to even come to his shop to get airtime recharge; they get it recharged by transferring money to Ravi's account using Eko.

Conclusion

Although present mobile banking solutions as currently provided do offer value to agents in terms of increased footfall, some increased revenues, opportunity to cross-sell etc., they still have a long way to go in terms of value offered to make it really attractive business proposition for agents to encourage mass uptake. That would require: 1. scale to bring more customers on to the m-banking platform; and 2. that those customers are transacting regularly. Driving regular transactions would require a strong and wider customer value proposition like remittances, savings products, payment products etc. in addition to the current basic savings account offering deposit and withdrawal facilities⁴. This is the classic "chicken-and-egg trap" outlined by Ignacio Mas and Dan Radcliffe in their recent paper "Mobile Payments Go Viral: M-PESA In Kenya". M-PESA addressed this by charging clients about \$0.33 per withdrawal. This type of charge is unlikely to be acceptable in India (to the regulator or to the clients) but the new scope for "reasonable fees" may provide the opportunity to pass on some additional revenue to the front-line of m-banking: the agents.

³ See *MicroSave India Focus Note 24 "Making Business Correspondence Work in India"* for more on this

⁴ See *MicroSave India Focus Note 37 "Listening to the Clients of Mobile Banking in India"*