

Agent Network Accelerator Research

Pakistan Country Report September 2017

Contributing Authors:

Imran Khan, Mimansa Khanna,
Sidra Butt – Mughal and Vera Bersudskaya



#ANAPakistan
#AgentNetworksPakistan



A Mobile Money Agent in the Supermarket, F-6 Markaz Area, Islamabad, Pakistan.
Photograph by: Sidra Butt - Mughal

Acknowledgments

Special thanks to Ijaz Rizvi, Dr. Babur Wasim and the entire Research team at Associates in Development (AiD) Pvt. Ltd. for their support in the fieldwork management and coordination efforts for this study.

Thanks also to Maha Khan for her support of this research.

Contents

| | |
|---|----|
| Project Description & Focus of Research | 03 |
| A Short History of Digital Financial Services (DFS) in Pakistan | 04 |
| Overview of Market in 2014 | 05 |
| Market Evolution | 06 |
| Agents: The Face of DFS in Pakistan | 09 |
| Agent Network Structure | 11 |
| Agent Viability | 16 |
| Quality of Provider Support | 24 |
| Provider Compliance & Risk | 30 |
| Special Topic: Gender | 35 |
| Conclusions | 37 |
| Appendices | 40 |

Project Description

Through the financial support of the Bill & Melinda Gates Foundation, the United Nations Capital Development Fund (UNCDF) and other regional stakeholders, *MicroSave* is conducting a four-year research project in the following eleven focus countries as part of the [Agent Network Accelerator \(ANA\) Project](#).

Africa



- ▲ Kenya
- ▲ Nigeria
- ▲ Tanzania
- ▲ Uganda
- ▲ Zambia
- ▲ Senegal
- ▲ Benin

Asia



- ▲ Bangladesh
- ▲ India
- ▲ Indonesia
- ▲ Pakistan

The second wave of the survey for Pakistan is funded by [Karandaaz Pakistan](#) which promotes access to finance for small businesses through commercially directed investments and financial inclusion for individuals by employing technology-enabled digital solutions.

The [Helix](#) Institute of Digital Finance, which manages the ANA project, provides financial sector stakeholders (development partners, FSPs, and policymakers) strategic support to augment the development of sustainable digital finance programmes and Operations, through market analytics, operational training and advisory services.

Focus of Research

The research focuses on operational determinants of success in agent network management, specifically:



Agent Network Structure



Agent Viability



Quality of Provider Support



Provider Compliance & Risk

The study also looked at Pakistan Specific Topics such as BVS Regulations and Gender.

A Short History of Digital Financial Services (DFS) in Pakistan



2007

In June 2007 the Banking Policy & Regulations Department (BPRD) of the State Bank of Pakistan (SBP) released its Policy Paper on Regulatory Framework for Mobile Banking in Pakistan.

PTA begins offering licences to Third Party Service Providers (TPSP) which mandates them to operate or to establish a telecom system for the application of financial services all over Pakistan in April 2017

2017

These BVS regulations came into effect in June 2017

The State Bank of Pakistan (SBP), Banking Policy & Regulations Department, issues Branchless Banking Regulations on March 31, 2008.

2008

2016
Warid and Mobilink merge operations

In July 2016, the State Bank of Pakistan (SBP) introduced "Regulations for Mobile Banking Interoperability" to facilitate the branchless banking service providers.

KYC Regulations also refined to include requirements for ID and Biometric Verifications of Senders and Receivers.

2009

Telenor Pakistan a major mobile network operator & Tameer Micro Finance Bank (Tameer Bank), majority-owned by Telenor, launched the Easypaisa branchless banking platform in October 2009.

Deadline for SIM re-verification after which PTA blocked un-verified SIMs. Telecoms now using this to register customers.

2015

February 2010 Easypaisa Mobile wallet is launched.

2010

2014

Warid Telecom and Bank Alfalah commercially launched branchless banking service 'Mobile Paisa' in July 2014.

2011

In April 2010, UBL a commercial Bank launched UBL Omni a branchless banking service.

In April 2013, HBL launched HBL Express to become the fifth player in Pakistan's rapidly expanding branchless banking market.

2013

In September 2013 Ufone launched its branchless banking services under the brand name 'Upaisa'.

2012

Mobilink and Waseela Microfinance Bank Limited (WMBL) launched Mobicash in November 2012.

ZONG and Askari Bank Limited launched 'Timepey' in December 2012.

Overview of the Market in 2014

The first wave of the ANA Study in Pakistan was conducted in 2014 and highlighted the following issues:

- ▶ OTC Transactions were dominant , although registration of new wallet customers was expected to rise and spur new product development. This was also intended to decrease the amount of power agents hold in the transactional dynamic.
- ▶ Agents had a strong influence on customers' choice of providers leading to intense competition for agent loyalty, which drove up commissions.
- ▶ Transactions per agent were relatively low compared to leading East African markets, revenues were relatively high as a result of previous commission wars between the various providers. When combined with low reported operational costs, this meant almost all agents were profitable.
- ▶ A high proportion of untrained agents was a concern for the evolution of the market.

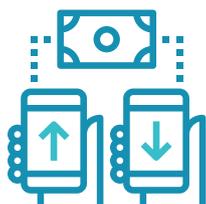


Market Evolution

Agent Network Key Findings



Pakistan remains the world leader in shared networks, with the highest rates of **non-exclusivity and non-dedication in 2017**. **Large MNO partnered providers increasingly dominate the DFS landscape** accounting for over half of the market presence as the market becomes less fragmented.



The market is still largely focused on OTC-based P2P transfers, although the regulations on biometric IDs provide the impetus for **providers to transition customers from OTC to wallets**. Large scale e-wallet adoption could **unleash new wave of product and service innovation**. Currently, however, only **one third of agents offer wallet registration** and agents cite **low customer awareness** as hindrance to registering customers.



With new KYC regulations coming into effect earlier this year, **many agents have yet to secure BVS machines, as providers fail to provide the required investment**. Despite gaps in compliance, Pakistan has one of the **lowest rates of agent-reported robbery and fraud** among the ANA research countries.

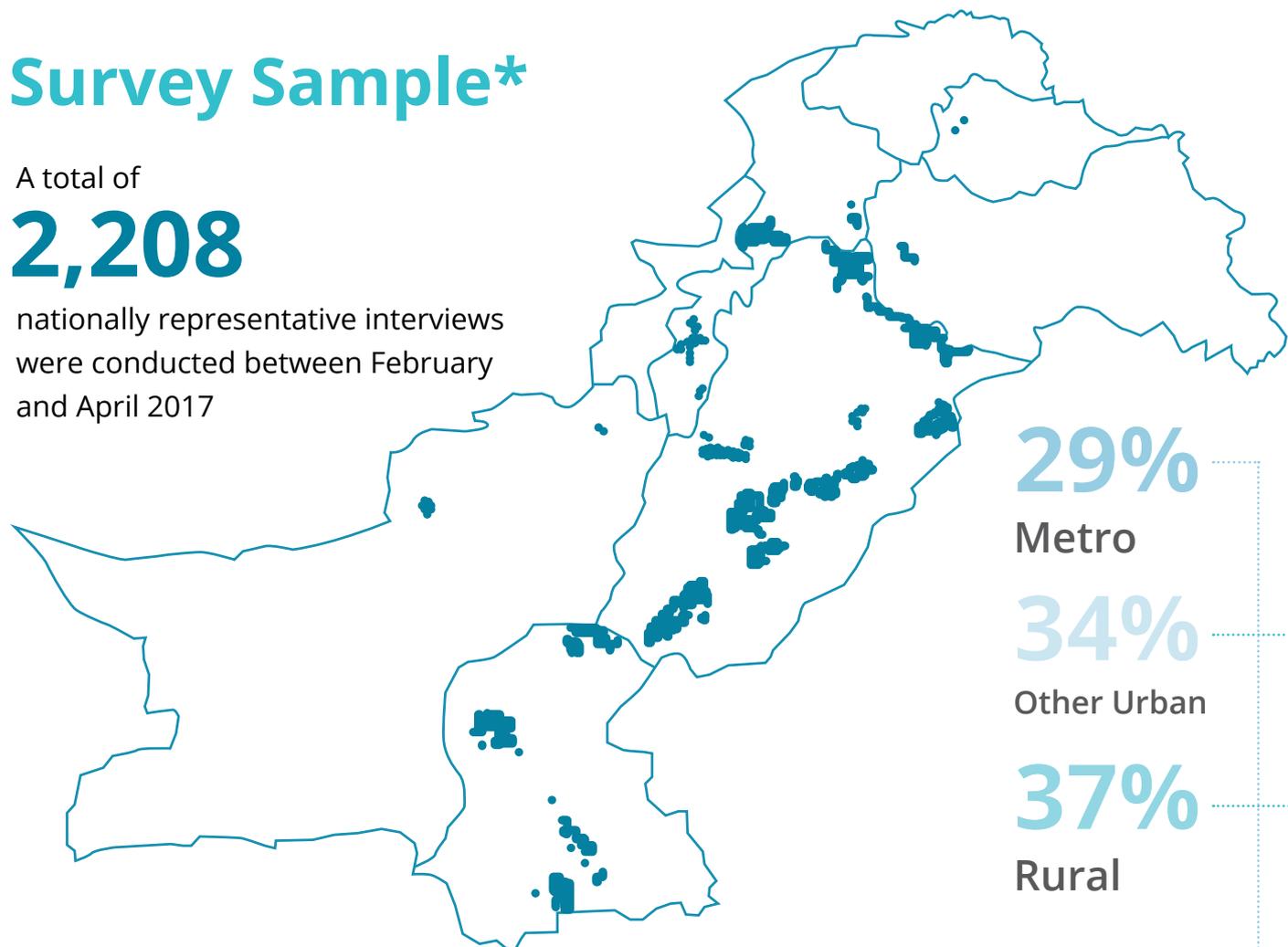


The all male network currently contributes to the gender gap in financial inclusion as women may not be comfortable transacting with men. Meanwhile, **over half of agents (52%) believe that women can do their job**.

Survey Sample*

A total of
2,208

nationally representative interviews were conducted between February and April 2017



| Total Sample Size** | Ownership of DFS Business | | Exclusivity*** | | Dedication*** | |
|---------------------|---------------------------|----------|----------------|---------------|---------------|---------------|
| | Owner | Operator | Exclusive | Non-exclusive | Dedicated | Non-dedicated |
| National 2,208 | 1,742 | 466 | 480 | 1,728 | 95 | 2,113 |
| | 79% | 21% | 22% | 78% | 4% | 96% |
| Metro 644 | 469 | 175 | 100 | 544 | 27 | 617 |
| | 73% | 27% | 16% | 84% | 4% | 96% |
| Other Urban 740 | 604 | 136 | 160 | 580 | 37 | 703 |
| | 82% | 18% | 22% | 78% | 5% | 95% |
| Rural 854 | 669 | 155 | 220 | 604 | 31 | 793 |
| | 81% | 19% | 27% | 73% | 4% | 96% |

*Only agents who conduct at least one transaction per month (active agents) were interviewed as part of the ANA survey. 7.7% of the agents encountered were dormant for at least one of the providers served.

**Please see Appendix 1 for further detail.

***Please see Appendix 2 for further detail.



Agents: The Face of DFS in Pakistan

Profile of a Pakistani Mobile Money Agent



Almost no women agents
(Only 2 out of the total sample)



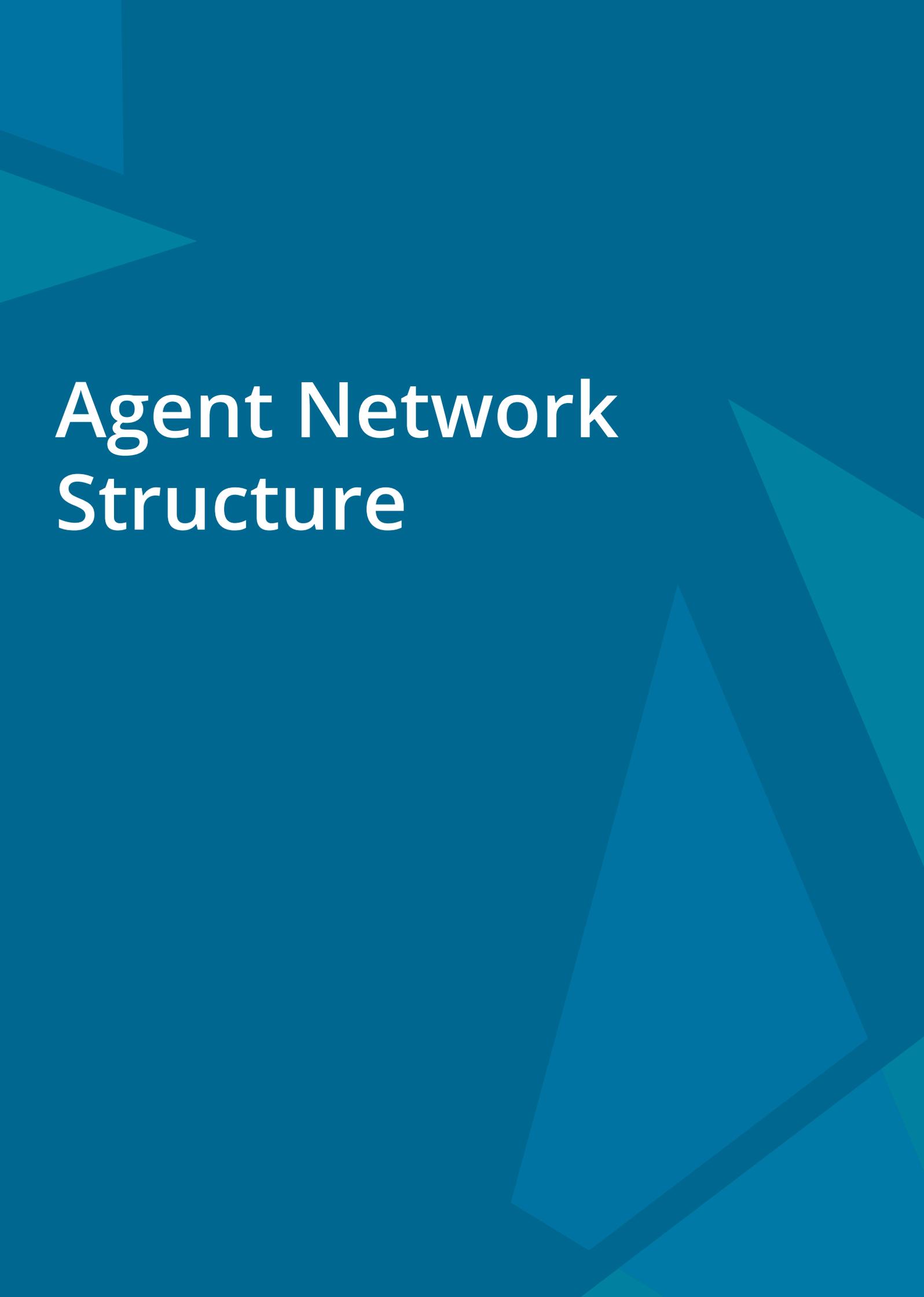
Majority (83%) aged
over 24 years



More than three quarters
(79%) have attained at least
secondary level education



Two-thirds (66%) have
been an agent for more
than 3 years



Agent Network Structure

MNO Partnered Providers Maintain their Dominance

- ▶ Telenor Easypaisa and Mobilink JazzCash **continue to dominate** across all regions, accounting for over half the market presence. UBL Omni and Ufone Upaisa follow with 14% share of market presence each.
- ▶ Telenor Easypaisa’s share of market presence remains unchanged since 2014. Mobilink JazzCash has caught up: growing its share of market presence by 7% since 2014.

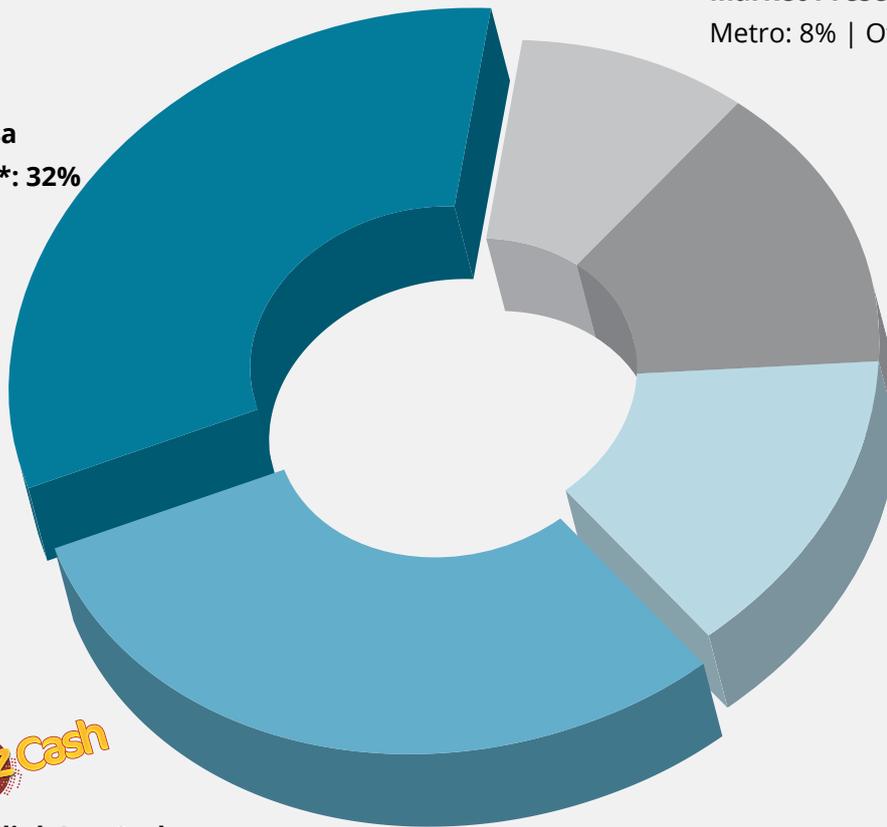
Market Presence*



Telenor Easy Paisa
Market Presence*: 32%
 Metro: 31%
 Other Urban: 32%
 Rural: 34%



Mobilink JazzCash
Market Presence*: 30%
 Metro: 29%
 Other Urban: 30%
 Rural: 31%



Others**
Market Presence*: 9%
 Metro: 8% | Other Urban: 9% | Rural: 9%



Ufone Upaisa
Market Presence*: 14%
 Metro: 15%
 Other Urban: 14%
 Rural: 13%



UBL Omni
Market Presence*: 14%
 Metro: 16%
 Other Urban: 13%
 Rural: 12%

*Agent market presence is defined as the proportion of provider tills, e.g. if an agent serves three providers it is counted three times.

**Others category includes Zong TimePey (3%), HBL Express (3%), JS Bank (3%), Alfalah Alif (<0.5%) and Other providers(<0.5%).

Pakistan Leads World in Non-Exclusivity

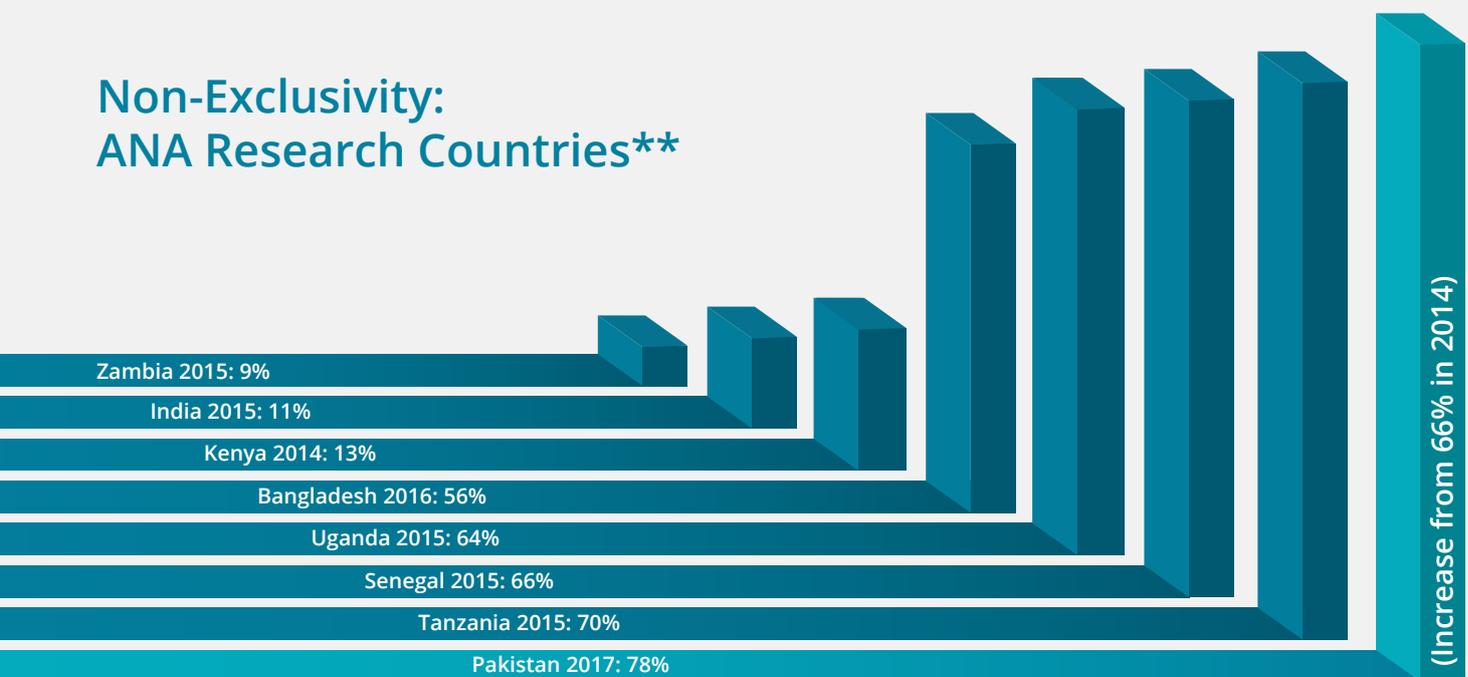
Pakistan leads the world as the most non-exclusive market, as non-exclusivity rates rise across all ANA research countries.

- ▶ **Bigger players have more exclusive agents,** while smaller players have very **few**, likely owing to their strategy to recruit existing mobile money agents.
- ▶ The **average age of non-exclusive outlet is 4.1 years,** almost twice the 2.4 years age of exclusive outlets.*
- ▶ Profitability could be the crucial factor for exclusivity as the **average monthly profit for exclusive outlets is PKR 3,200 (USD \$30),** which is less than half of non-exclusive outlets at PKR 7,400 (USD\$70).*



Non-exclusive agents serve a median of 3 providers.

Non-Exclusivity: ANA Research Countries**



A detailed breakdown of data by Agent Type and Location, including revenues and profit is available in Appendices 6 & 7

*Difference is statistically significant at the 5% and 1% levels.

**Please see Appendix 3 for further detail.

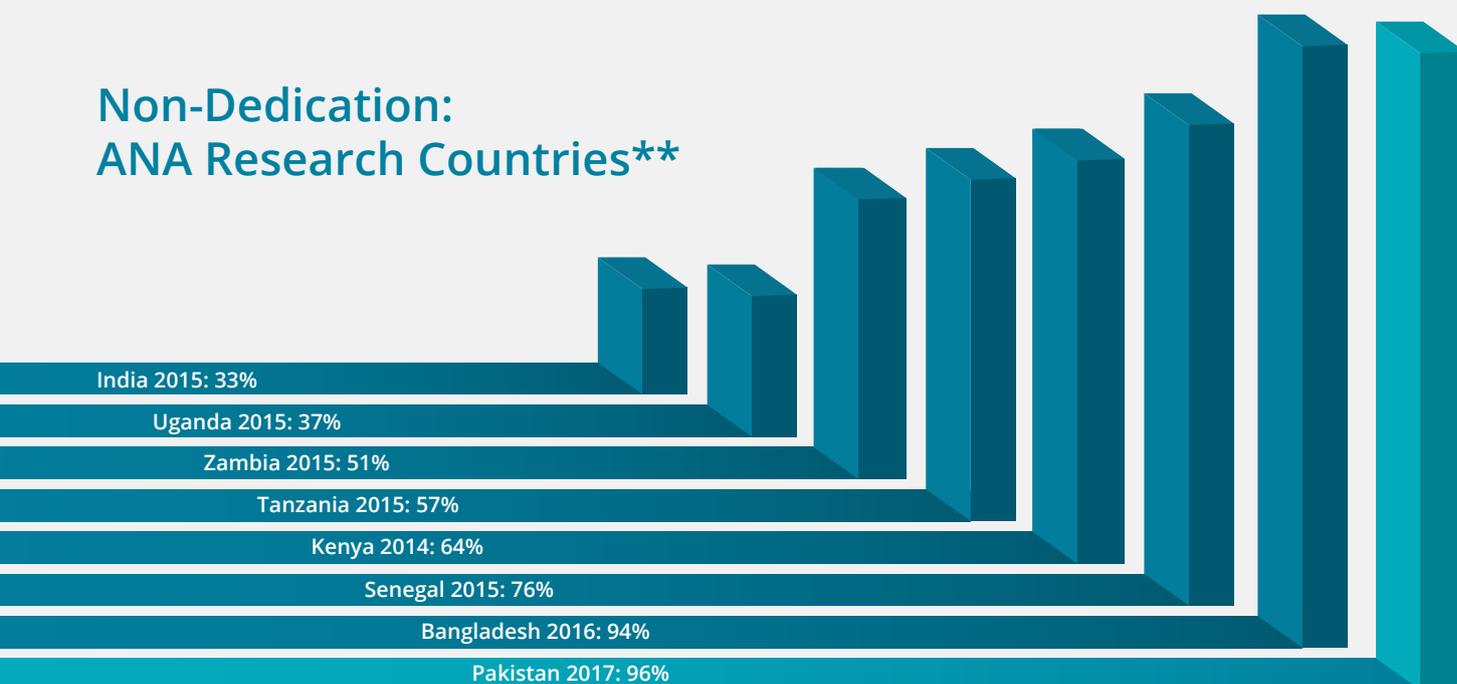
Agent Network Built on Top of Existing Shops

The majority (61%) of non-dedicated shops offer mobile money as they sell **electric and electronic or mobile accessories**. The shops are usually run by 1-2 male employees.

- ▶ **Providers may prefer non-dedicated agents** as the income from a parallel business allows agents to provide DFS services as an additional, marginal income stream.
- ▶ For example, non-dedication increased in [Kenya](#) by 15% between 2013 and 2014, and by 54% between 2013 and 2015 in Tanzania.
- ▶ **Dedicated agents conducted an average of 28 mobile money transactions per day**, while non-dedicated agents conduct 22 transactions.*



Non-Dedication: ANA Research Countries**



*Difference is statistically significant at the 5% level.

**Please see Appendix 3 for further detail.

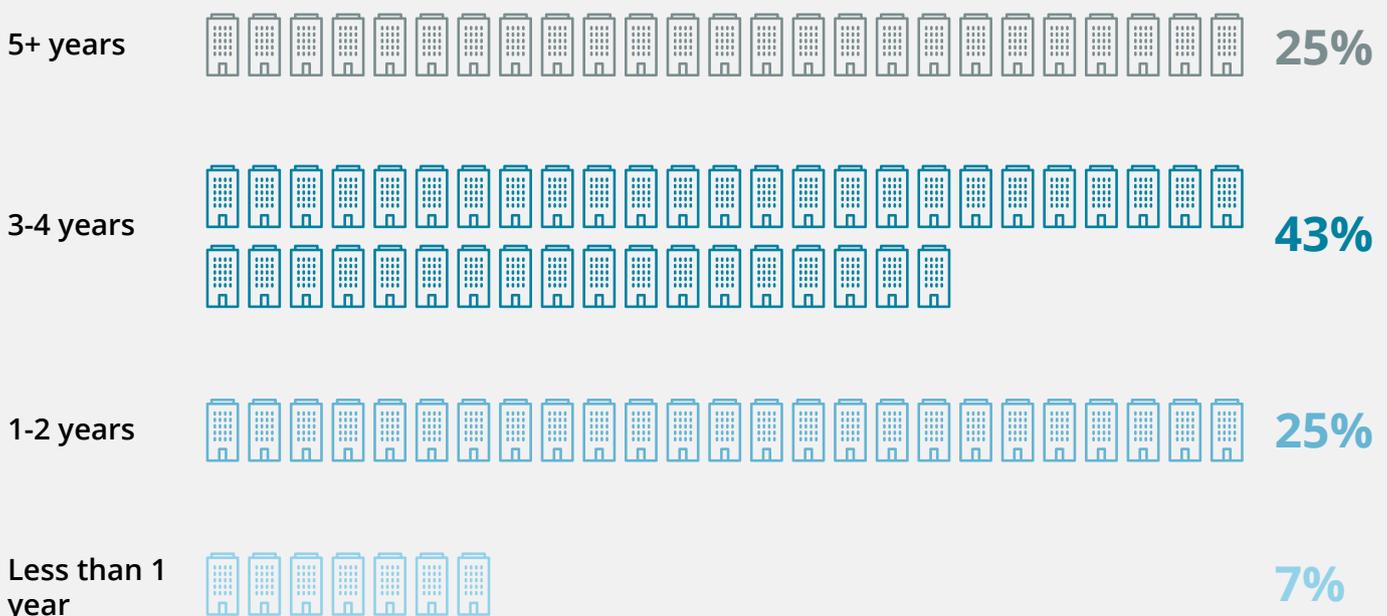
Agents are Optimistic and Loyal to their Providers

Most agents (88%) say they will remain in business for another year.*

Optimism levels are similar in metro, other urban and rural locations.

- ▶ **Fewer agents are less than a year into their operations** compared to 2014 (40%).
- ▶ Less than 1 in 10 agents (7%) are a member of any **mobile money agent unions**.
- ▶ The majority of agents (90%) are retailers operating under a franchise. Franchise employees are therefore often the first point of contact for agents for both support and training.

Age of Agency**



*This question is asked about a randomly chosen provider, if the agent is serving more than one provider.

**Only agency owners are asked 'age of agency' questions.

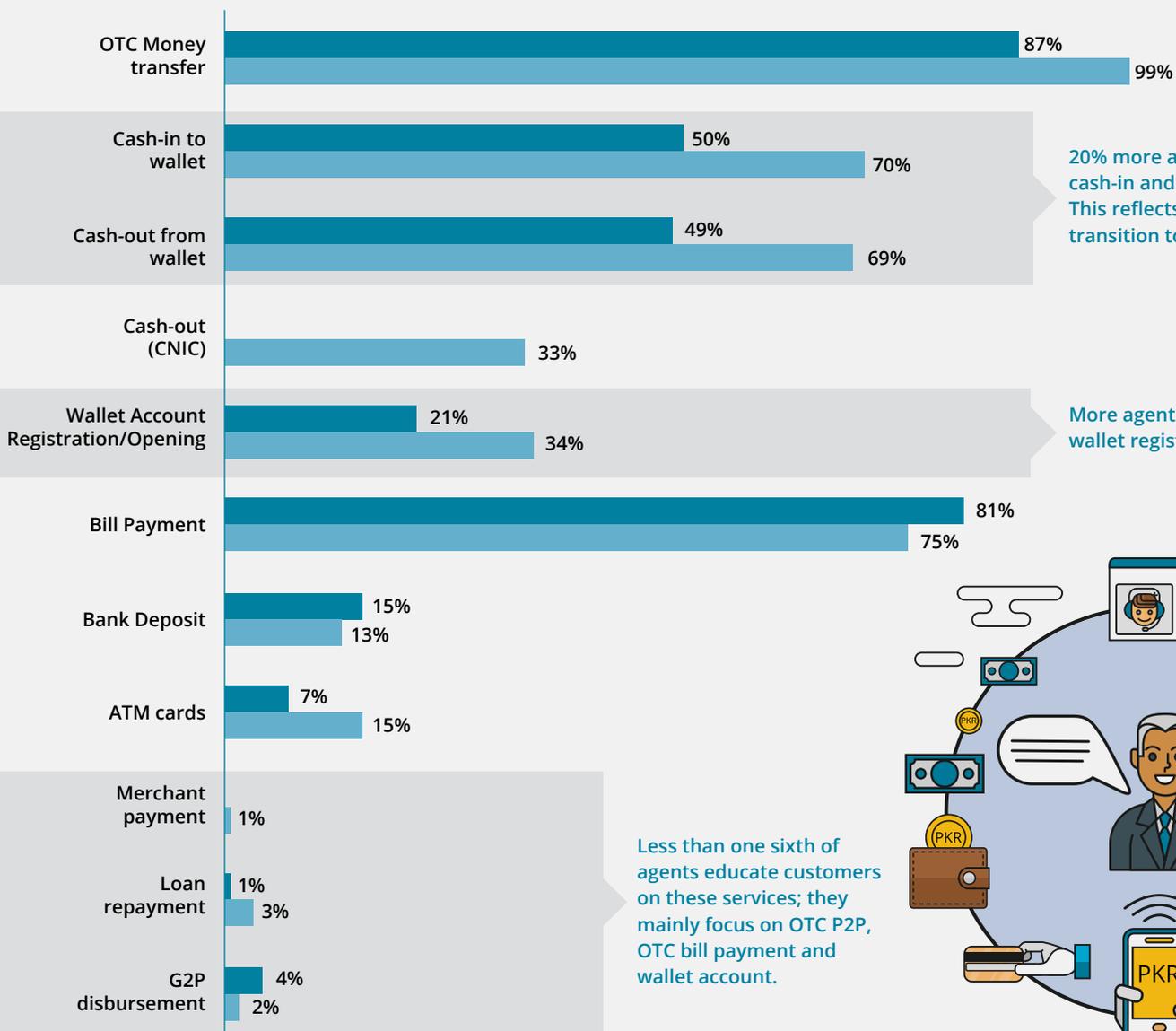
Agent Viability

Service Offering is Growing but OTC Still Dominates

OTC transfers still dominate the service offering followed by bill payment. Wallet registrations as well as wallet transactions are on the rise. The limited service offering available from the agents may also be a product of low awareness on the demand side.

Services Offered by Agents

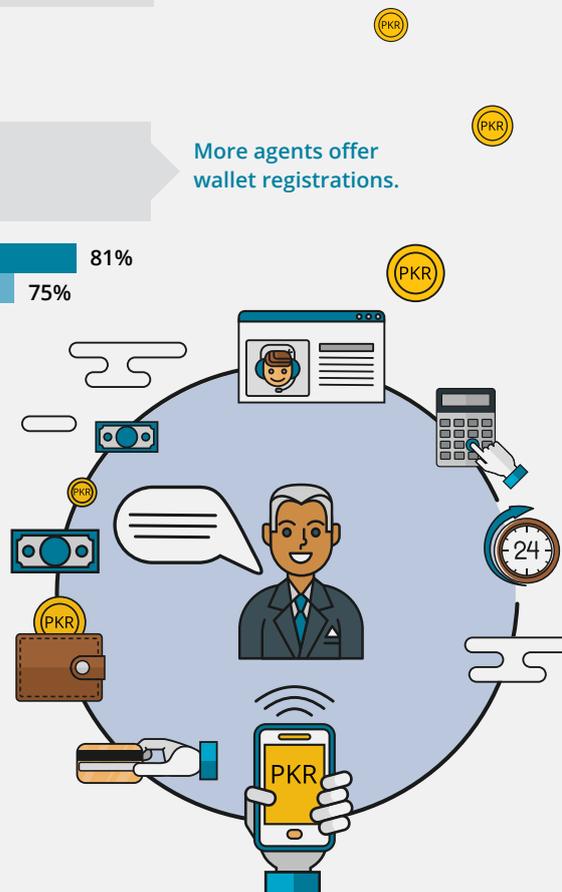
■ 2014 ■ 2017



20% more agents offer cash-in and cash-out services. This reflects the push for transition to wallet.

More agents offer wallet registrations.

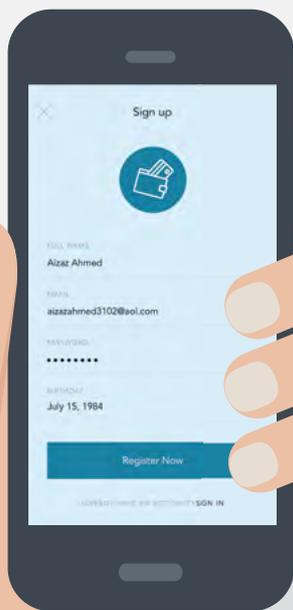
Less than one sixth of agents educate customers on these services; they mainly focus on OTC P2P, OTC bill payment and wallet account.



Wallet Registration & Education of Customers is Limited

- ▶ Digital account registration is among the main drivers of Pakistan's financial inclusion strategy.
- ▶ **One third (34%) of agents offer wallet registration**, while another **46% want to offer this service**, though they do not yet have this capability.
- ▶ **One in five (20%) mobile money agents did not offer wallet registrations** and **were unwilling** to register customers.
- ▶ Providers could **enable more agents to offer wallet registration** and encourage them to **educate customers** about mobile wallets.

Educating Customers vs. Wallet Registration



Offer wallet registration
34%

21% educate customers on wallets

12% do not educate customers on wallets



Do not Offer wallet registration
66%

19% educate customers on wallets

47% do not educate customers on wallets

Low Awareness Might be Hinderin Wallet Registration

Agents rank the **lack of awareness among customers as their biggest barrier** for registering more wallets.

Demand-side data from FII 2016* corroborates: customers are unclear on wallet use cases.



According to the FII 2016* Survey, 95% of OTC customers had ID cards.

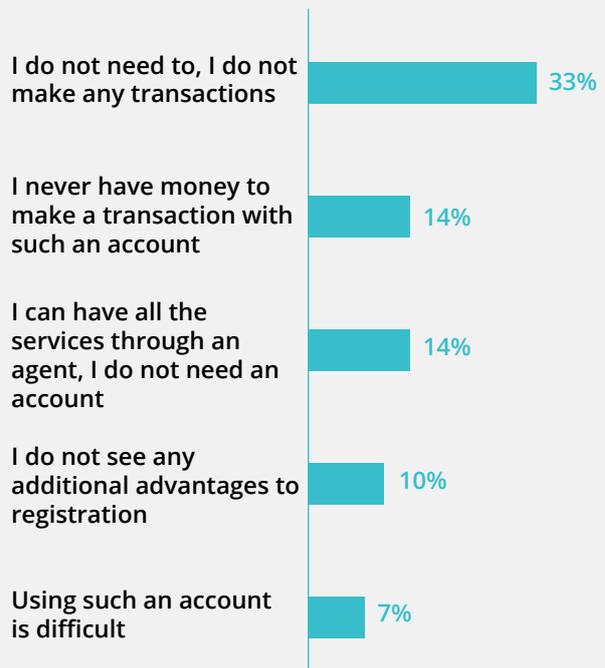
ANA Supply Side

Relative ranking** of supply side reasons for low wallet registration (as perceived by all mobile money agents)



FII Demand side

Top reasons for low wallet registration***



Lack of customer awareness reported by agents and low need perceived points to an obvious lack of understanding of the uses of mobile wallet, leading to low client demand for registrations.

* [Financial Inclusion Insights \(FII\)](#), Pakistan, 2016.

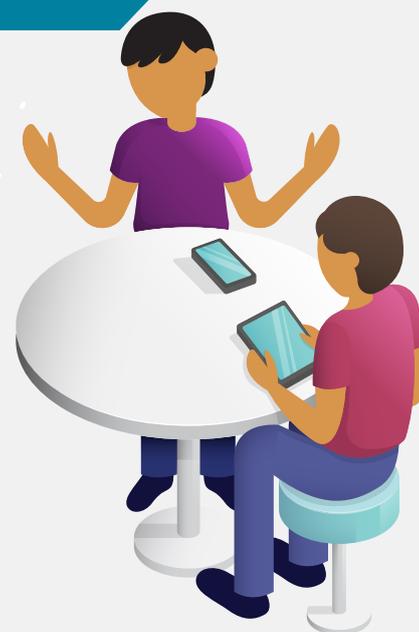
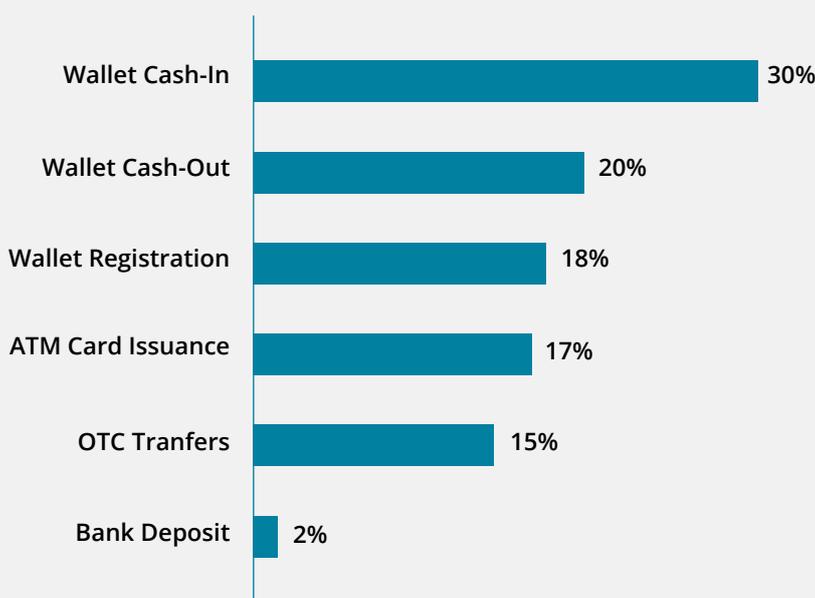
** The taller bars imply a higher relative ranking, which is a weighted average of the barriers ranked by agents.

*** [Financial Inclusion Insights \(FII\)](#), Pakistan, 2016. Respondents were asked "What is your main reason for not registering for a mobile wallet account, even though you use mobile money services?" Data as reported by OTC Customers.

Product Education & Uptake Positively Correlated

- ▶ A quarter (24%) of agents **do not educate their customers on any products.**
- ▶ Agents who educate customers conduct **an average of 14 transactions per day**, compared to **9 for agents who do not educate their customers.***
- ▶ **Agents who report educating their customers also offer a greater variety of mobile money products:** an average of 5.4 vs. 4.1 products.*
- ▶ Agents most frequently **educate customers on three basic services:** wallet registration (41%), OTC utility bill payment (34%), and OTC transfer (30%).
- ▶ The chart below shows the difference between transaction levels of agents who educate and those who do not in the number of transactions for each of the following products. A positive percentage indicates **higher volume of transactions for agents who educate customers on particular products.**

Percent Increase in Transaction Volumes by Type, if Agent Educates Customers on that Product**



*Difference statistically significant at the 5% and 1% levels.

**Percentages are calculated as the (average # of y transactions conducted by agents who educate their customers on y service - average # of y transactions conducted by agents who do not educate their customers on y service)/average # of y transactions conducted by agents who do not educate their customers on y service.

Transaction Volumes are Growing, but Still Relatively Low

Agents conduct a median of 10 transactions per day for a particular provider, an increase of 25% from 8 in 2014. The median provider-level transactions are slightly lower in rural areas (9).

Median Daily Transactions*

15

at Outlet Level

10

at Provider Level

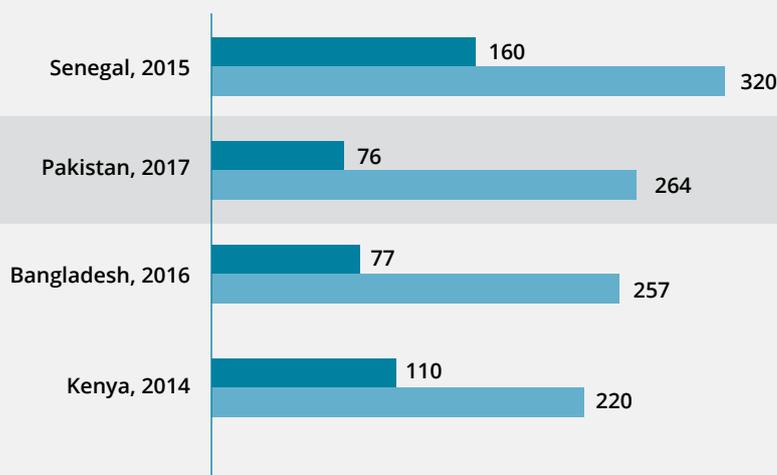
Median daily transactions in Pakistan are the lowest of all ANA research countries. Most agents are non-exclusive, and have a median of 15 daily transactions at the outlet level, for all providers combined.

*Please see Appendix 2 for further details.

Mobile Money Revenues and Expenses are Both High

Median Total Monthly Revenue (US\$)

■ Current prices
■ PPP adjusted**

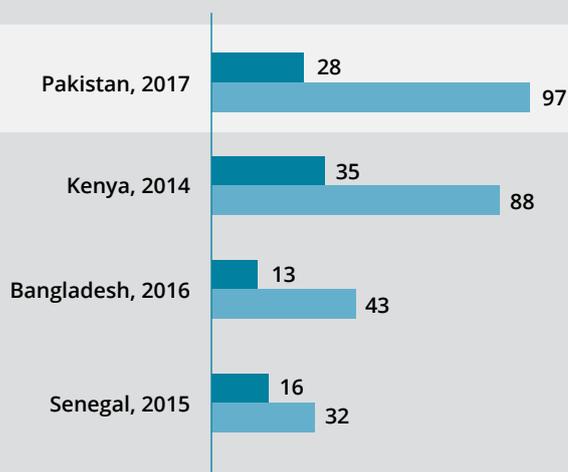


Agent earnings have increased since 2014.* On par with Bangladesh, Pakistan lags behind Senegal – another dynamic OTC market.



Median Total Monthly Expenses (US\$)

■ Current prices
■ PPP adjusted**



Adjusted for cost of living differences, Pakistan tops Kenya with **highest agent operating expenses***** among all ANA research countries. Expenses are particularly high in large metropolitan areas.



*Our methodology for calculating total earnings has changed. Please see Appendix 2 for further details. Historical data may not be fully comparable.

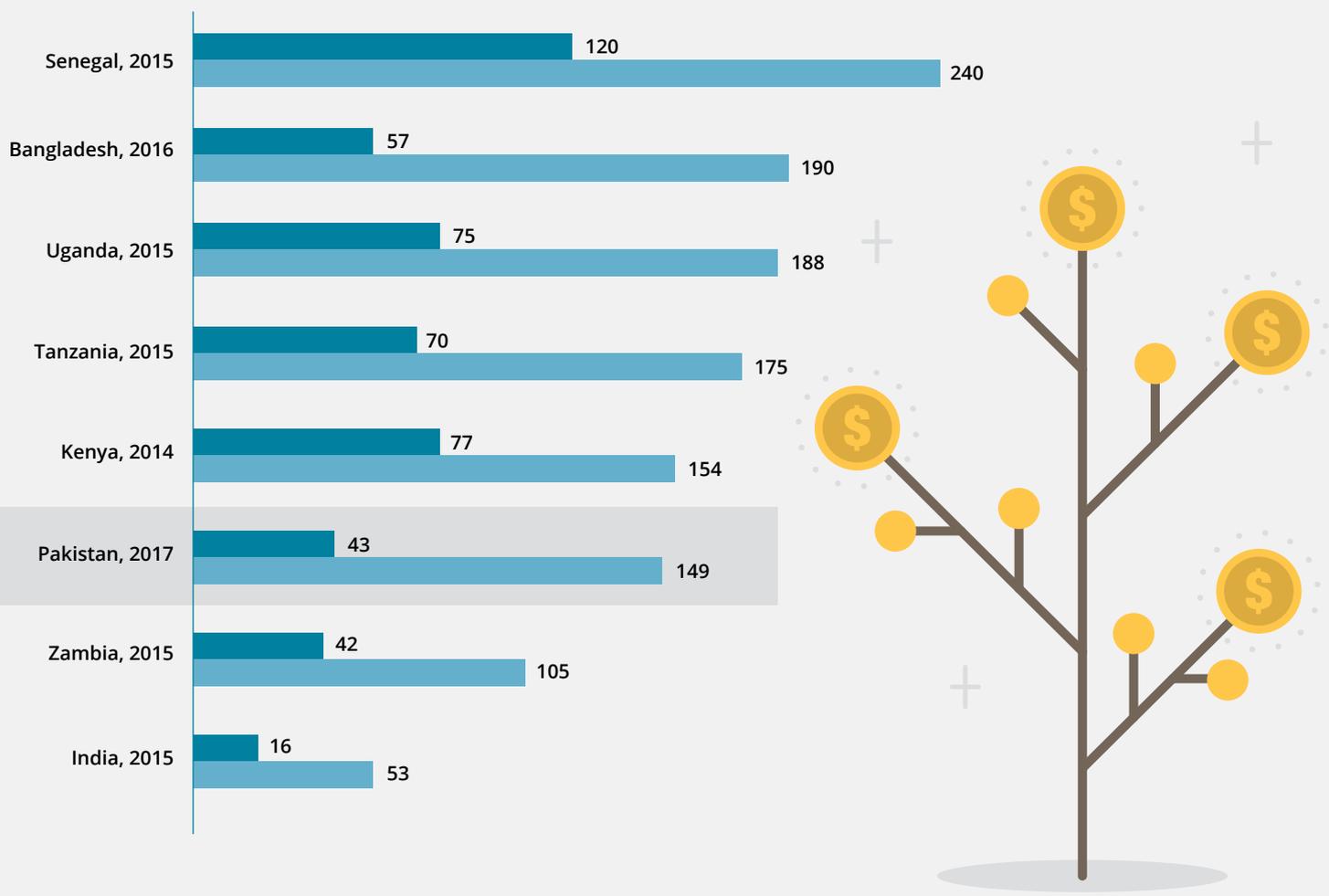
** 2015 figures are used for Pakistan and Bangladesh PPP adjustments.

*** Operating expenses include the portion of rent, utilities (e.g. electricity, gas, internet, water, etc.), staff salaries, business related travel, personal costs (i.e. allowance owners give to themselves) and other operating costs (e.g. license fees) that agents attributed to their mobile money business.

Mobile Money Profits are Modest

- ▲ **Agents' profits* from mobile money are low**, compared to other ANA research countries. Nonetheless, the majority (52%) are at least somewhat satisfied with their profits.
- ▲ Agents in big cities** earn higher profits (\$47) than in rural areas (\$38).
- ▲ Experience in agency business is associated with higher profits.

Median Monthly Profitability Comparison* (in US\$)



*Profitability as shown in the graph is calculated as total earnings minus operating expenses for all countries (though exact question wording has changed: see Appendix 2 for further details). In the case of India, the fixed monthly component given to agents has also been considered in this calculation. This is different from other ANA research countries where commissions earned make up the total earnings of the agent. For all countries, profits are reported for the agent business as a whole (overall).

**Big cities are Self-Representing Cities (SRCs). For a full list, refer to Appendix 1.

*** 2015 figures are used for Pakistan and Bangladesh PPP adjustments.



Quality of Provider Support

Trained Agents Perform Better, Yet Induction Rates are Low

- ▶ **Almost two thirds (61%) of agents report receiving refresher training in the past 12 months, an increase of 40% since 2014.**
The increase may be a result growing emphasis on training from the regulator.

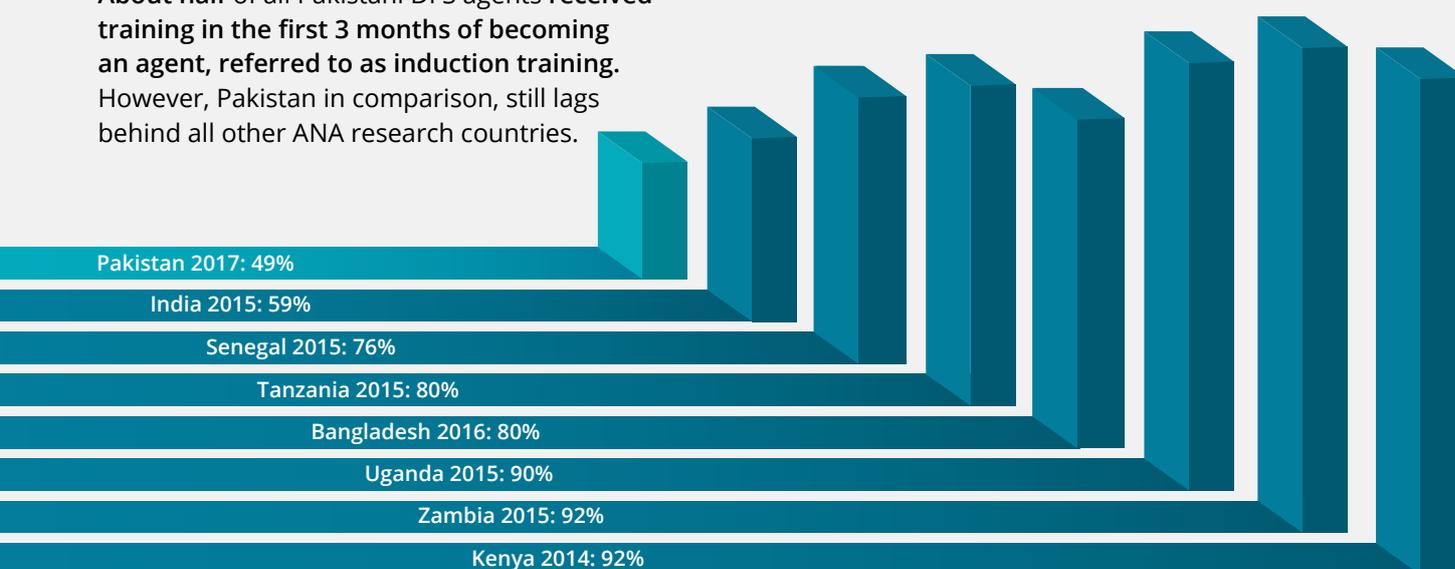
- ▶ **Agents who received both the initial induction and refresher training from the provider conduct on average 3 more daily transactions.*** Greater investment in agent training can improve performance, their ability to educate customers on DFS products, and help them deal with crime and fraud.

- ▶ **On average, agents who receive initial induction training earn USD 14 more per month (\$69 vs. \$55).***



Agent Training**: ANA Research Countries***

About half of all Pakistani DFS agents received training in the first 3 months of becoming an agent, referred to as induction training. However, Pakistan in comparison, still lags behind all other ANA research countries.



* Difference statistically significant at the 5% and 1% levels.

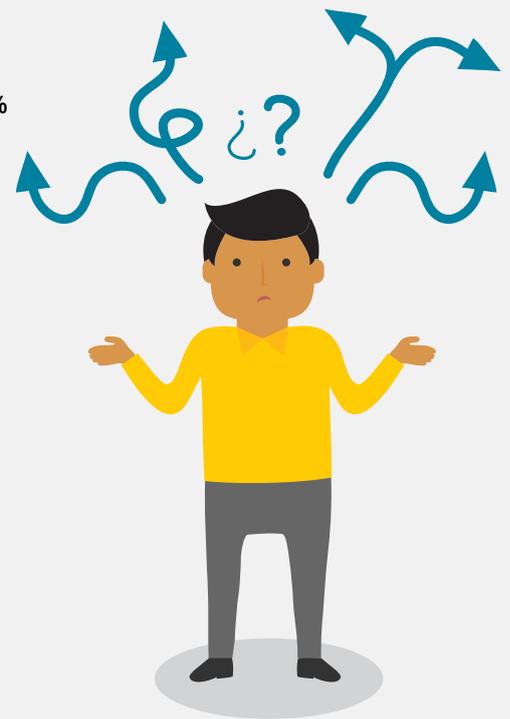
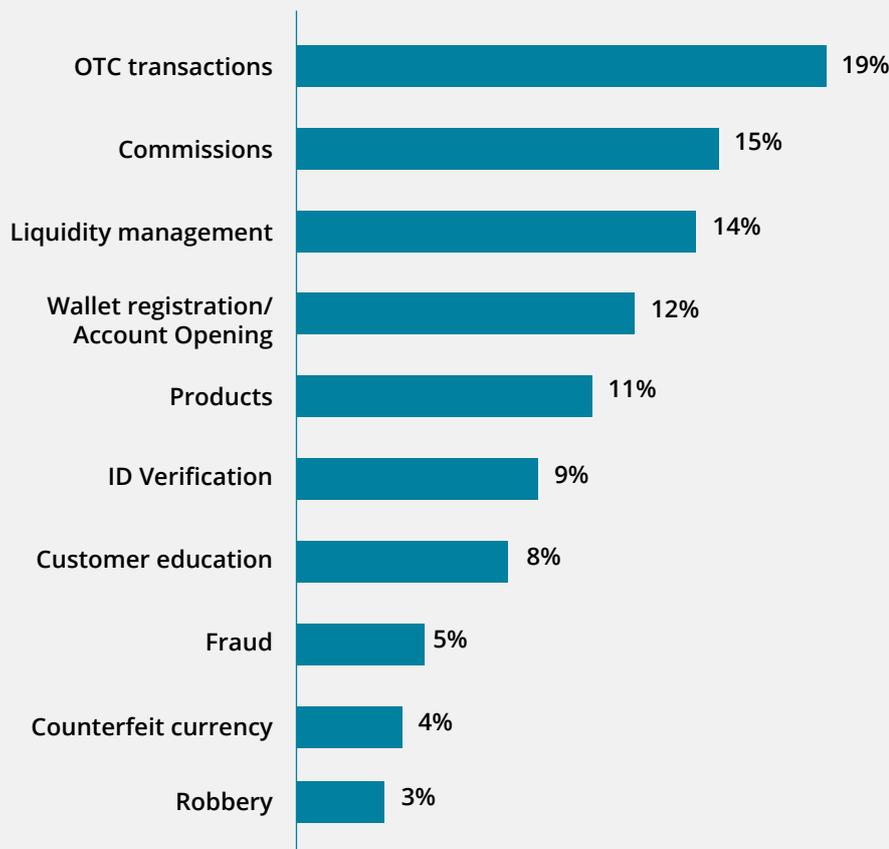
** In Kenya, Zambia, and India agents were asked if they received any training; in Tanzania, Uganda, Senegal, Bangladesh and Pakistan agents were asked if they received any training within the first 3 months of becoming an agent. Questions were asked differently in 2014 and in 2015-2017.

*** Please see Appendix 3.

Few Agents Recall Being Trained on Key Topics

- ▶ **Franchises provide the bulk of induction training** to two-thirds of agents (68%). A quarter (26%) of agents report being trained directly by the provider.
- ▶ Over a third (39%) of agents **did not receive any training in the past one year**.
- ▶ When asked about specific topics of instruction, only 19% of agents recall being trained on OTC transactions, while **trainings on security and fraud are least memorable**.

Agents Reporting Having Been Trained on Key Topics



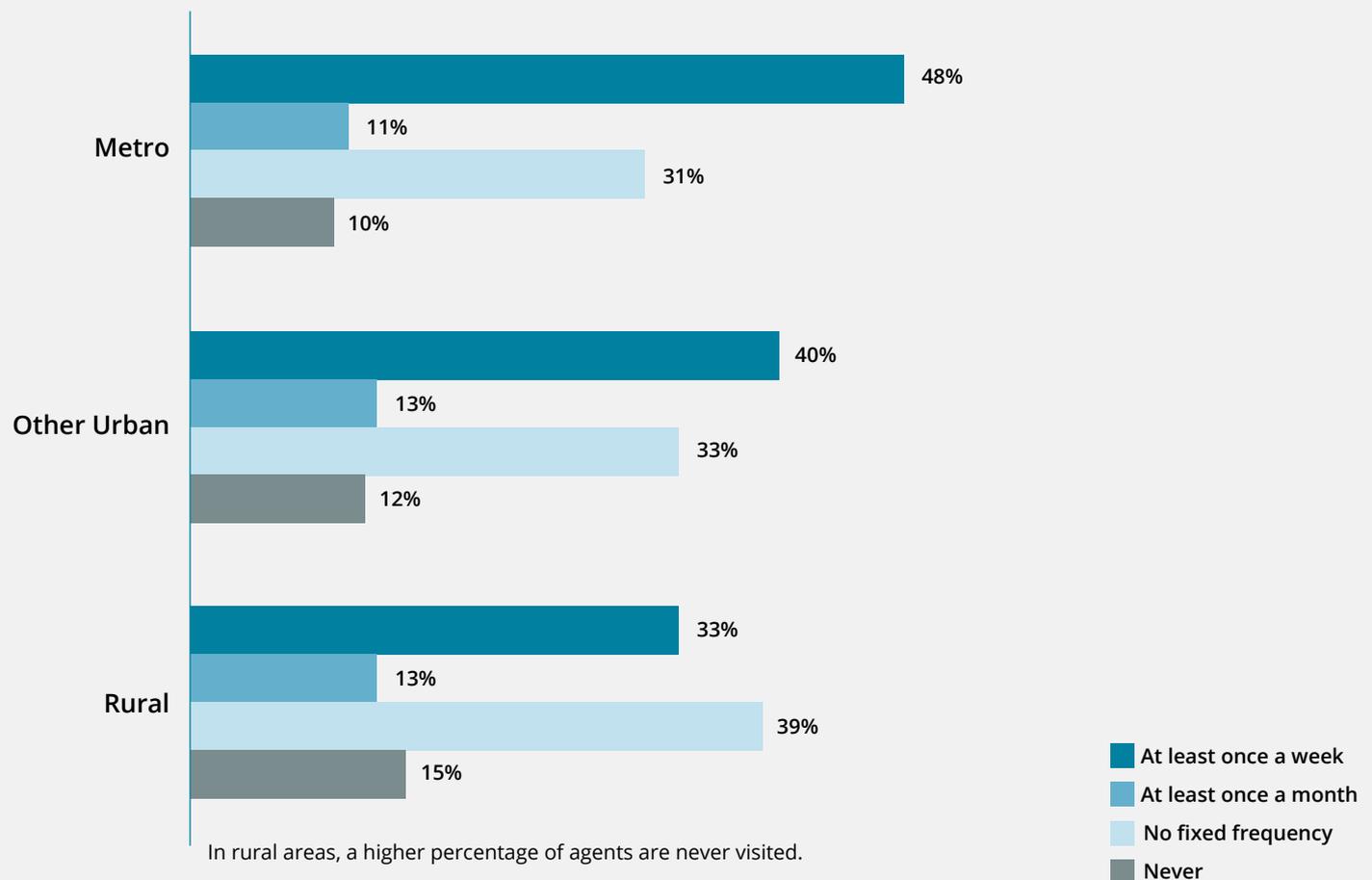
Only a small proportion of Pakistani DFS agents were able to recall being trained on the specific topics emphasized by the regulator

Regular Support Visits are Associated with Higher Profitability

- ▶ **Over three quarters (79%) of the agents are visited regularly by a representative/staff from the franchise and 19% by provider staff. The agents who receive these monitoring visits earn US\$ 17 more monthly than those who do not receive visits.***
- ▶ **One third (33%) of agents still experience service downtime**, which includes both network and system issues.
- ▶ **Most (93%) agents are aware of the call centre** and of these agents, three-quarters (76%) find it at least slightly helpful.



Frequency of Support Visits



*Difference statistically significant at the 5% and 1% levels.

Liquidity Management and Delivery Systems Have Become More Efficient

- ▶ A median agent does not deny any transactions due to lack of liquidity.
- ▶ Agents who travel to rebalance go to the bank (43%), franchise or provider office (36%), or the nearby ATM (17%).
- ▶ Over two thirds of agents (71%) are **satisfied with the liquidity management support** from their provider(s).

| | Agents who travel to rebalance | Agents who have liquidity delivered | Median frequency of e-float delivery per month* | Median frequency of cash delivery per month* |
|---------|--------------------------------|-------------------------------------|---|--|
| in 2014 | 24% | 74% | 10 | 10 |
| in 2017 | 13% | 93% | 15 | 10 |

The majority of agents now have their liquidity delivered and fewer agents are travelling to rebalance their accounts.

Rebalancing Source of Agents Who Get Delivery

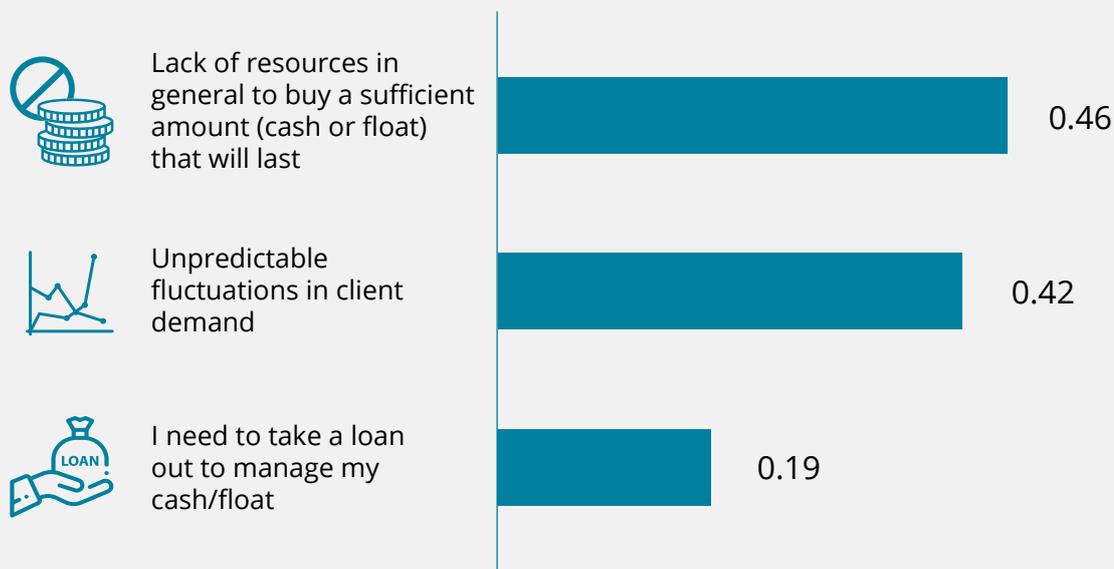


*Questions were worded differently: in 2014 respondents reported number of times they rebalanced at each location; in 2017, they reported the total number of times they rebalanced. Figures may not be fully comparable, interpret with caution.

Agent Satisfaction with Liquidity Management Systems

- ▶ 43% of agents receiving doorstep liquidity support reported facing no barriers to rebalancing, others ranked lack of resources to buy sufficient float as their main barrier (see chart below).
- ▶ Almost half of agents (44%) face issues during peak activity days. These are the start and end of the month (26% and 16%), and days before Eid ul Fitr (18%) or Eid ul Adha (17%).
- ▶ Only 3% of OTC users* faced agent liquidity problems in 2016, down from 5% in 2015.

Relative Ranking of Barriers by Agents who Receive Doorstep Liquidity**



Agents who Travel to Rebalance

- ▶ The biggest barriers for agents who travel to rebalance is the **long travel time**.
- ▶ The median time to get to the rebalance point is **20 minutes**.
- ▶ The median cost per rebalancing trip is **US\$ 0.47**.

* [Financial Inclusion Insights \(FI\)](#), Pakistan, 2016.

** Agents were asked to select the top three barriers they face from a list of 13 options, including the option to pick 'Other'. The taller bars imply a higher relative ranking, which is a weighted average of the barriers ranked by agents.



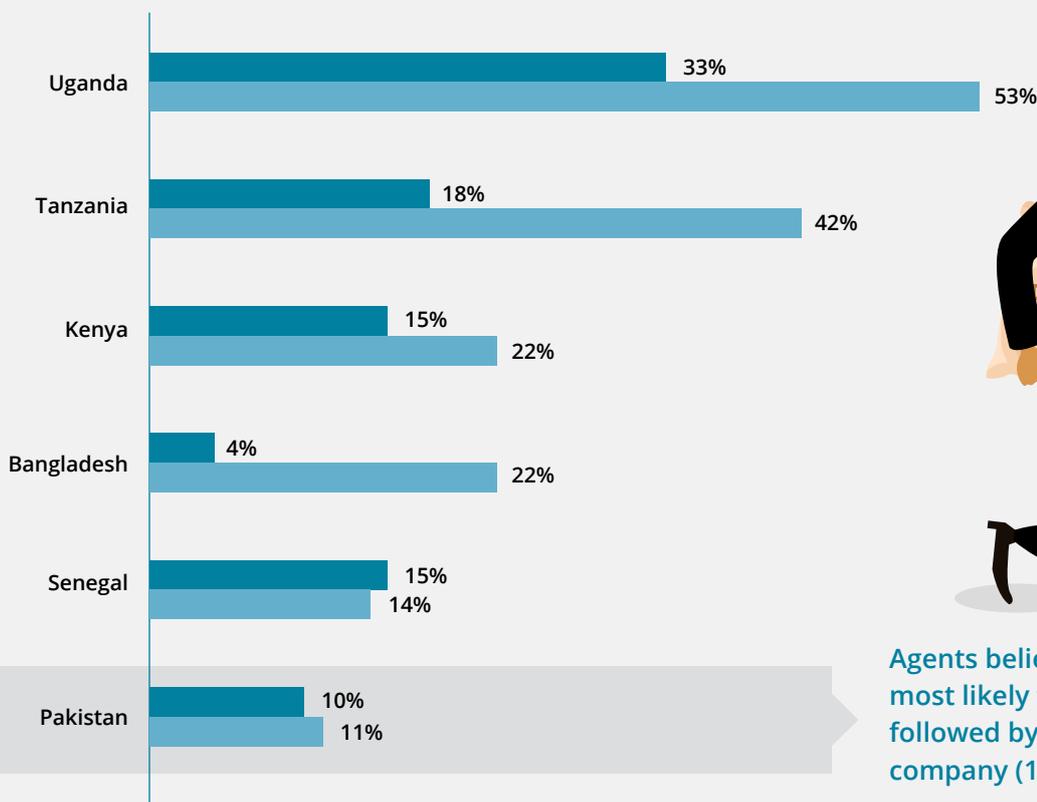
Provider Compliance & Risk

Pakistani Agents Report the Lowest Incidence of Robbery/Theft and Fraud

Of all the types of fraud reported, the most common were **impersonation (42%)**, **fake SMS (21%)** and **unauthorised transaction reversal (15%)**.

Robbery/Theft* And Fraud: ANA Research Countries**

■ Robbery/Theft
■ Fraud



Agents believe that customers are most likely to commit fraud (73%), followed by the mobile money company (12%).

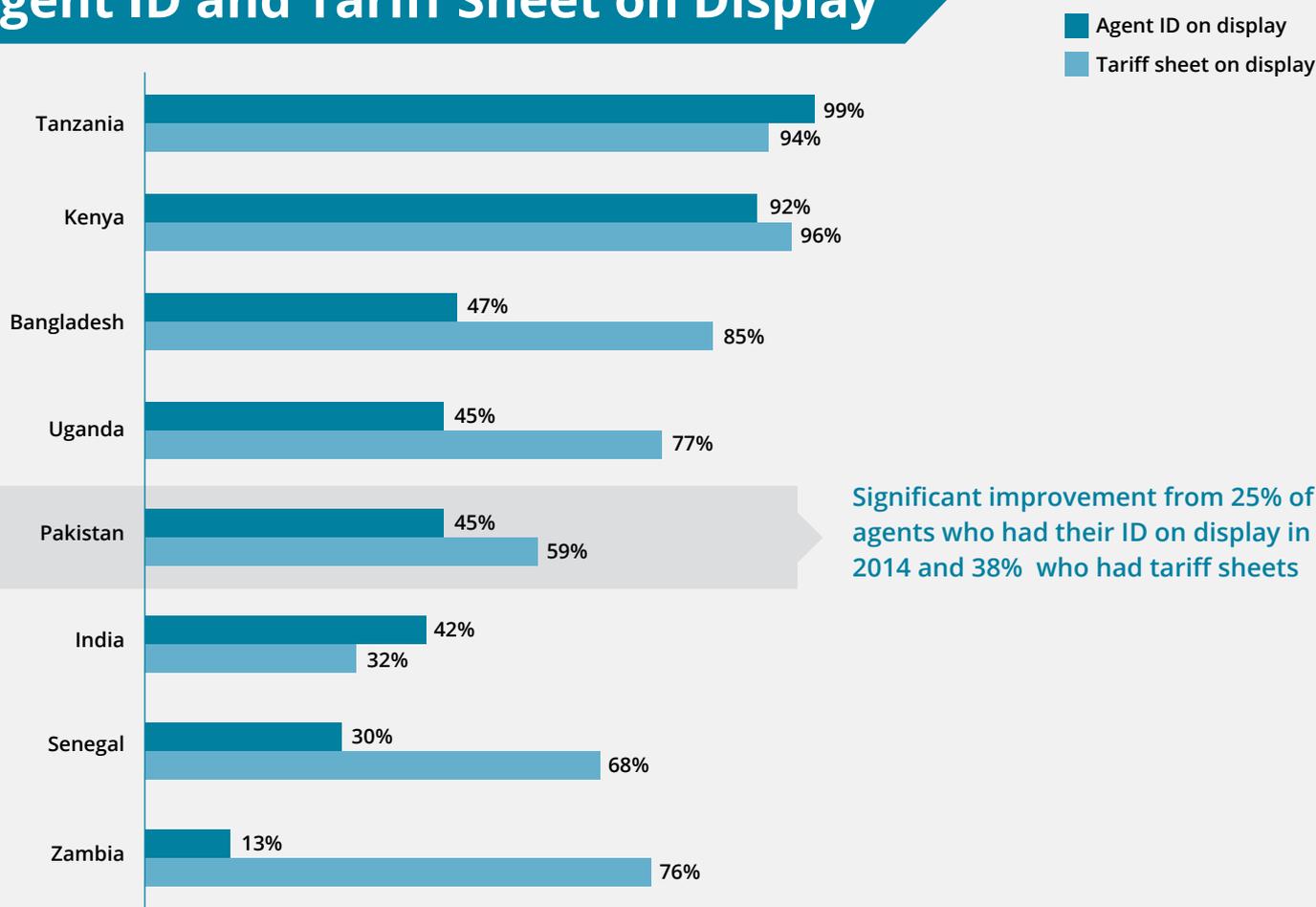
*Robbery/theft can include theft by people external to the agency business (armed robbery) and internal theft by staff.

**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.

Induction Trainings Associated with Better Compliance

- ▶ **Agents who receive induction training are more likely to display tariff sheets (65%) and their agent ID (56%).*** Amongst those who are not inducted only 54% display tariff sheets and 35% display their agent ID.
- ▶ **Agents who display their tariff sheet perform two more transactions** on average than those who do not.** This demonstrates the importance of complying with providers’ mandates.
- ▶ **Compliance rates are the highest in metro areas** (69% display tariff sheets and 50% display their agent ID); among non-exclusive and non-dedicated agents. This is likely because non-exclusive and non-dedicated agents might want to highlight all of the services on offer in their shops.

Agent ID and Tariff Sheet on Display



*Difference statistically significant at the 5% and 1% levels.

**Difference statistically significant at the 5% level.

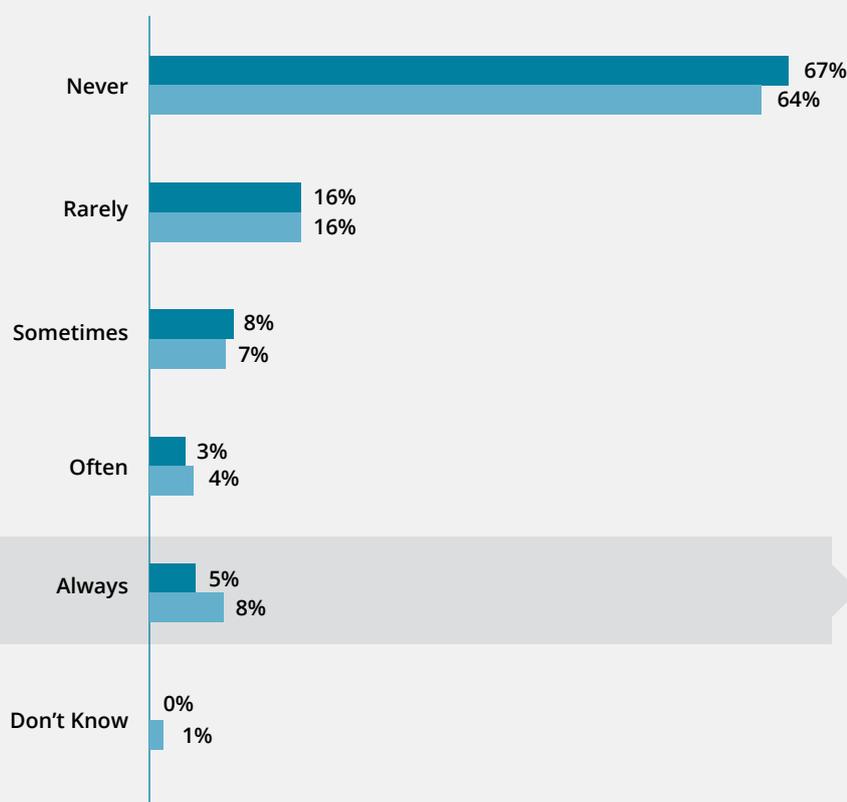
Readiness for Biometric Verified OTC Transfers

- ▶ More than three quarters, 76% of the agents have Biometric Verification System (BVS) machines.
- ▶ About 6 in 10 Agents (58%) have BVS machines that work for both SIM registrations and mobile money transfers. One in eight (14%) have BVS machines that can register SIM cards but cannot be used for money transfers.
- ▶ Non-exclusive agents are much more likely to ensure they comply and have a BVS machines: 82% vs. 55% among exclusive agents.
- ▶ The likelihood of owning a BVS machine increases with outlet age: 47% of less than 1 year old agency outlets do not have BVS machines, compared to only 19% of outlets that have operated for 3+ years.

BVS Enabled Agents More Experienced and Profitable

- ▶ **One third (38%) of agents do not have a BVS facility for OTC mobile money transfers*** despite the fact that OTC transactions accounts for 41% of all their mobile money transactions.
- ▶ Agents with BVS machines tend to be **more experienced** as well as better performing. **Agents without BVS carried out fewer OTC transactions of lower amounts**, compared to those with the machine (4.5 vs. 5.7 average daily OTC transactions; amounts of PKR 4,600 (\$44) vs. PKR 5,400 (\$51), respectively).**
- ▶ The graph below shows that agents without BVS are slightly more likely to perform transactions without getting photocopy of CNIC.***

Carrying Out Transactions Without an ID copy



Providers could be investing in BVS machines for only well performing agents and ignoring other lesser agents due to costs

■ BVS enabled
■ No BVS

*A BVS Enabled Machine for OTC Transfers costs between PKR 10,000 – 15,000 (USD\$ 95-142)

**Differences statistically significant at the 5% and 1% levels.

*** Please note that the new regulations indicate that transactions undertaken through BVS do not require an ID copy.



Special Topic: Gender

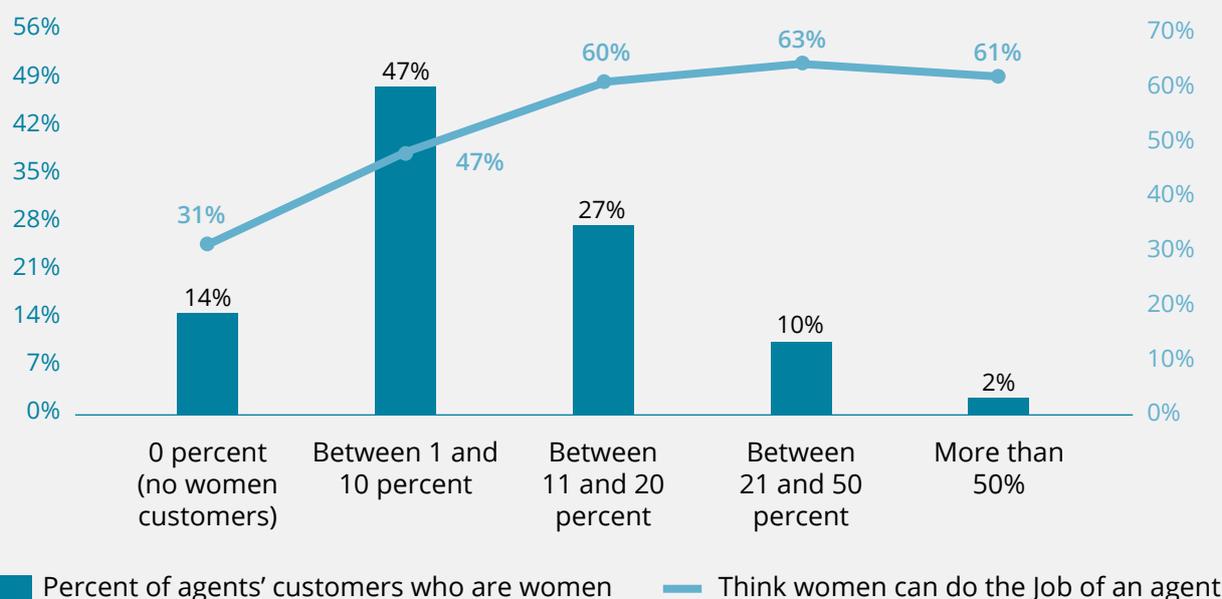
Women and Mobile Money

Almost half (48%) of male agents do not think that women can do the job of an agent, however their opinion of women agents tends to become more positive with the increase in women customers. In rural areas, **20% of agents say they don't have any women customers.**



OTC money transfer is the most frequently requested service by the female customers according to 84% of the agents, followed by bill payment to companies/government (8%).

Opinions About Women Agents Vs. Agents Who Service Women Customers



The top three reasons for not considering women capable of being agents include:

- ▶ The commercial space (shops) is not an appropriate place for women to work (48%)
- ▶ Security can be an issue in public spaces for women (18%)
- ▶ Women are not confident enough to work as an agent (11%)

Insights from FII 2016*:

- ▶ Only 2% of women reported to using mobile money, compared with 14% of men.
- ▶ Only 30% women owned mobile phones, compared to 77% of men who were mobile phone owners.
- ▶ 0.3% of all OTC customers reported mobile money agents being dismissive of women.
- ▶ Only 12% of women reported to personally make decisions regarding the use of financial services. 40% of men reported making such decisions themselves.

* Financial Inclusion Insights (FII), Pakistan, 2016.

Conclusions

Outstanding Attributes of Agent Network Management

- 1** Pakistan is a highly competitive market with a pair of front-runners and a pair of runners-up. It is home to the world's leading shared agent networks with highest rates of non-exclusivity and non-dedication, established and maintained through franchises.
- 2** Agents earn reasonable profits and are optimistic about their future as agents. The share of agents offering cash-in/cash-out and account registration services has grown and agents do not appear to be concerned about the transition from OTC to wallet.
- 3** Pakistani providers have perfected agent liquidity management support: virtually all agents have liquidity delivered. Most agents receive regular visits from support staff, a few also access on-demand facilities.
- 4** Agent reported fraud and crime remain low, relative to other mature DFS markets which can be credited to the SBP's requirements on the BVS enacted as part of the Anti Money Laundering (AML) and Combating the Financing of terrorism (CFT) efforts. However, as mobile money uptake increases, providers will need to ensure their agents are prepared to prevent and mitigate fraud further.

Opportunities for Improvement

- 1** Pakistan lags behind other markets in daily transaction volumes, explained by relatively low uptake levels. Providers should offer incentives to encourage agents to educate customers about DFS products and services and help increase uptake and usage. Providers should also highlight to agents the business opportunities unlocked by educating customers. Currently, a quarter of agents report that they do not educate customers at all.
- 2** Pakistan ranks last across all ANA research countries when it comes to induction training, with only half of agents having been inducted. Trained agents earn more and are more compliant, providers should invest more in agent training, particularly given SBP's emphasis on awareness about regulations.
- 3** KYC compliance is low and a cause for concern. In addition to requiring agent training, the SBP might consider introducing closer oversight (e.g. mystery shopping) and punitive measures (e.g. fines) to ensure compliance.
- 4** Pakistani women are still largely excluded from the DFS landscape. To close the financial inclusion gender gap, providers might consider recruiting women-run businesses or roaming women agents to increase culturally-appropriate outreach to women customers.



Appendices

Appendix 1: Methodology

- ▶ The study is based on a nationally representative sample of **2,208 DFS agents** across Pakistan.
- ▶ Since a country wide census of DFS agents was not available at the time of the agent network assessment, the sample frame is based on lists obtained from DFS providers with total agent counts, broken down geographically.
- ▶ The sample is designed to be representative at the country level, for urban and rural agents, and for the selected providers.
- ▶ The sampling strategy was clustered random sampling of administrative units (circles) that were stratified into metropolitan, other urban and rural areas prior to randomisation.

Metropolitan: Self-Representative Cities (SRCs) with population of 500,000 and above. These include Karachi, Lahore, Gujranwala, Faisalabad, Rawalpindi, Multan, Sialkot, Sargodha, Bahawalpur, Hyderabad, Sukkur, Peshawar, Quetta and Islamabad.

Other urban: Areas/cities with population of less than 500,000, classified as urban by the [Federal Board of Revenue \(FBR\)](#).

Rural: Areas classified as rural by the [Federal Board of Revenue \(FBR\)](#).

- ▶ Data was collected using a random selection methodology proportional to the desired sample count for a particular location. Data collection and entry was performed using an Android device using rigorously tested and controlled processes.
- ▶ The use of an Android device allows for an additional level of randomisation and ensures the survey representativeness at the provider level. The provider an agent is interviewed for is randomly assigned by the application out of the list of all providers, for which the agent is active (i.e. has conducted at least one transaction within the last 30 days).

Appendix 2: Definitions

| | | |
|-------------------------------------|--|--|
| Exclusivity | Exclusive Agent | Agent who serves only one mobile money service provider. |
| | Non-Exclusive Agent | Agent who serves more than one mobile money service provider. |
| Dedication | Dedicated Agent | Agent who conducts solely mobile money services. |
| | Non-Dedicated Agent | Agent who conducts other business from the shop, in addition to mobile money services. |
| Age of Agency | Agents were asked to report the date they started serving each provider. Age of agency is calculated from the date the agent started serving the first provider. | |
| Transaction Levels (Outlet) | In 2017, agents were asked: "on average, how many mobile money transactions do you conduct per day, for all of the mobile money companies s you serve combined?" | |
| Transaction Levels (Provider) | In 2014, transactions were calculated as the sum of reported average registrations, OTC money transfers, cash-in, cash-out, bill payments, foreign remittances, G2P payments, salary payments, donations and 'other' transactions'; in 2017 transactions were calculated as the sum of reported average OTC money transfers, cash-in, cash-out, CNIC transfers, merchant payments, bank deposits, registrations, bill payments, donations, loan repayments, G2P transfers, insurance payments, ATM issuances, and 'other' transactions the agent conducts for the particular provider. Values of zero were excluded from analysis. | |
| Monthly Earnings (Agency) | In 2014, agents were asked "What is your total monthly commission from all providers combined last month?". In 2017, this question was rephrased slightly: "On average, how much do you earn per month from all the providers you serve, combined?" Only owners reported on commissions. | |
| Monthly Operating Expenses (Agency) | In 2014, agents were asked "How much on average do you spend per month as an agent to cover operational expenses?". In 2017, monthly operating expenses were calculated as the sum of reported rent, utilities, loan interest, staff salaries, business travel and other expenses. Non-dedicated agents were asked to estimate the amount of total expenses that went toward mobile money. Non-exclusive agents were also asked to estimate the amount of total mobile money expenses that went to serving the selected provider. Only owners reported on expenses. | |
| Profit (Agency) | Profit is calculated as the difference between monthly agency earnings and monthly agency operating expenses. Only owners who answered both revenues and expenses were included in this calculation. | |
| Exchange Rate | 1 PKR = 0.009453 USD | |

Appendix 3: Footnotes

Multiple slides providing comparisons with other ANA countries:

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

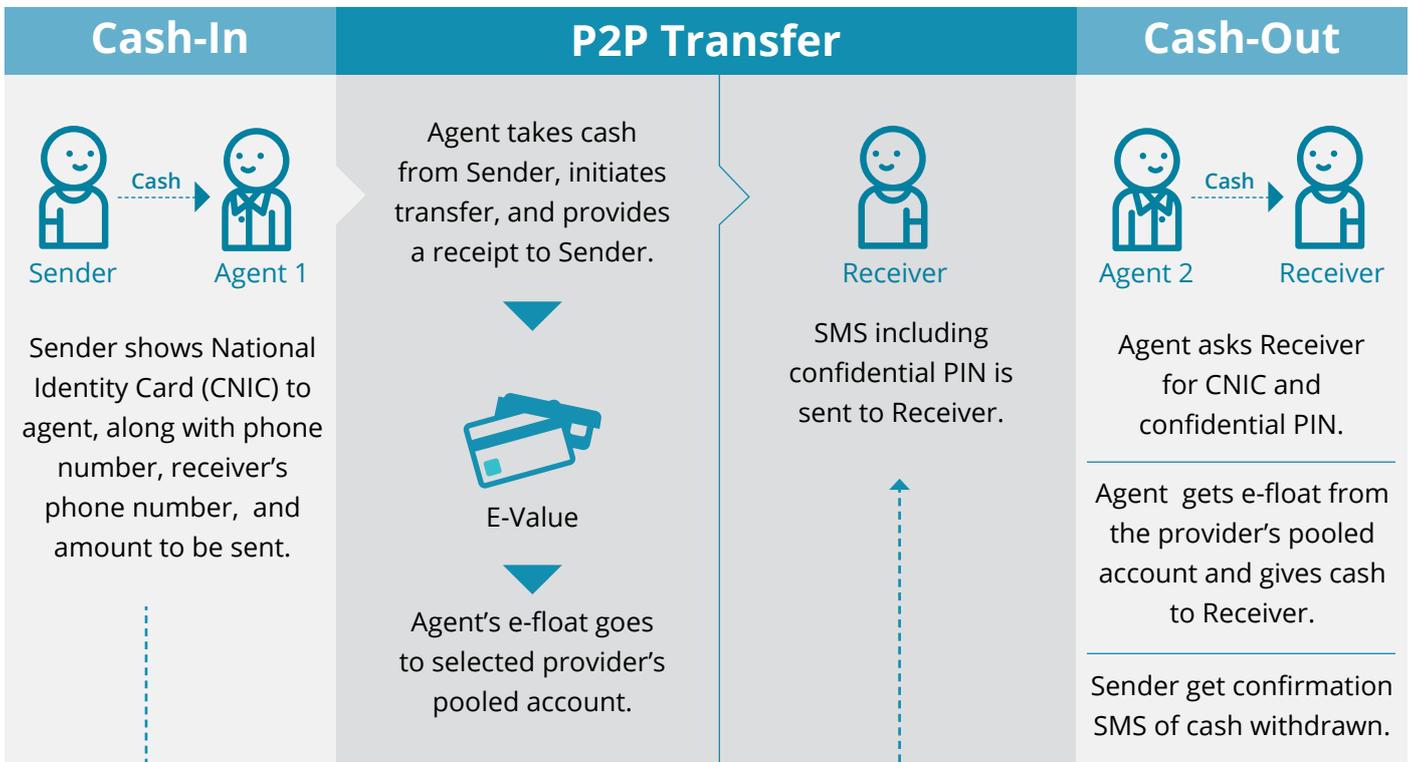
Appendix 4: Diversity of Players and Business Models

| | BANK | | | | MNO Partnered | | | |
|--|----------|-------------|----------------------|----------------------|---------------|-----------|--------------|--------------|
| | UBL Omni | HBL Express | Alfalah Mobile Paisa | JS Bank Mobile Money | Easypaisa | Jazz Cash | Ufone Upaisa | Zong TimePay |
| OTC Money transfer | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Cash-in (wallet) | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Cash-out (wallet) | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Cash-out (CNIC transferred through wallet) | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Account Opening / registration (wallet) | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Bill payment to companies | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Bill/Fine/Admin fee to government | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Merchant/Online merchant payment | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✗ | ✗ |
| Donations | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✗ |
| Loan repayment | ✗ | ✗ | ✗ | ✗ | ✓ | ✓ | ✗ | ✗ |
| G2P disbursement | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ |
| Bank deposit | ✓ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✗ |
| Insurance | ✓ | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ |
| ATM card Issuance by agent | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✗ | ✗ |

* Basic product offerings include person-to-person transfer, cash-in/cash-out, and basic payment services (utility payments, airtime top-up etc.).

** Please see slide 6 of this report for further detail on OTC transaction methodology.

Appendix 5: The OTC Model



Since the transaction does not involve a wallet, Agent 1 effectively chooses the provider for each transaction and therefore carries a lot of power in the relationship with the provider which thus drives the transaction's commission higher.

Appendix 6: Transactions by Agent Type and Location

Average Number of Daily Transactions at the Outlet

| Agent Type and Location | Count | Average Number Of Daily Transactions |
|-----------------------------------|-------------|--------------------------------------|
| Total | 2185 | 23 |
| Exclusive | 471 | 11 |
| Non-exclusive | 1714 | 26 |
| Dedicated | 95 | 28 |
| Non-dedicated | 2090 | 22 |
| Metro | 639 | 25 |
| Exclusive | 100 | 11 |
| Non-exclusive | 539 | 27 |
| Dedicated | - | - |
| Non-dedicated | 612 | 25 |
| Other urban | 732 | 24 |
| Exclusive | 158 | 12 |
| Non-exclusive | 574 | 27 |
| Dedicated | 37 | 33 |
| Non-dedicated | 695 | 23 |
| Rural | 814 | 20 |
| Exclusive | 213 | 10 |
| Non-exclusive | 601 | 24 |
| Dedicated | 31 | 26 |
| Non-dedicated | 783 | 20 |
| Suppressed due to low count (<30) | | |

Average Amount of a Single Transaction at the Outlet

| Agent Type and Location | Count | Average Amount of a Single Transaction | Average Amount of a Single Transaction USD |
|-----------------------------------|-------------|--|--|
| Total | 2181 | PKR 3,610 | \$34.13 |
| Exclusive | 474 | PKR 3,668 | \$34.67 |
| Non-exclusive | 1707 | PKR 3,594 | \$33.98 |
| Dedicated | 95 | PKR 3,512 | \$33.20 |
| Non-dedicated | 2086 | PKR 3,615 | \$34.17 |
| Metro | 637 | PKR 4,058 | \$38.36 |
| Exclusive | 100 | PKR 4,603 | \$43.51 |
| Non-exclusive | 537 | PKR 3,957 | \$37.40 |
| Dedicated | - | - | - |
| Non-dedicated | 610 | PKR 4,070 | \$38.47 |
| Other urban | 730 | PKR 3,384 | \$31.99 |
| Exclusive | 158 | PKR 3,343 | \$31.60 |
| Non-exclusive | 572 | PKR 3,395 | \$32.09 |
| Dedicated | 37 | PKR 4,080 | \$38.56 |
| Non-dedicated | 693 | PKR 3,347 | \$31.64 |
| Rural | 814 | PKR 3,463 | \$32.74 |
| Exclusive | 216 | PKR 3,473 | \$32.83 |
| Non-exclusive | 598 | PKR 3,460 | \$32.70 |
| Dedicated | 31 | PKR 2,593 | \$24.51 |
| Non-dedicated | 783 | PKR 3,497 | \$33.06 |
| Suppressed due to low count (<30) | | | |

Appendix 7: Revenues and Profit by Agent Type and Location

Average Monthly Outlet Revenue

| Agent Type & Location | Count | Average Outlet Revenue (Monthly) | Average Outlet Revenue (Monthly) USD |
|-------------------------------------|-------------|----------------------------------|--------------------------------------|
| Total | 1577 | PKR 10,886 | \$102.91 |
| Exclusive | 327 | PKR 5,826 | \$55.07 |
| Non-exclusive | 1250 | PKR 12,210 | \$115.42 |
| Dedicated | 78 | PKR 15,241 | \$144.07 |
| Non-dedicated | 1499 | PKR 10,660 | \$100.77 |
| Metro | 428 | PKR 11,650 | \$110.13 |
| Exclusive | 61 | PKR 6,286 | \$59.42 |
| Non-exclusive | 367 | PKR 12,541 | \$118.55 |
| Dedicated | - | - | - |
| Non-dedicated | 406 | PKR 11,593 | \$109.59 |
| Other urban | 543 | PKR 11,691 | \$110.51 |
| Exclusive | 113 | PKR 6,488 | \$61.33 |
| Non-exclusive | 430 | PKR 13,058 | \$123.43 |
| Dedicated | 30 | PKR 16,927 | \$160.01 |
| Non-dedicated | 513 | PKR 11,384 | \$107.62 |
| Rural | 606 | PKR 9,627 | \$91.00 |
| Exclusive | 153 | PKR 5,154 | \$48.72 |
| Non-exclusive | 453 | PKR 11,138 | \$105.28 |
| Dedicated | - | - | - |
| Non-dedicated | 580 | PKR 9,366 | \$88.54 |
| - Suppressed due to low count (<30) | | | |

Average Monthly Outlet Profit

| Agent Type & Location | Count | Average Outlet Profit (Monthly) | Average Outlet Profit (Monthly) USD |
|-------------------------------------|-------------|---------------------------------|-------------------------------------|
| Total | 1543 | PKR 6,515 | \$61.59 |
| Exclusive | 320 | PKR 3,246 | \$30.68 |
| Non-exclusive | 1223 | PKR 7,371 | \$69.68 |
| Dedicated | 78 | PKR 4,666 | \$44.11 |
| Non-dedicated | 1465 | PKR 6,614 | \$62.52 |
| Metro | 423 | PKR 6,847 | \$64.72 |
| Exclusive | 60 | PKR 3,444 | \$32.56 |
| Non-exclusive | 363 | PKR 7,409 | \$70.04 |
| Dedicated | - | - | - |
| Non-dedicated | 401 | PKR 7,054 | \$66.68 |
| Other urban | 526 | PKR 6,712 | \$63.45 |
| Exclusive | 110 | PKR 4,018 | \$37.99 |
| Non-exclusive | 416 | PKR 7,424 | \$70.18 |
| Dedicated | 30 | PKR 4,400 | \$41.59 |
| Non-dedicated | 496 | PKR 6,852 | \$64.77 |
| Rural | 594 | PKR 6,105 | \$57.71 |
| Exclusive | 150 | PKR 2,600 | \$24.57 |
| Non-exclusive | 444 | PKR 7,289 | \$68.90 |
| Dedicated | - | - | - |
| Non-dedicated | 568 | PKR 6,095 | \$57.62 |
| - Suppressed due to low count (<30) | | | |



For more information about this report,
please email Sidra@MicroSave.net

www.helix-institute.com / www.Karandaaz.pk.com

 Helix Institute of Digital Finance / Karandaaz Pakistan

 @HelixInstitute / @karandaazPK
#AgentNetworksPakistan #AgentNetworks

 Helix Institute Digital Finance / KarandaazPK