

Women's agent network—the missing link in India's financial inclusion story

A supply-side perspective

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Introduction

In January, 2006, RBI issued guidelines for banks to engage business correspondents (BCs)¹ for providing banking and financial services. These retail agents operate typically at locations other than a bank branch or ATM. Over the past decade in India, BC outlets have grown at nearly 45% (CAGR)². This growth compares favorably against the staid 6.4% growth rate of bank branches.

The business correspondent model is a vital pillar of the National Financial Inclusion Strategy, 2019-2024. It enables the banking system to expand its outreach at a low cost, decongest branches, and offer basic albeit

essential financial services in remote and underserved areas. BCs are even more essential today as the government gradually digitizes social benefit transfer programs and moves them to a cash transfer mode, crediting the benefits directly to the bank account of beneficiaries.

However, studies estimate that only about 10% of 1.26 million BCs in India are women³. This paper draws from MSC's work with all agent types in India to share a supply-side perspective on challenges and opportunities for expanding women agent network in India.

¹ Business Correspondents (BCs) are individuals or entities engaged by banks in India, which include commercial banks, regional rural banks (RRBs), and local area banks (LABs). BCs provide banking services in unbanked and under-banked geographical territories. They are similar to mobile money agents and banking agents in the Africa and Asia markets. Globally, these agents are also known as cash-in cash-out (CICO) agents. This note refers to CICO agents as BC agents, as it is the most commonly used terminology across India.

² "Cash-in Cash-out Cross-Country Analysis India", MSC and CGAP study, 2020, <https://bit.ly/3tMpc2o>

³ PMJDY website, <https://pmjdy.gov.in/>



The BC agent network in India with more women holds the dual promise of:

- Facilitating demand-side financial inclusion by increasing convenient access and use of financial services for women;
- Promoting women's employment and creating local role models of "women as bank's agents."

Initiatives, such as Pradhan Mantri Jan Dhan Yojana (PMJDY) and Direct Benefit Transfer (DBT), brought about near-universal access to bank accounts. Yet, this access did not translate to a proportional usage of bank accounts, especially by women. Even though the gender gap in account ownership reduced from 19.8% in 2014 to 6.4% in 2017, the active usage of these accounts remains limited, especially among low- and moderate-income (LMI) women. Hence, in terms of "real" usage of bank accounts, the gender gap persists.

A gender gap in financial inclusion manifests on both the demand and supply sides of financial services. As of 2014, women accounted for only 22% of employment in commercial banks in India. Only 11% of women in India are represented at the decision-making levels

in banks as against a not-so-flattering global average of 16%.

This paper discusses a supply-side perspective on improving gender diversity in India's private sector BC agent networks. Banks manage 31% of agents⁴ directly, while BC Network Managers (BCNMs)⁵ manage the remaining 69%—a trend that is similar across locations. For this paper, MSC surveyed 12 private sector BCNMs⁶, which cumulatively manage 1.56 million (rural and urban) BCs in India. The survey intended to understand the perspectives of BCNMs on the challenges and opportunities they face while expanding the network of female BC agents.

⁴ "Agent Networks – ideas and lessons from India", MSC, April 2020, <https://bit.ly/3qJjJRL>

⁵ BCNMs or BC Network Managers are entities contracted by banks to manage and oversee their business correspondents or agent networks

⁶ The survey was taken by 11 BCNMs and one bank that has its own network of agents. While five of them were prepaid issuers (PPI), the rest were basic banking and payments banking agents. All the institutions surveyed are members of BCFI, we thank BCFI for its support in conducting this survey.



Female BC agents remain underrepresented in the BCNM-led network

Proportion of female BC agents in surveyed BCNMs

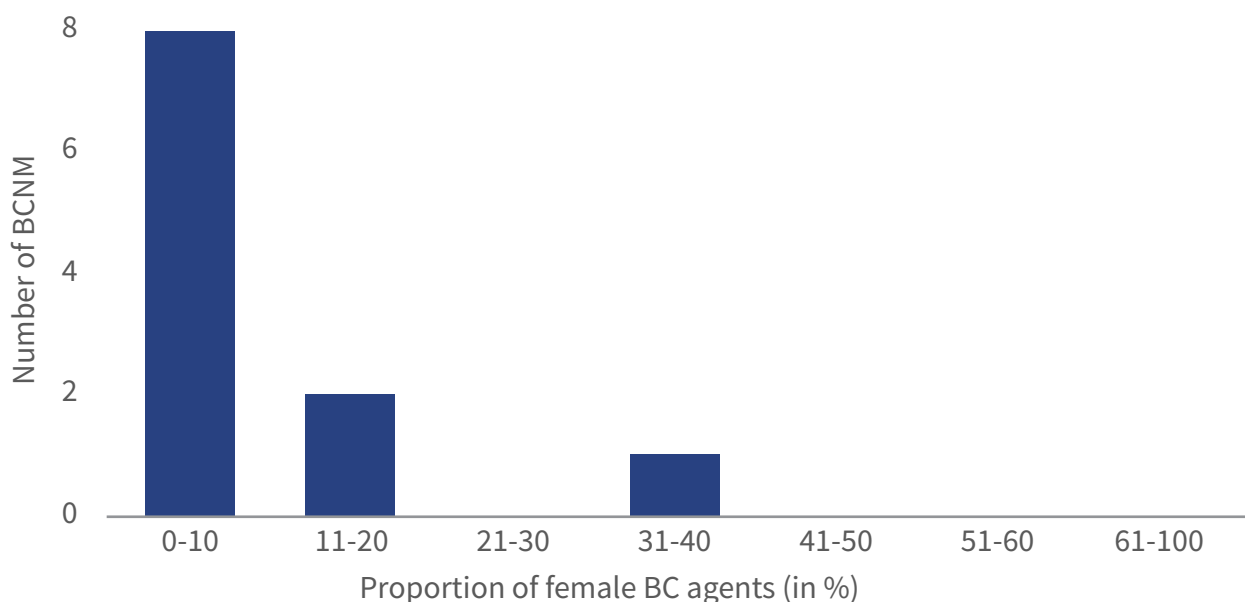


Figure 1: Proportion of female BC agents in surveyed BCNMs (Source: MSC survey with BCNMs, 2021)

Female BC agents form less than an average of 14% of the surveyed BCNM network in India. Notable exceptions are service providers like SEWA Sarthak, which has 35–40% female BC

agents. It has consciously adopted a women-focused approach to expanding its agent networks. Barring Sewa Sarthak, the proportion of women in the BCNM network is 11%.



Recruiting female BC agents requires more resources and efforts

In MSC's survey, 11 out of 12 BCNMs mentioned they needed to channel more effort and resources to find and recruit the right woman candidate compared to men.



Need to convince their family members during recruitment



Mobility and safety challenges in commute



Less working hours and greater burden of home responsibilities



Greater challenges with technology due to less previous exposure

Figure 2: Challenges prospective female BC agents face while enrolling in a BCNM.



Approximately 63% of BCNMs said it takes time and effort to convince the female candidate's family. Therefore, family support and, indeed, concurrence remains the most critical factor in recruiting female BC agents.

63%



Around 18% of BCNMs said they struggle to find women entrepreneurs who clear RBI's basic minimum eligibility criteria.

18%



In addition, 55% of BCNMs said it takes longer to train female BC agents because they are less familiar with digital technology. Women also find it more challenging to travel to the training venue.

55%

BCNMs have to spend more time and effort to identify, train, and handhold female BC agents. MSC's work with BC Sakhis⁷ indicates that the government-led agent network model of BC Sakhi also faces challenges in identifying female BC agents. This is despite the model being well resourced and having ready access to a vast SHG network and years of trusted relationships.

If we leave aside the UP government's decision to appoint 58,000 BC Sakhis, only 21,790 women⁸ have been appointed as BC Sakhis from a network of 75 million women SHG members in the country. In many cases, eligible women do not perceive it as a lucrative option given

the opportunity cost of entering a demanding profession with low economic viability and the trade-off with household responsibilities. BCNMs face greater challenges in finding eligible female candidates. They lack access to women's networks, such as SHGs, which could serve as a ready pool of potential candidates.

Increasing the number of female BC agents in the network requires trust-building, resources, and effort to identify women who fulfill the minimum criteria, have the family's support, mobilize capital and float requirements, and manage the business⁹.

⁷ NRLM adapted and piloted the "SHG members as banking agents" program in seven states during 2015-16. Since then, many **SRLMs have scaled up the program by using different operational models and partnerships** to improve formal financial access for women-led households in rural areas. By March, 2019, 3,972 BC Sakhis completed transactions worth INR 1.75 billion (USD 25 million). Source - <https://bit.ly/34YQ19h>

⁸ Pinto R. Alreena, Arora Amit. "Digital Doorstep Banking: female banking agents lead digital financial inclusion through the pandemic and beyond", ADBI working paper series, August 2021, <https://bit.ly/3nHuHvK>

⁹ Muthoni Dorcas, Shukla Kritika, Saini Mohit, Singh Piyush, Garg Priya. "Where are women agents in Indian DFS", MSC blog, 2016. <https://bit.ly/3AhVLGW>

Insight 3



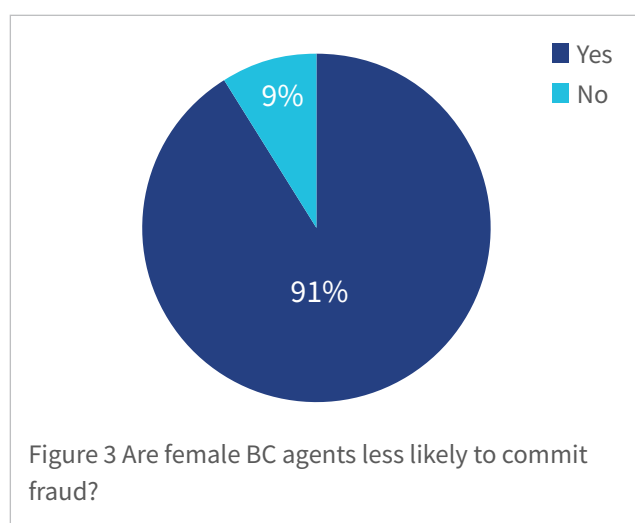
Insight 3: BCNMs agree that more female BC agents would improve the quality of the agent network

BCNMs agree that female BC agents add value and improve the quality of the network, as they are less likely to commit fraud. Evidence¹⁰ strongly suggests that more women tend to transact at BC points if the agent is a woman. Women are also more likely to persist as BC agents despite lower profitability. Their

persistence makes them ideal in rural and underserved areas where the relatively weaker economy will mean fewer banking transactions and less money for the agent.

Female agents are less likely to commit fraud:

Eleven out of 12 FSPs believe that women are less likely to commit fraud. Women attach greater value to their work as “bank agents” because of socioeconomic barriers, which preclude them from other alternatives of paid work.



¹⁰ Pinto R. Alreena, Arora Amit. “Digital Doorstep Banking: female banking agents lead digital financial inclusion through the pandemic and beyond”, ADBI working paper series, August 2021, <https://bit.ly/3nHuHvK>

Qualitative responses from the survey also indicate that female BC agents are less likely to commit fraud as they value their role as BC agents more than their male counterparts do. They overcome greater socioeconomic barriers to become agents and value the opportunity.



Female agents encourage more women users by enhancing the communication and comfort level for female customers:

Most surveyed BCNMs (10 of the 12) reported that the presence of female BC agents encourages women to transact more at the BC outlet and that too without depending on family members.

In many areas served by BCs, men prefer that their wives transact with female BC agents at outlets, mainly when it requires any form of physical interaction between customer and agent—for example while taking the customer's hands or fingers for biometric authentication. Similarly, female customers hesitate when male BC agents visit their households to offer doorstep-banking services.

All customers feel that female BC agents have more patience¹¹ and are more willing to address queries or explain product features. In addition, female customers are willing to share their family's financial needs more openly with female BC agents and thus can receive appropriate financial advice from a trusted (female) source. On the other hand, female customers perceive male agents as less approachable. They feel that their queries may be perceived as naïve, and they may be embarrassed in front of others. Female customers reported being turned down or having their queries ignored by male BC agents.

¹¹ Thakur Aakanksha Thakur, Sahoo Samveet, Barooah Prabir, Sivalingam Isvary, Njoroge Grace, "Agency Banking: How Female Agents Make a Difference", MSC blog, 2016. <https://bit.ly/3GW7PjK>

MSC's research¹² on agent network management reveals that, on average, female BC agents have acquired 51% women as customers through new accounts. Further, data from our Agent Network Accelerator (ANA) studies shows that only about 40% of customers of male BC agents are women. This indicates that women are more likely to open accounts when the agent is a woman.

This evidence also corroborates that an agent's gender plays a crucial role in accelerating

the inclusion of women in the financial mainstream. An IFC study¹³ finds that women prefer to transact with female BC agents. However, the underrepresentation of female BC agents in agent networks represents a barrier. Recent evidence from the BC Sakhi model validates the success of female BC agents in facilitating financial inclusion for women¹⁴. In addition, SEWA's studies and data¹⁵ from its BC operations show that women tend to save and borrow more when served by female BC agents.

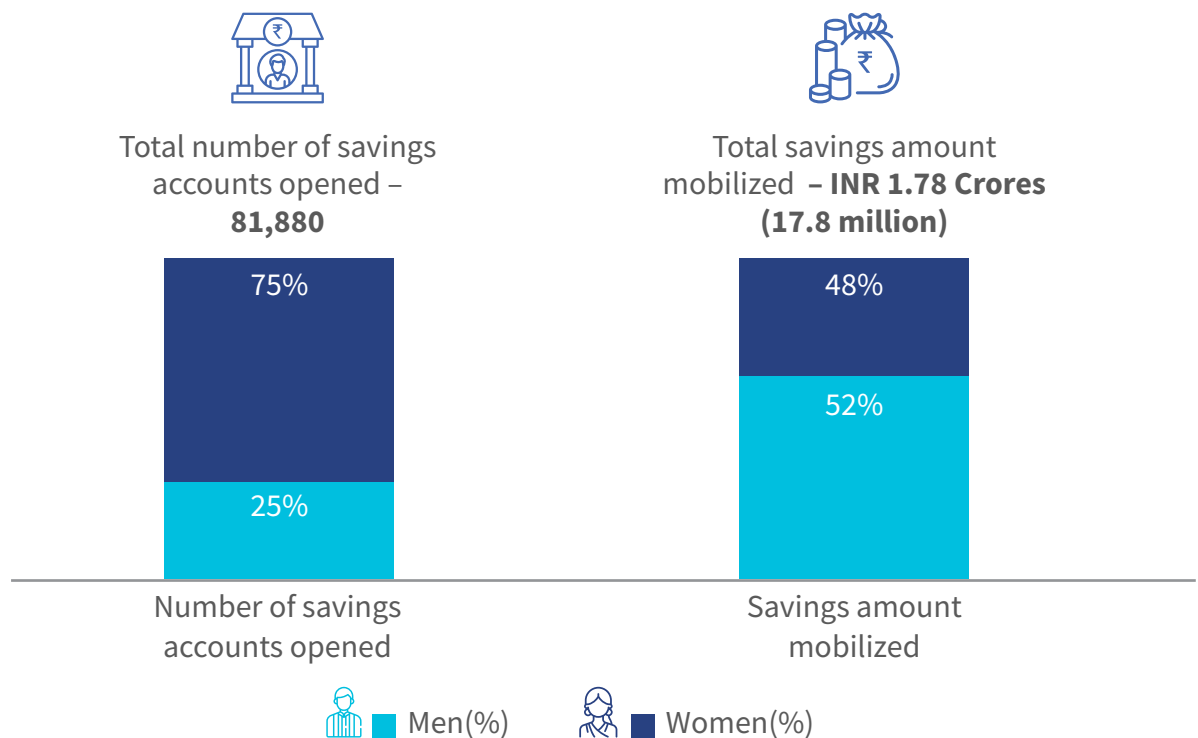


Figure 4: Increase in savings by women after introduction of female customer service points in Uttarakhand state (Source: figures based on SEWA's internal research in 2016)

¹² "Agent Networks – ideas and lessons from India", MSC, April 2020, <https://bit.ly/3qJjiRL>

¹³ Reitzug Fabian, "Gender-diverse agent networks foster channel activity and financial inclusion for women", Mastercard Foundation and IFC, 2020, <https://bit.ly/3u21lfB>

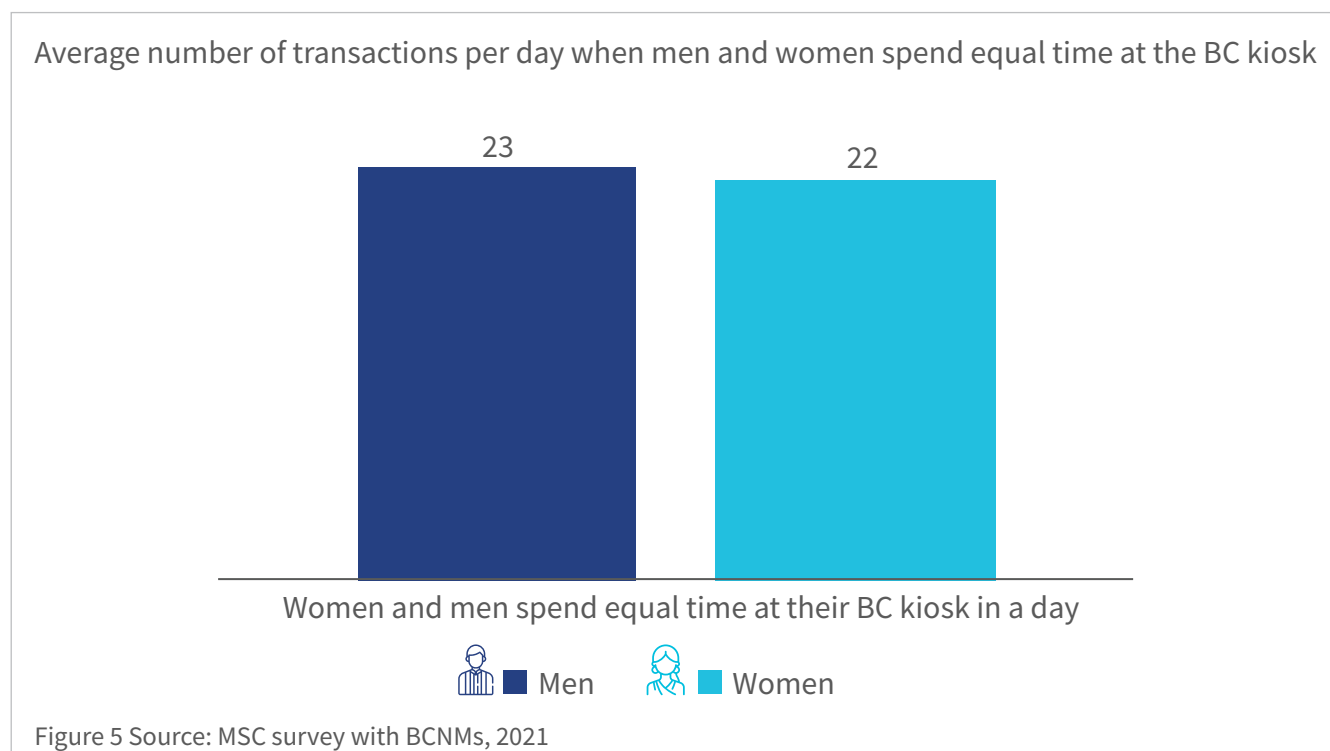
¹⁴ Pinto R. Alreena, Arora Amit. "Digital Doorstep Banking: female banking agents lead digital financial inclusion through the pandemic and beyond", ADBI working paper series, August 2021, <https://bit.ly/3nHuHvK>

¹⁵ Jhabvala Renana, Kapoor Soumya, Mitra Sanchita and Sharma Sonal. "Employment opportunities for women in India's growing financial sector", Sewa Bharat, 2017. <https://bit.ly/3GRaGtV>

Female BC agents bring similar or more business and might serve more of the underserved:

transactions per day compared to 23 by male BC agents when they spent equal time at their kiosks.

The survey finds that female BC agents conducted on average 22 successful



Further, a nationally representative ANA study in 2017¹⁶ indicated that female BC agents performed better than male BC agents. Female BC agents play a critical role in deepening financial inclusion. They are more likely to serve customers in remote areas, elderly customers, and other underserved customers. In our survey, 71% of female BC agents were present in rural areas¹⁷, of whom 65% were dedicated agents, that is, they did not have another business and focused solely on the BC work. Female BC agents conducted 37 median transactions against 31 by male BC agents.

MSC's analysis indicated that the portfolio of services that female BC agents provide is significant. The median number of services¹⁸ female BC agents provide is seven, against a median of six services by male BC agents. Female BC agents earned a median revenue of USD 78 against the median revenue of USD 93 for male BC agents. "Dedicated BCs" seems to be the primary reason for the comparatively lower revenues for female BC agents. Ten of the 12 BCNMs also stated that attrition is lower among female BC agents than male BC agents, ensuring continuity of service.

¹⁶ Mehrotra Aakash, Tiwari Akhand, Morchan Karthick, Khanna Mimansa and Khanna Vivek, "Agent Network Accelerator Research Survey – India Country Report 2017", MSC report, 2018. <https://bit.ly/3fNaUqh>

¹⁷ Mehrotra Aakash, Tiwari Akhand, Morchan Karthick, Khanna Mimansa and Khanna Vivek, "Agent Network Accelerator Research Survey – India Country Report 2017", MSC report, 2018. <https://bit.ly/3fNaUqh>

¹⁸ BCs provide basic banking services like opening bank accounts, deposits, withdrawals, fund transfer etc.



The playing field is not level; the life of female BC agents is more complicated than that of male BC agents

Female BC agents lack a level playing field in the agency business. They operate the same business with greater sociocultural mobility, safety, and capital constraints than male BC agents. Their working hours are interspersed with greater domestic responsibilities even as they manage their business. The survey finds that lack of family support is a critical barrier, which likely applies to all women micro-entrepreneurs. Further, the pandemic increased workloads for female BC agents both at work and at home.

Before the pandemic, I took the bus to the branch twice a week to rebalance liquidity. Now the frequency has doubled. Besides, since buses are not plying, I have to travel to the branch with my brother on his motorbike. Sometimes when no one is available, I have to reserve an auto-rickshaw (INR 300 to and fro) to travel to the branch - A BC Sakhi in Odisha

Despite this, the qualitative responses from FSPs state that they did not see any drop in performance from female BC agents during the pandemic.

Female BC agents experience more barriers at each stage of their lives as an agent. For example, we find that BC agents in India are more likely to have prior experience of three years or more¹⁹. MSC's analysis of the demand and supply sides indicates that prior experience dealing with customers is an unstated prerequisite from major BCNMs²⁰. Finding female BC agents who have prior experience exceeding three years is difficult. Even BC Sakhis, a part of the self-help or self-employment initiative of the government, have an average of two years of experience. At present, BC Sakhis form about 30% of female

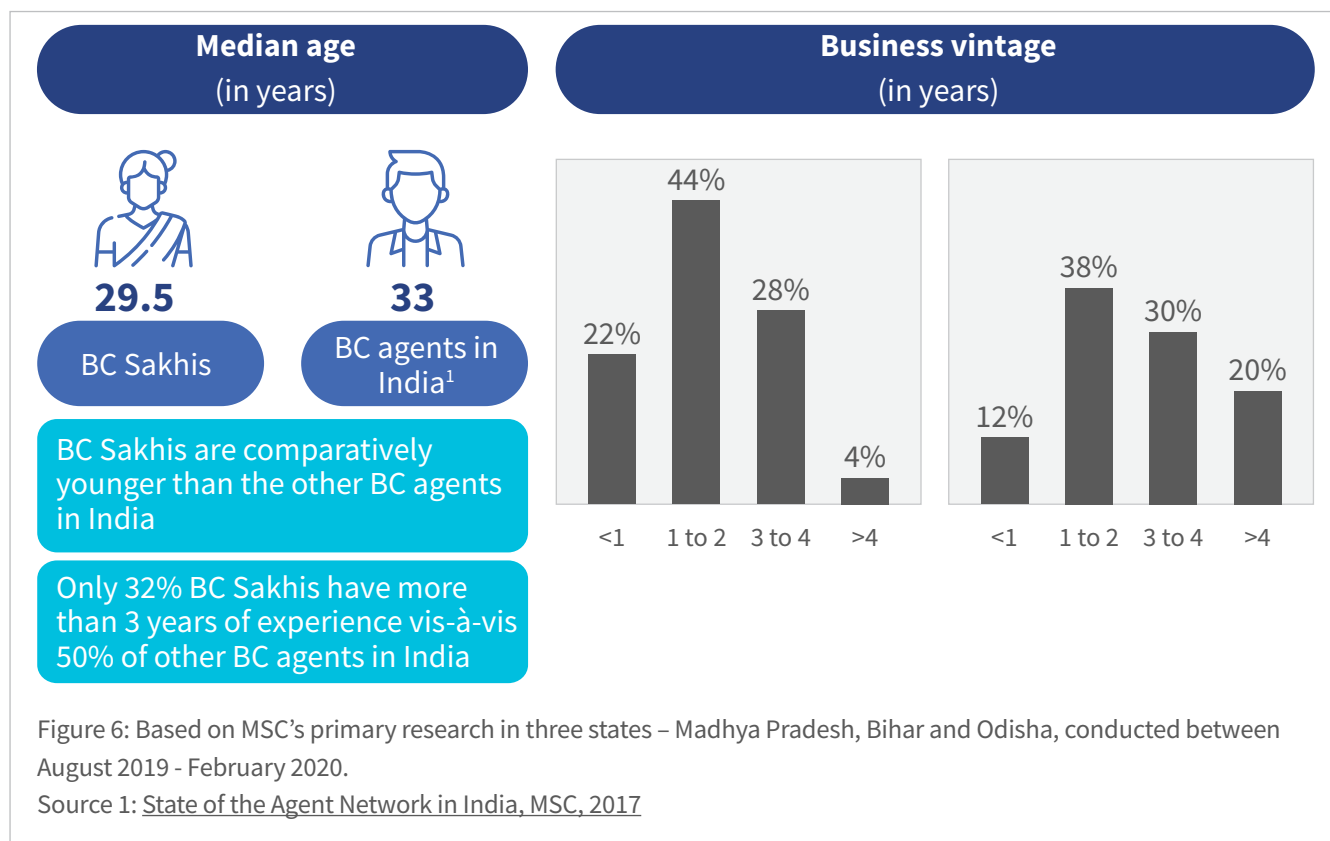
¹⁹ As per "Agent Network Accelerator Research Survey – India Country Report 2017", MSC report, 2018, 50% of agents had more than three years' experience. Source - <https://bit.ly/3fNaUqh>

²⁰ Dhawan Ritesh, Sharma Vikram, Kiarie Nancy and Soni Nimesh, "Understanding Gender Dynamics in Agent Banking", MSC blog, 2016. <https://bit.ly/3qPEO3A>

BC agents in India. Hence, any stipulation of prior experience disadvantages women.

Another example of barriers female BC agents face is the liaison with the FSP team. Female BC agents find it more challenging to navigate

the backend network to address operational and technical issues they face during the course of daily operations. Male BC agents find it easier to build informal rapport, get a speedier resolution to grievances, and liaise with—predominantly male—bank managers.



Because of these barriers, female BC agents may have to forfeit new opportunities that arise from new services and products. Overall, weak support from providers²¹ (external) and family members (internal) leads to under-confidence among female BC agents. MSC's corner shop diaries research²² corroborates that social norms affect women's business decisions alongside their profitability and productivity. Despite this uneven ecosystem of support and more significant constraints, they perform close to, at par with, or better

than male BC agents. This is in a context when performance measurement metrics depend solely on the number and value of transactions and commissions.

FSPs have made no attempts to broaden the performance metrics of essential aspects like number of new customers acquired, number of dormant accounts activated, number of repeat transactions, number of underserved regions, doorstep delivery of services, service during emergencies, service in challenging geographies, etc.

²¹ Muthoni Dorcas, Shukla Kritika, Saini Mohit, Singh Piyush, Garg Priya. "Where are women agents in Indian DFS", MSC blog, 2016. <https://bit.ly/3AhVLGW>

²² "Reimagining the way we examine women-run businesses", L-IFT and MSC, July 2021. <https://bit.ly/3GTqoow>



Future directions

Several challenges plague the demand and the supply sides. However, FSPs can overcome the supply-side challenges through a gender-focused strategy, especially during agent identification and recruitment, and through focused support until the female BC agents become financially sustainable. The agent's gender plays a vital role in developing sticky customer relationships. Assisted transactions are here to stay until user-initiated transactions become a norm for all segments. The BC Sakhi model currently deploys more than 21,790 female BC agents in India²³. It shows that private sector-led networks can tap a more extensive female customer base if providers extend more support.

Further, except for in a few states, cash continues to drive most internal transactions in SHGs. The predominance of cash represents an opportunity for BCNMs to expand and serve unserved SHGs through female BC agents. Mapping all SHGs with female BC agents of FSPs in locations where

the BC program is not yet operational and dual authentication is valid will provide a significant regular business volume. As per MSC estimates, dual authentication leads to an increase of around 30 USD in monthly revenues.

Similarly, understanding the different strengths of female BC agents in driving certain products would enable FSPs to offer a better product mix that uses their community trust and unique strengths. Women agent networks could offer a mix of advantages, such as encouraging savings among women, onboarding more first-time female users, low-value but high-frequency transactions, and doorstep delivery of financial services.

As pointed out in this paper, FSPs acknowledge that expanding the network of female BC agents improves the quality of their agent networks and adds financial and social value. However, it also highlights the need for translating this acknowledgment into action.

²³ Pinto R. Alreena, Arora Amit. "Digital Doorstep Banking: female banking agents lead digital financial inclusion through the pandemic and beyond", ADBI working paper series, August 2021, <https://bit.ly/3nHuHvK>

Women remain underrepresented at different levels across the majority of FSPs. Increasing their representation at all levels will be critical to fixing this challenge. Further, the engagement of more women in BC agent networks diminishes the normative barriers around women's engagement with money and creates safe financial spaces for women.

1

FSPs can start by assessing organizational norms that directly or indirectly encourage and discourage support for women staff and agents. They can then develop a gender-focused strategy that considers the business case of having more female BC agents. Such a strategy can also take lessons from experiments and ideas tested in other sectors that deploy a predominantly female workforce on the frontlines, particularly in rural and remote geographies, such as Asha, Anganwadi, and ANM workers in public health. These ideas can include, for example, letting female BC agents take up cash-in cash-out (CICO) work for half a day or allowing for flexible working hours and capitalizing on the high demand from women for work that involves flexibility and proximity from home²⁴

2

Stakeholders must help FSPs with a comprehensive study to map the cost incurred in managing agents of different genders. Our qualitative discussions with FSPs revealed that resource constraint is a critical factor that weakens their ability to drive concrete actions toward increasing the representation of female BC agents in their agent network. However, evidence has not been mapped systematically to quantify additional cost requirements, use partnerships, or mobilize resources against benefits in terms of additional revenue and float. Once uncovered, such evidence will influence the gender-focused strategy of FSPs.

3

All stakeholders—policymakers, investors, and practitioners in the agent network ecosystem—should start asking or reporting gender-disaggregated data. The indicators must not be limited to the value of transactions or revenue per agent. They should also include the number of dormant accounts activated, number of doorstep delivery of services, number of repeat transactions, number of customers served during emergencies like the pandemic, and the number of underserved regions and difficult geographies served, among other factors.

²⁴ Chatterjee Deepaboli and Sircar Neelanjana, "Why Is Female Labour Force Participation So Low in India?", Indian institute for Human Settlements, 2021. <https://bit.ly/3qPJC6>

4

Stakeholders must conduct gender sensitization sessions for their staff or channel and include diversification of agent network as a target-oriented key result area (KRA) of the bank or BCNM staff. Such efforts would break through the weak representation of women in agent networks, which results from a complex interplay of organizational inertia, varied levels of gender sensitivity, understanding, and the value assigned to the agenda of promoting female BC agents at different levels of operations within FSPs.

With better evidence and enhanced sensitivities on gender issues, all stakeholders will be able to assess whether the long-term benefits that accrue from having more female BC agents outweigh the time and resource cost in the short term.

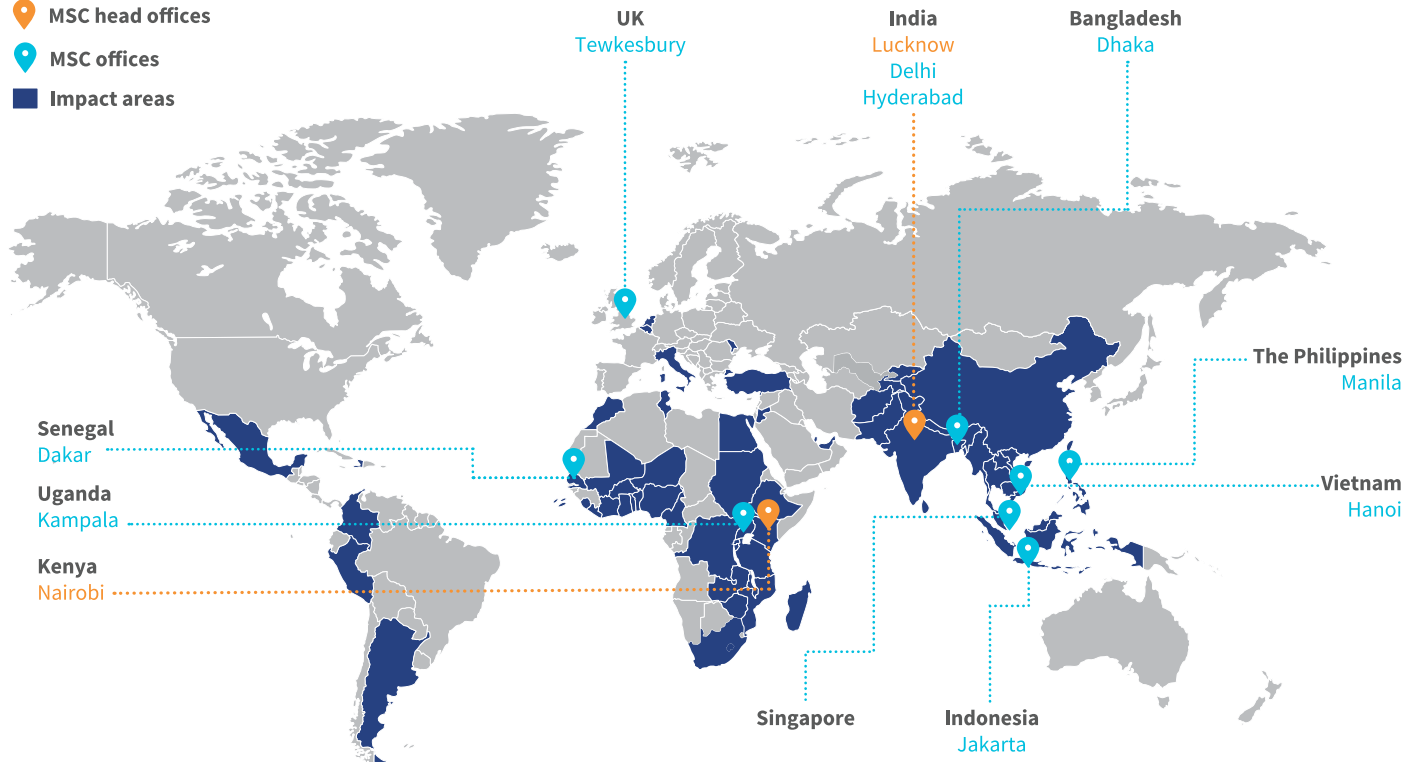
We believe the evidence is aplenty on the benefits of including more female BC agents in agent networks. Of course, this would require policy-level support—and more hard work from providers.



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📍 MSC offices

■ Impact areas



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