

“How did the new pricing strategy increase the income for Eko agents?”

Lessons from a pilot with Eko India Financial Services

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A customized pricing strategy enhanced agent earnings by 24-90%

We supported Eko India Financial Services, a BCNM, to customize its pricing strategy for its agents

Context



Eko, a new-age Business Correspondent Network Manager (BCNM), uses technology and provides financial solutions to more than 50 million customers through its 200,000+ Business Correspondent (BC) agent base.

Eko saw a decline in business throughput at its agent outlets in 2020. It required support to regain momentum among the agents who were at the risk of dropping out. Eko also needed help to onboard new agents to the platform.

Intervention or concept



MSC discussed with external and internal stakeholders to find drivers of low motivation among agents and found inadequate incentives to be a leading cause. In response, Eko built new subscription plans to improve incentives and provide convenience to its agents.

MSC then experimented to understand the attitudes of agents toward the new plans (revised subscription price and commission) and recommended tweaks to improve the new plans



Outputs and future outcomes



Based on MSC's recommendations, Eko made changes in its plans and launched it for its agents pan-India

49%



Average increase in earnings across all categories of agents (small, medium, and large) from the new pricing plans.

84%



Agents adopted Eko's new plans across India* from their launch in June 2021 to December 2021

*Out of a total of 90-100K agents, varying over months. The rest of the network is of banks, as Eko works as a CBC



A successful pilot and route to scale



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We have seen earnings increase across the three categories of agents—small, medium, and large, with new pricing plans

Net earnings with the old plan					Increased net earnings with the new plan	
	Plan	Median transaction range	Median monthly earnings	Commission rate per transaction		
Small agent's	Basic: Subscription charge of INR 0 (USD 0)	INR 100-200	INR 500-1,000 (USD 6-13)	0.27% for DMT with different transaction slab rates for AePS and other products	70-110%	Increase in earnings for small agents with INR 0 monthly subscription fee in new plans. This includes plans with and without distributors. Small agents saw the highest increase in earnings, with new monthly earnings ranging between INR 1,000 and 2,000 (USD 13-26)
	Premium : Subscription charge of INR 124 (USD 1.6)	INR 200-1,000	INR 2,000-7,000 (USD 26-93)	0.40% for DMT with different transaction slab rates for AePS and other products	30-60%	Increase in earnings for medium agents with INR 99 (USD 1.3) monthly subscription fee in new plans. Longer validity plans (3-month plans and 1-year plans) have lower total charges as compared to buying monthly plans for that period. The monthly earnings from the new plan are between INR 5,000 and 15,000 (USD 66-200)
	Basic: Subscription charge of INR 500 (USD 6)	> INR 1,000	INR 15,000-50,000 (USD 200-666)	0.50% for DMT with different transaction slab rates for AePS and other products	15-35%	Increase in earnings for large agents with the new plans with a monthly subscription fee of INR 500 (USD 6) Longer validity plans have lower total charges as compared to buying monthly plans for that period. The monthly earnings from the new plan are between INR 20,000 and 80,000 (USD 260-1,066)

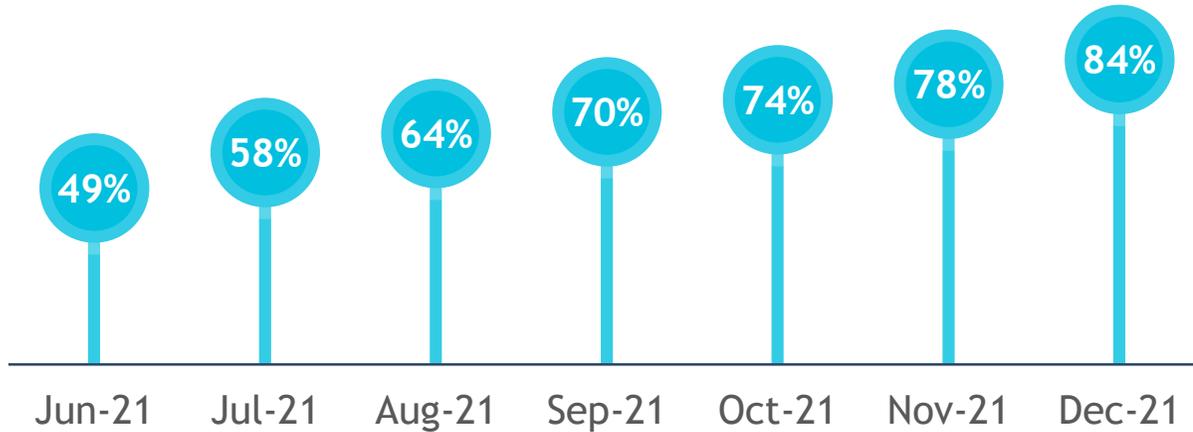
- Benefits for Eko**
- 1** Transition toward a digital onboarding model
 - 2** Low reliance and cost of middle layer (distributors)
 - 3** Increased sales at agent outlets
 - 4** Adjacent business with new service lines

*Please see Annex slides [18,19](#) for the detailed earning change analysis



The pilot saw an overall uptake of 84% across all the plans, with the Silver and Specialist plans* seeing the highest adoption in the first seven months of launch

Percentage uptake of plans since the launch in Jun'21



Adoption of Specialist plan, for agents who do not want support from Eko's distributors to assist with their operations

26%

Adoption of Silver plan, which is primarily for small agents who are price-sensitive and have limited demand and turnover

24%

Good-better-best** fit for the agents



The new plans (with the higher commission and lower subscription charges) helped improve the earnings for small and inactive agents. They also provided high value-add features and longer validity plans.

Launched at the national level



The new pricing plans have been launched pan-India across the Eko network of 200,000+ agents, which includes small, medium, and large agents across urban and rural geographies

*Silver and Specialist are the new plans. Please see Annex-slide [19](#), for the details on new plans

**Please see Annex-slide [17](#) for the details of G-B-B approach

Eko's new subscription plans take care of various factors to make them work

Identification of an agent's volume of transactions

- The total monthly volume of transactions is a key decision factor for an agent to choose the subscription plan.

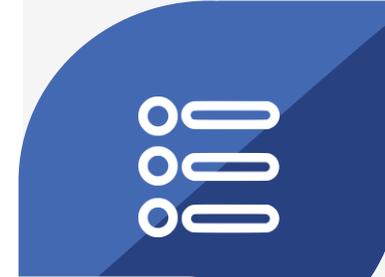
Eko offered different options to select plans according to transaction volumes and brought in flexibility in their validity.



Types of transaction (DMT/AePS)

- The subscription plan should cater to different products and services instead of solely focusing on DMT.

Eko designed the new subscription plans to include multiple products to meet different agent needs under one plan by modifying the commission on DMT and AePS both under a common plan



Key considerations in defining the new subscription plans

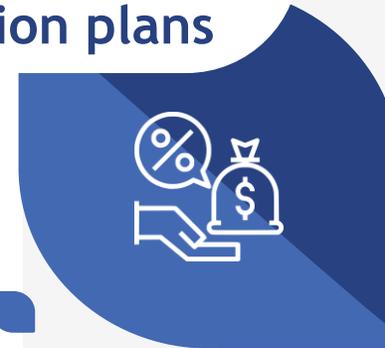
- While some agents depend significantly on distributor support for the end-to-end process, others prefer fully digital processes.

Eko provided subscription plans with and without distributors for all categories of agents



- The commission structure should benefit all categories of agents. It should provide suitable benefits to large agents and offer higher incentives for small and inactive agents as well.

Eko's new plans increased the commission structure for all types of agents



Dependence on distributor

Commission structure

How did we achieve these results?



We used a three-phased approach to identify the problem, assessed the feasibility of new plans developed by Eko in the field, and recommended tweaks to modify and launch the plans for the pan-India agent network



Based on MSC's recommendations, Eko tweaked its new subscription plans to encourage higher adoption across existing agents and acquire new agents. The plans were launched pan-India for its 200,000+ agents.



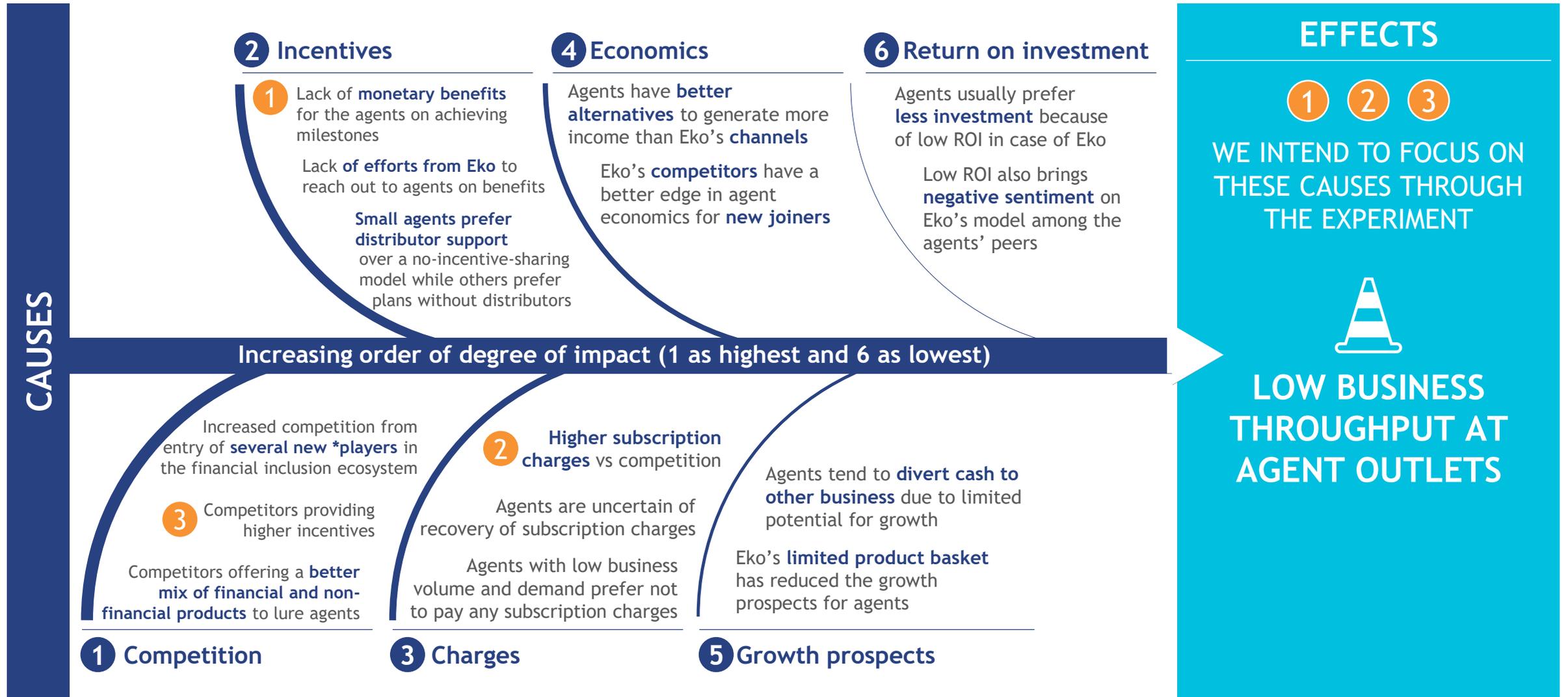
MSC conducted in-depth qualitative research to understand the attitude of agents toward the new subscription plans. Based on field-level insights, MSC recommended tweaks based on the good-better-best (G-B-B) pricing framework* to Eko.



MSC brainstormed with the Eko team to arrive at the root causes for low business throughput at agent outlets, using fishbone analysis. Based on this, Eko built new subscription plans for its agents.

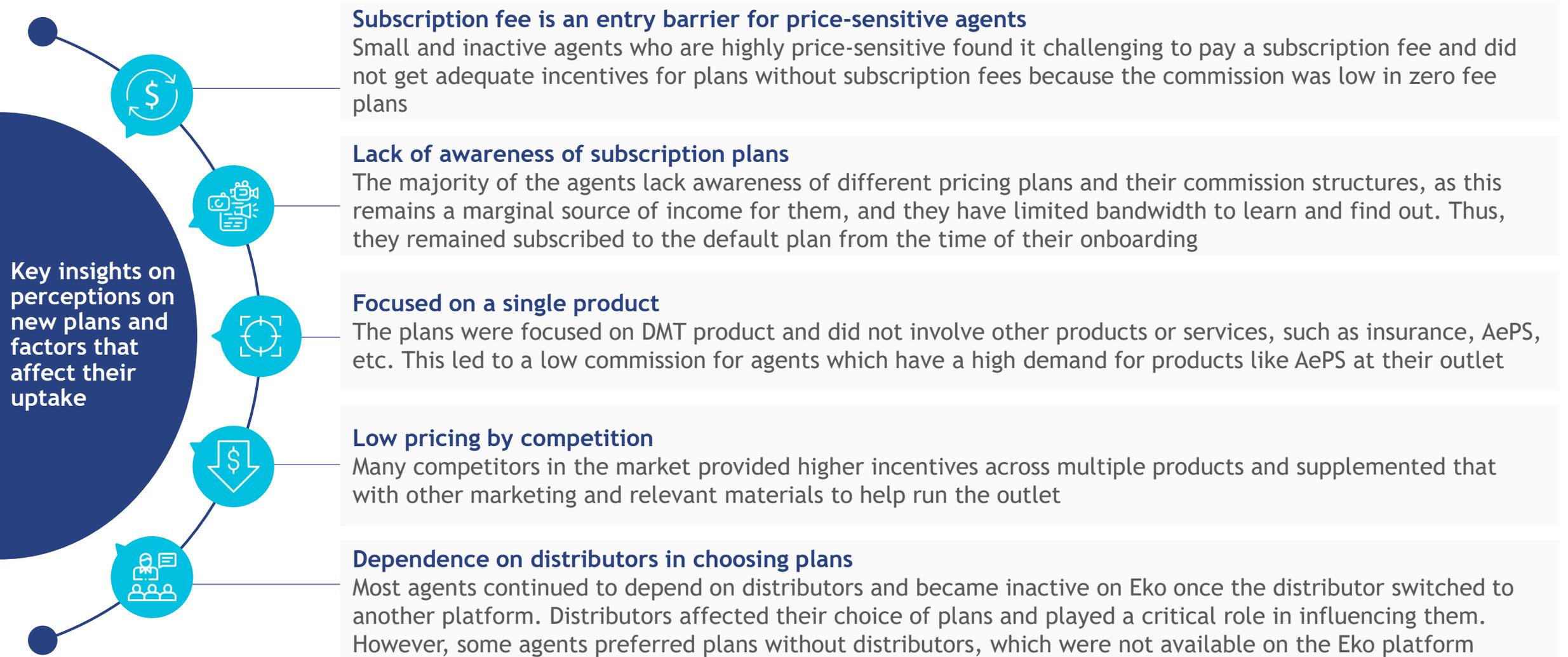
*Please see Annex-slide [17](#) for the details of G-B-B approach

Phase 1: Identify the problems. Low incentives and flexibility in subscription plans were identified as causes for low business throughput



*players: Eko's competitors

Phase 2a: Based on Eko's new subscriptions plans, MSC conducted in-depth research with agents on their attitudes toward the new plans



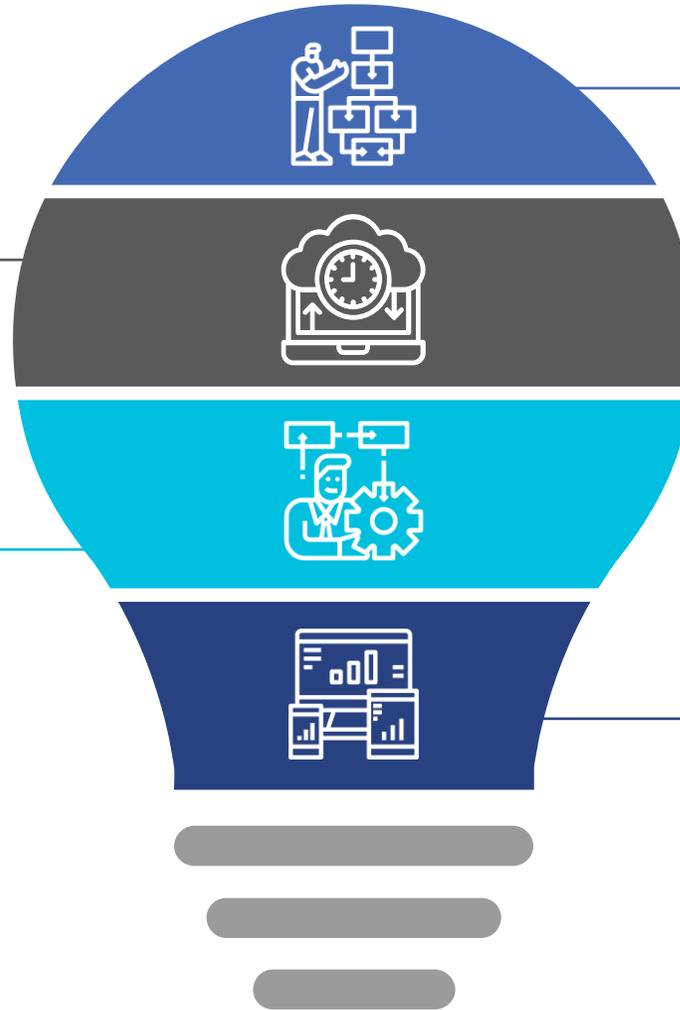
For details on both old and new subscription plans, [click here](#)

Phase 2b: Recommending solutions to modify new plans (based on research)

We suggested tweaks based on G-B-B approach to improve the new subscription plans

Offer long-validity plans to larger merchants who can afford to pay higher (“The Best”) and are willing to pay more for extra commission

Display recommended plans on the dashboard for each merchant, and use a nudge (in the form of pop-ups or notifications) to move the merchants to a new plan



Offer a bundled price with new plans and additional services (identify price packs for such services, and bundle the cost with the subscription)

Keep the existing Basic plan with INR 0 subscription fee (“The Good”) and the new plan close to the current Premium plan with INR 146 monthly fee (“The better”) to reduce the entry barrier

For detailing on use of G-B-B approach, [click here](#); For details on both old and new subscription plans, [click here](#)

Phase 3: Launch of modified subscription plans for 200,000 agents across India

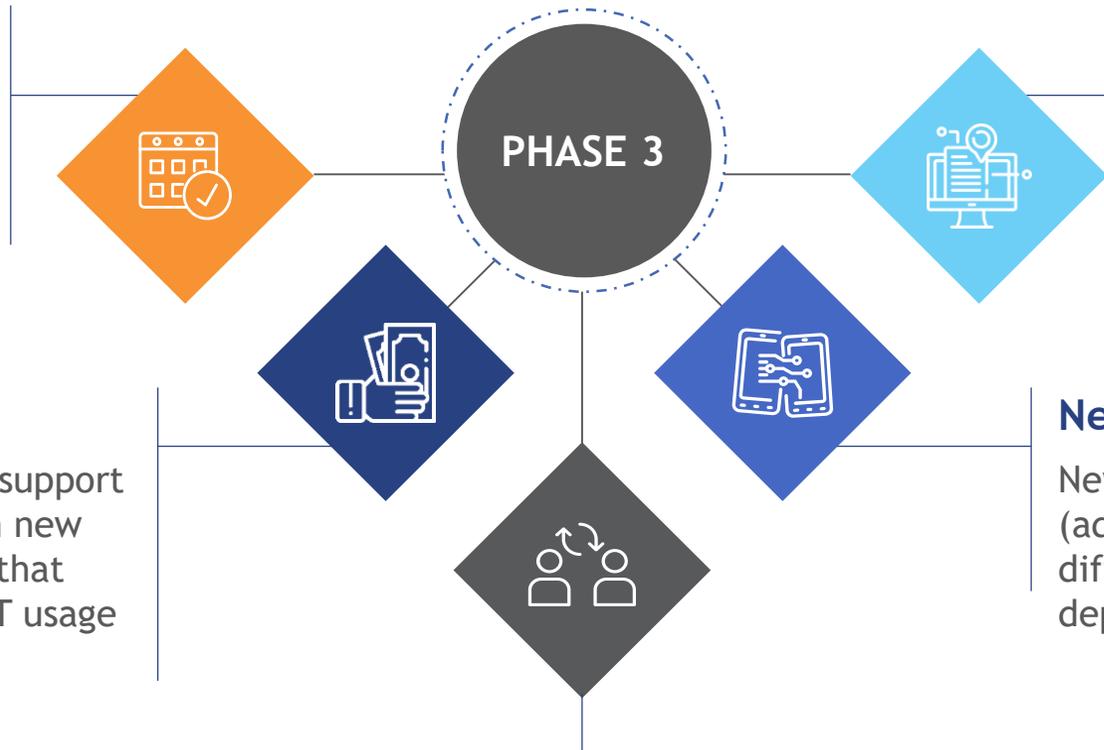
Eko launched the new modified plans based on MSC's recommendations and focused on the following to increase the uptake of plans by its agents and their earnings

Validity options in plans

Introduction of 30, 90, and 365 days options across subscription plans to provide convenience for all categories of agents

Bundled pricing

Increased commission on AePS to support agents with both DMT and AePS in new plans as opposed to earlier plans that only favored agents with high DMT usage



Additional third-party services

The addition of multiple third-party services, such as ticket booking, insurance, and OTT subscriptions, among others, as an avenue for agents to generate revenue and increase customer stickiness

New channels for adding e-value

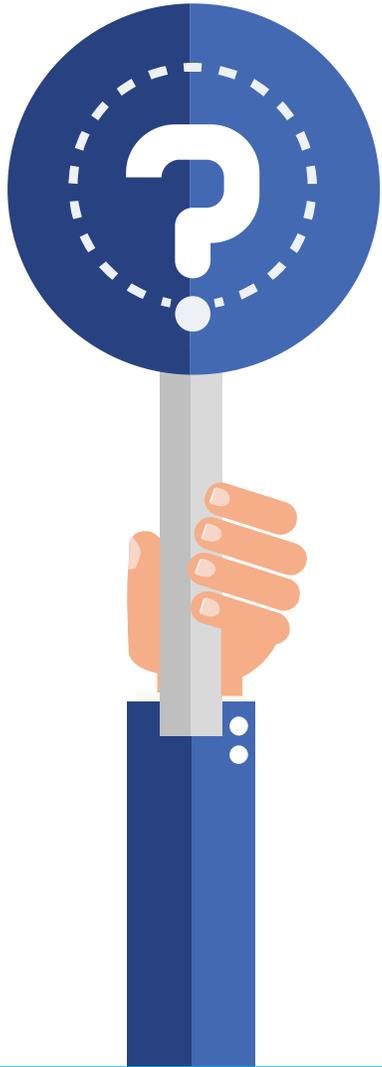
New options of rebalancing their accounts (adding e-value to the accounts) through different channels and reduce their dependence on the distributor

Option of plans with and without distributors

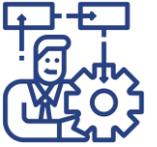
Flexibility for the agents to choose from plans which offer support from the distributor or plans without any distributor support depending on the need and requirements of the agents

For details on modified new subscription plans, [click here](#)

Lessons from the experiment – industry insights



Agents depend extensively on distributors for liquidity management, daily operations, and support. Many agents drop out once their distributors switch to another platform.



Third-party services can lead to higher income for agents. Many of these services, like ticket bookings and entertainment subscriptions, come from customer demand.

The [rise of new-age BCNMs](#) has made the market highly competitive. With minimal switching costs for the agents, attrition rates and dormancy across many platforms are rising.



- Lack of visits or regular monitoring leads to more inactive agents and dormancy as many of these
- agents remain unaware of changes in commissions, new products, or any other operation-level
- changes. This often compels agents to move to another platform.

Branding and marketing activities play a key role in building trust in the platform for the agents. References and reviews from peers affect the adoption of platforms.





Annexures

Annex 1 - Pilot assessment: Success stories (1/2)



Devnarayan Chaudhary is a 32-year-old agent operating in an industrial area around Manesar as an Eko BC agent

- Devnarayan is a large agent who has a monthly turnover in the range of INR 5-6 million (USD 65,000-80,000) and sees high demand in his area from customers, who mostly seek domestic money transfer (DMT)
- Under the old Super-saver plan, he used to pay INR 499 (USD 6.65) per month. Under this plan, he earned between INR 30-40K (USD 400-533) per month. While he was largely satisfied with the plan, he wanted more value-added services, such as ticket bookings and insurance. Devnarayan also sought longer validity of the plan since he is a committed and loyal agent of Eko
- After the launch of the new plans, Devnarayan has seen a significant increase in his earnings. He is delighted with the flexibility offered by the options of 3-month and yearly plans. He also likes the new features that allow rebalancing of e-value through UPI as well as AePS. He believes that this will also help reduce his dependence on distributors in the future. The value-added services have also provided an additional source of revenue for him

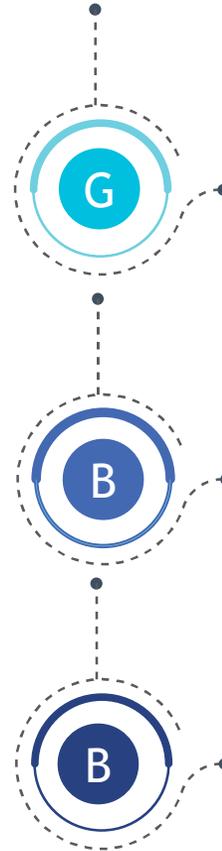
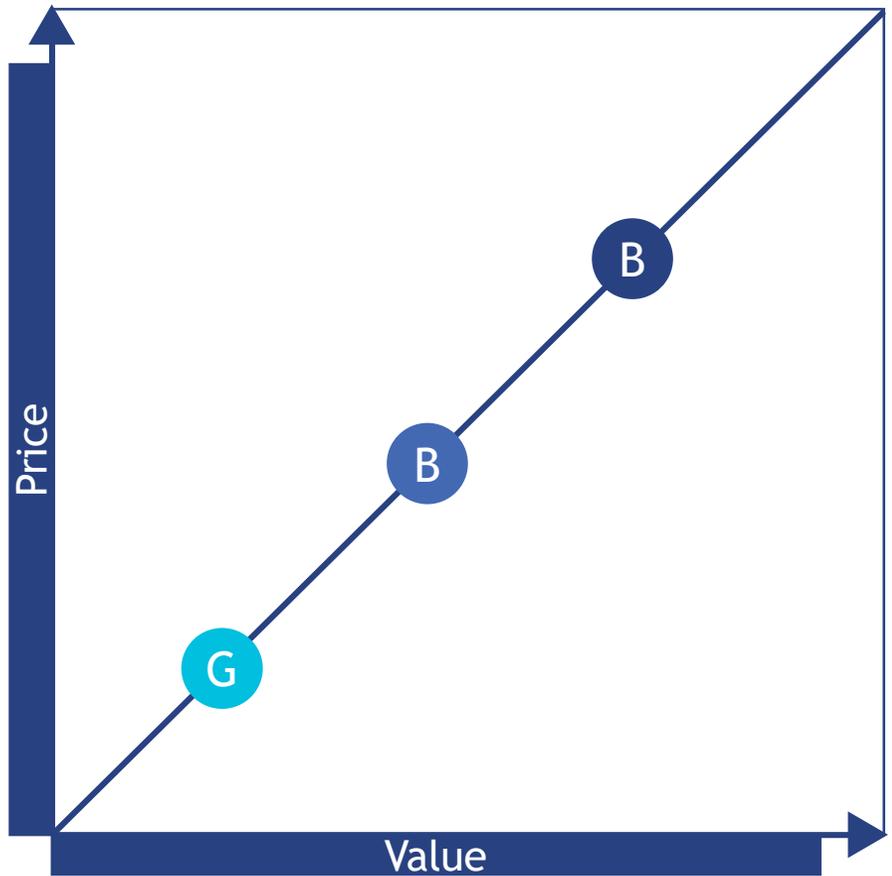
Annex 2 - Pilot assessment: Success stories (2/2)



Brajesh Jatav is a 35-year-old from Champaran, Bihar, and has been working as an Eko agent for the past three years

- Brajesh is a small agent who has been operating as an Eko agent in his village in Champaran, Bihar. His customers are mainly direct benefit transfer (DBT) beneficiaries who withdraw cash through AePS. Some of the customers also receive money from their family members in cities. He also helps them fill up bank account forms.
- With Eko, he had been using the Basic plan, which did not have any subscription charges. He did not find the plans useful, as they were focused only on DMT and did not involve AePS or any other products. He earned between INR 1,200-1,500 (USD 16-20) monthly in the old Basic plan.
- Under the new modified plans, the commission for AePS has increased significantly. He currently pays for a 90-day plan. This involves subscription charges of INR 274 (USD 3.65) and he receives higher commission on AePS. His overall monthly income now ranges between INR 2,000-2,500 (USD 26-33).

Good-better-best approach guiding pricing recommendations



The Good: Keep a low-price entry version targeting the needs of agents operating in areas with low customer demand or those who are inactive to retain these price-sensitive merchants

The Better: Provide plans that offer marginally higher value across multiple products like AePS and DMT with additional features which are appealing to keep them from moving back to “Good”

The Best: Cater to the sophisticated and larger needs of agents by providing premium features with longer validity plans and add to their revenue streams

* [G-B-B \(Good-Better-Best\)](#) product pricing strategy supports that a premium pricing with additional services will cater to certain customer segment, whereas the price-sensitive segments need to be retained with an existing price product

Old and new plans

Old plans

	Only monthly plans		
	Old plan (Basic)	Old plan (Premium)	Old plan (Super saver)
	0	146.32	590
Commission (on each transaction)	0.27%	0.40%	0.50%

AePS - Merchant commission

Transaction slab	Old	New
101 - 499	-	1.50
500 - 1,099	1.00	3.00
1,100 - 1,599	2.00	4.50
1,600 - 1,999	2.00	6.00
2,000 - 2,499	5.00	7.50
2,500 - 2,999	5.00	8.00
>3,000	5.00	10.00

New plans developed by Eko after brainstorming

New Plan pricing

# transaction range	Months					
	Weekly	Fort-nightly	1	3	6	12
>0 <100	86	108	144	346	518	691
>99 <200	156	194	259	560	840	1,120
>199 <500	389	486	648	1,400	2,100	2,799
>499 <1,000	778	972	1,296	2,799	4,199	5,599
>999 <2,000	1,555	1,944	2,592	5,599	8,398	11,197
>1,999 <5,000	3,888	4,860	6,480	13,997	20,995	27,994
>4,999 <10,000	7,776	9,720	12,960	27,994	41,990	55,987
>9,999	15,552	19,440	25,920	55,987	83,981	1,11,974

The commission remains 0.80% of each transaction value across all the plans under the new pricing



For more details, refer this sheet



New modified plans

New DMT Packs		No Subscription No distributor	No Subscription (with distributor)	Subscription pack (Small merchants) (with distributor)	Subscription (Big merchants) (with distributor)
		Specialist plan	Silver plan	Gold plan	Platinum plan
DMT cost to merchant %		0.36%	0.52%	0.50%	0.47%
Cost of the pack (30 days)		NA	-	INR 99 + GST	INR 499 + GST
Cost of the pack (90 days)				INR 274 +GST	INR 1299 +GST
Discount on a 90 day pack				8%	13%
Cost of the pack (365 days)				INR 799 +GST	INR 3999 +GST
Discount on a 365 day pack				33%	33%
Average transaction size	INR 4,200				

AePS modified commission (now included in plans)	
Transaction Value (INR)	Merchant Commission
0-100	INR 0
101-499	INR 0.25
Between INR 500 and INR 999	INR 1
Between INR 1,000 and INR 1,999	INR 2
Between INR 2,000 and INR 2,999	INR 5
Between INR 3,000 and INR 6,999	INR 7.5
Between INR 7,000 and INR 9,999	INR 10
10,000	INR 11

Earning increase calculations

Without distributor plans

Category of merchants	Transaction ranges	Total volume of transactions (monthly)	Old plan fee	Old plan earning (Net)	New monthly plan fee	New plan earning (Net)	Increase in the earning	% increase
Small agents	>0 and <100	50	0	408.5	0	691.5	283	69.28%
	>99 and <200	150	0	1,225.5	0	2,074.5	849	69.28%
Medium agents	>199 and <500	250	124	2,601	99	3,463.5	862.5	33.16%
	>499 and <1,000	750	124	8,051	99	10,588.5	2,537.5	31.52%
Large agents	>999 and <2,000	1500	500	19,000	499	21,821	2,821	14.85%
	>1,999 and <5,000	2500	500	32,000	499	36,701	4,701	14.69%
	>4,999 and <10,000	5000	500	64,500	499	73,901	9,401	14.58%

All the earnings, fee, and cost are in INR; *Net here indicates earnings with subscription fee deducted

Earning increase calculations

Without distributor plans

Category of merchants	Transaction ranges	Total volume of transactions (monthly)	Old plan fee	Old plan earning (Net)	New monthly plan fee	New plan earning (Net)	Increase in the earning	% increase
Small agents	>0 and <100	50	0	408.5	0	859.5	451	110.40%
	>99 and <200	150	0	1,225.5	0	2,578.5	1,353	110.40%
Medium agents	>199 and <500	250	124	2,601	0	4,297.5	1,696.5	65.22%
	>499 and <1,000	750	124	8,051	0	12,892.5	4,841.5	60.14%
Large agents	>999 and <2,000	1500	500	19,000	0	25,785	6,785	35.71%
	>1,999 and <5,000	2500	500	32,000	0	42,975	10,975	34.30%
	>4,999 and <10,000	5000	500	64,500	0	85,950	21,450	33.26%

All the earnings, fee, and cost are in INR; *Net here indicates earnings with subscription fee deducted

Longer validity benefits for medium and large agents

Comparison: 30-day pack with 90-day pack (medium merchants)

Plan type	No of plan*Price of the plan	Total charges in 3 month period	% saving
Three- 30 day plans	3*99	297	-
One 90 day pack	1*274	274	7.74

Comparison: 30-day pack with 90-day pack (large merchants)

Plan type	No of plan*Price of the plan	Total charges in three-month period	% saving
Three- 30 day plans	3*499	1,497	-
One 90 day pack	1*1,299	1,299	13.23

Comparison: 30 day pack with 365 day pack (medium merchants)

Plan type	No of plan*Price of the plan	Total charges in a year	% saving
Twelve- 30 day plans	12*99	1,188	-
One 365 day pack	1*799	799	32.74

Comparison: 30 day pack with 365 day pack (large merchants)

Plan type	No of plan*Price of the plan	Total charges in a year	% saving
Twelve- 30 day plans	12*499	5,988	-
One 365 day pack	1*3,999	3,999	33.22

Comparison: 90 day pack with 365 day pack (medium merchants)

Plan type	No of plan*Price of the plan	Total charges in a year	% saving
Four- 90 day plans	4*274	1,096	-
One 365 day pack	1*799	799	27.10

Comparison: 90 day pack with 365 day pack (large merchants)

Plan type	No of plan*Price of the plan	Total charges in a year	% saving
Four- 90 day plans	4*1,299	5,196	-
One 365 day pack	1*3,999	3,999	23.04

All the earnings, fee, and cost are in INR

Glossary

Abbreviation	Full-form
AePS	Aadhaar-enabled Payment System
BCNM	Business Correspondent Network Manager
DBT	Direct Benefit Transfer
DMT	Domestic Money Transfer
MSC	MicroSave Consulting
OTT	Over-the-top

Sectors we work in

Providing impact-oriented business consulting services



Multi-faceted expertise

Advisory that helps you succeed in a rapidly evolving market



MSC is recognized as the world's local expert in economic, social, and financial inclusion



International financial, social, and economic inclusion consulting firm with **20+** years of experience



>200 staff in **11** offices around the world



Projects in **~65** developing countries

Our impact so far

>550
clients

>1,000
publications

Assisted development of digital G2P services used by **>875 million** people

Implemented **>875 DFS** projects

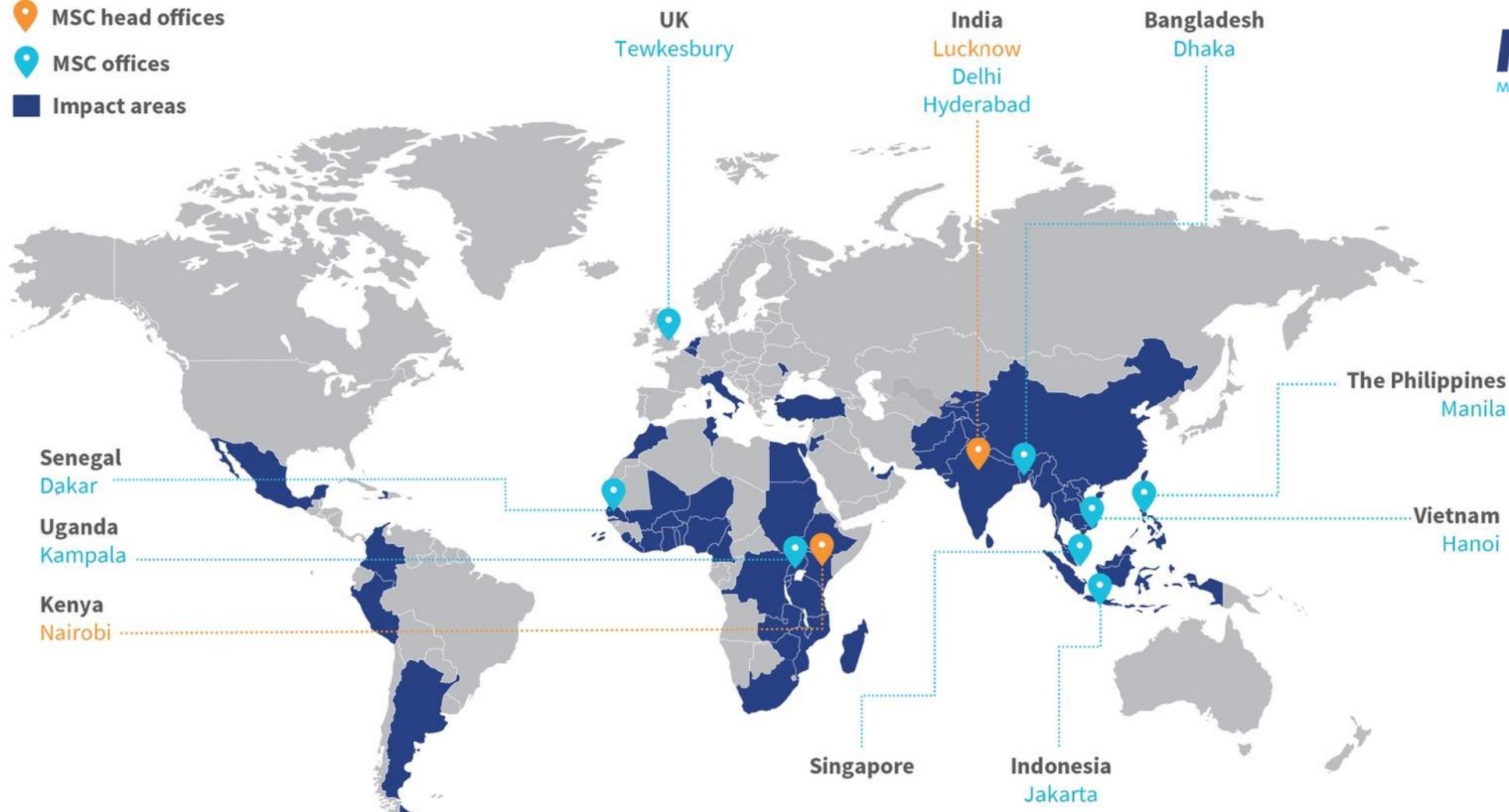
Developed **>275 FI products** and channels now used by **>55 million** people

Trained **>10,500** leading FI specialists globally

Some of our partners and clients



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