

Factsheet: A Banking Agent in Every Village: Last Mile Challenges

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18% Agents who do not receive any support or training from the banks they work for.

58% Agents earning less than the break-even point, leaving them with zero profits.

0.3% Adults in India who use mobile money. Compared with 75% (Kenya) and 22% (Bangladesh).

60% Average turnover rate of agents within first 6-9 months of joining. Increases over time.

Safety on the Field: Almost 10% of agents were robbed in 2009. They are always at risk of theft and violence – they bear the costs themselves.

❖ *Establish liability-recovery processes to decrease risk of robbery*

'Minimums': Relax constraints and increase scope for incentives to widen agent network. There is a 37% effective dormancy rate of agents in India.

- ❖ *Implement a 3.14% minimum commission per transaction*
- ❖ *Relax the 30km rule & scrap cluster-based approach*

Streamline Operations: Merge supply-side interventions to meet demand-side changes.

- ❖ *One or two anchor products –focus on demand for credit and savings*
- ❖ *More liquidity – adequate hard cash and e-float money for operations*

Source-

Behind the Big Numbers: Improving the Reach and Quality of Agent Networks in India'. 2013. Graham A.N. Wright, Manoj K. Sharma, Puneet Chopra. Micro-Save CGAP. Agent Networks; 'Best Practices in Mobile Microfinance'. Fatima Yousif Financial Inclusion Insights, 'Financial Services and Digital Pathways' 'Agent Management Toolkit', CGAP

BRAZIL: Banco do Brasil/Telecom Service

- Largest public bank in the country. Has over 16,000 agents
- Largest Agent-Network-Manager: Telecom Service (1,000 agents)
- Small family-owned stores; primarily walk-ins for bill payments
- Incorporates social-welfare payments & government transactions
- Average daily profit: US\$0.39
- Provides agents with Internet tools for electronic funds transfers
- Willing to take on liquidity management costs and bear costs of armored car services
- Agents receive a bonus if they do an exceptional number of transactions a month.
 - o Bonus is structured differently based on the type of agent

KENYA: M-PESA

- M-PESA is the iconic mobile banking service. Offers mobile wallet
- More than 21,000 agents, managed by hundreds of ANMs
- Requires agents to hold cash and e-float equal to US\$1,250
 - o This amount is 1.5 times greater than annual GDP per capita
- Witnessed 25% drop in average profits per day of small agents
 - o Number of agents grows faster than total number of transactions
- On average, 61 transactions per day per agent (avg. profit US\$3.86)
- In Kenya, the largest banks do not provide small business loans to entrepreneurs seeking to become M-PESA agents
- Agents bear the full costs of a robbery. 10% of agents are robbed
- New agents provide own mobile phones and start-up capital

Sources-

'Behind the Big Numbers: Improving the Reach and Quality of Agent Networks in India'.2013. Graham A.N. Wright, Manoj K. Sharma, Puneet Chopra. Micro-Save
Do Agents Improve Financial Inclusion? Evidence from National Survey in Brazil' (2013).