Branchless Banking Agent Networks

Intro to BB Agents : Roles & Challenges

CSFs for BB Agent Networks

Telecom Distribution Networks

Finding the Right Business Model

Conclusion

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Role of Agent Networks in Branchless Banking

- Back-bone of the Branchless Banking setup

- Last-Mile for service delivery to customer

- Responsible for maintaining Cash/Liquidity in the ecosystem

- Responsible for Customer Service & Support

- Interface between customer and FI/Telco

Key Challenges in Setting Up a BB Agent Network

- **Creating relationships** to establish & expand the network

- **Managing cash & liquidity** by incentivizing Agents

- Creating **the right cost and revenue model** in which clients, Agents, Telco and the bank benefit

- **Training & educating the Agents** to build a homogenous network

- Managing **controls & compliance** to ensure banking standards are met

- Use **effective marketing tools**, **tailored products**, and **partnerships** to rapidly set up and grow the network

Intro to BB Agents : Roles & Challenges

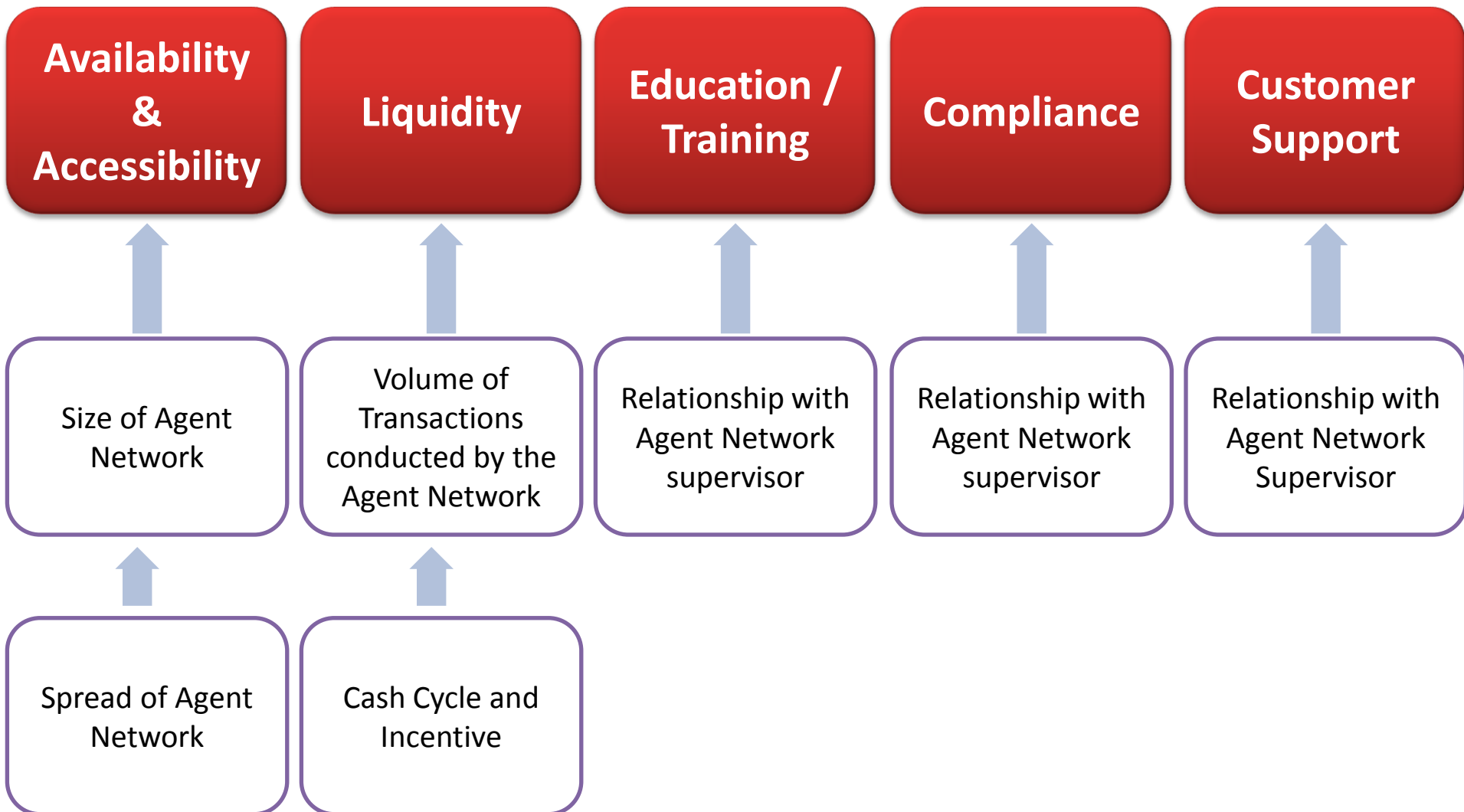**CSFs for BB Agent Networks**

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Critical Success Factors for Bb Agent Networks

Availability & Accessibility	Liquidity	Education / Training	Compliance	Customer Support

Size of Agent Network

Volume of Transactions conducted by the Agent Network

Relationship with Agent Network supervisor

Relationship with Agent Network supervisor

Relationship with Agent Network Supervisor

Spread of Agent Network

Cash Cycle and Incentive

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Telco Distribution Networks

- The Telco Distribution Network is the largest in Pakistan:
    - Over 1,400 Franchisees
    - Over 200,000 Retailers
    - Presence across Pakistan

- These touch points already process:

    - High-level customer service with strict compliance to SOPs

    - Funds Transfer services to the customer

    - Cash and liquidity management with Mobilink

Mobilink's Distribution Network

- Mobilink currently runs the largest retail network in Pakistan

- Most accessible retail network across the country:
    - Nearly 500 Franchise Outlets
    - Over 200,000 retailers across Pakistan

- Processes over Rs. 6 billion worth of Mobile-to-Mobile balance transfers per month

- Provides level-1 support to customers

- Handles complicated processes such as change of SIM ownership etc

- Is connected 24/7 to Mobilink headquarters for live support

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Finding the Right Model for Branchless Banking

Agent CSFs	Accessibility & Availability	Liquidity (Agent Incentive)	Education	Compliance	Customer Support
Bank-Led	Dependent on Agent Partner	Average	Average	Average	Average
Telco-Led	Good	Good	Good	Good	Good

Finding the Right Model for Branchless Banking

The Agent Network Perspective on Bank-Led Model

Possible setups:

1. Bank utilizes its own branch, ATM and POS network

2. Bank establishes relationship with a 3rd party distribution network

3. Bank establishes relationship with Telco to utilize Telco's Agent network

Finding the Right Model for Branchless Banking

The Agent Network Perspective on Telco-Led Model

■ All successful Mobile Money deployments globally have been lead by the entity providing the Agent Network – the TELCO

■ This is due to two main reasons:

1. Telcos' relationship with, understanding of and control over the Agent Network

2. Telcos' understanding of mass-market customer needs and ability to create products/services accordingly

Case Study – Agent Network Kenya

Agent Network Growth in Kenya
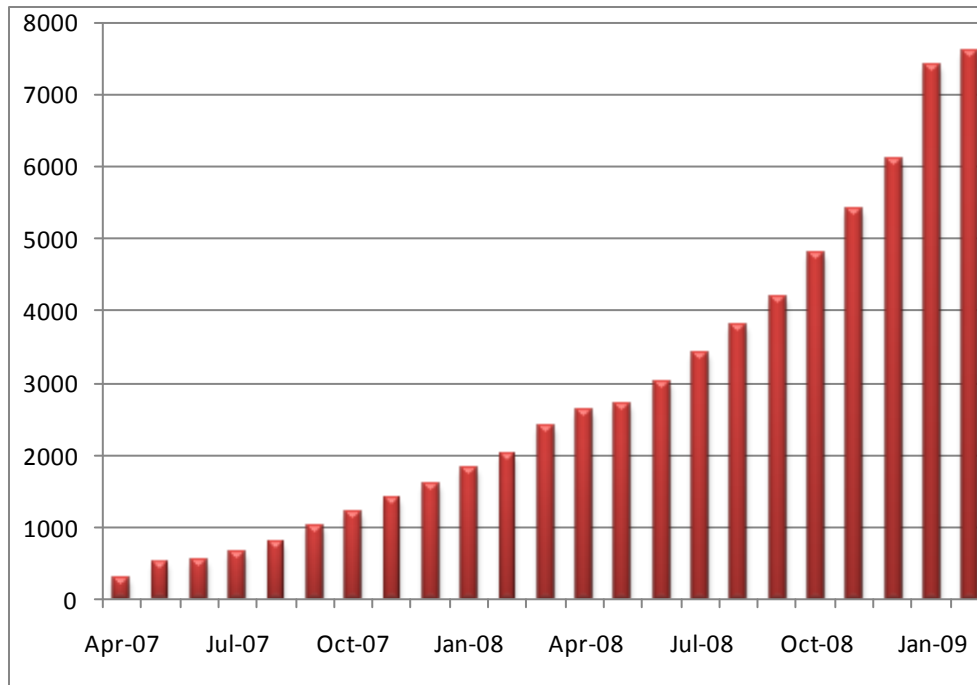
- Primarily a Telco-Based Agent Network

- Safaricom M-Pesa
  - Over 11,000 M-Pesa agents nationwide

- Acceptability amongst agents and customers was high

- Safaricom's presence in the un-banked communities paved the way

- The trust amongst the stakeholders was developed instantly because of Safaricom's reputation

- Customer base grown from 20,000 customers in the first month to 10 million customers today

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- **Telco Agent Networks are best suited to become Branchless Banking Agents**

- **The underlying factors impacting the success of a Branchless Banking Agent Network need to be addressed before contemplating roll-out**

- **Some of the most important factors impacting the effectiveness of a Telco Agent Network are:**
  - Ownership of the Branchless Banking service by the Telco

- **Revenue and Cost Model for the Telco and Agents Telcos need to be given more role/stake in the Branchless Banking value chain in order to:**
  - Leverage their current expertise in building and managing distribution networks,
  - Creating a favorable cash and incentive cycle for the Agents
  - Designing financial services that appeal to the mass market

Thank You!