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
Critical Success Factors for Bb Agent Networks

**Availability & Accessibility**
- Size of Agent Network
- Spread of Agent Network

**Liquidity**
- Volume of Transactions conducted by the Agent Network
- Cash Cycle and Incentive

**Education / Training**
- Relationship with Agent Network supervisor

**Compliance**
- Relationship with Agent Network supervisor

**Customer Support**
- Relationship with Agent Network Supervisor
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Conclusion
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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CSFs for BB Agent Networks

Telecom Distribution Networks

Finding the Right Business Model

Conclusion
# Finding the Right Model for Branchless Banking

<table>
<thead>
<tr>
<th>Agent CSFs</th>
<th>Accessibility &amp; Availability</th>
<th>Liquidity (Agent Incentive)</th>
<th>Education</th>
<th>Compliance</th>
<th>Customer Support</th>
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</thead>
<tbody>
<tr>
<td><strong>Bank-Led</strong></td>
<td>Dependent on Agent Partner</td>
<td>Average</td>
<td>Average</td>
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<tr>
<td><strong>Telco-Led</strong></td>
<td>Good</td>
<td>Good</td>
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</tbody>
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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
Conclusion

- 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!