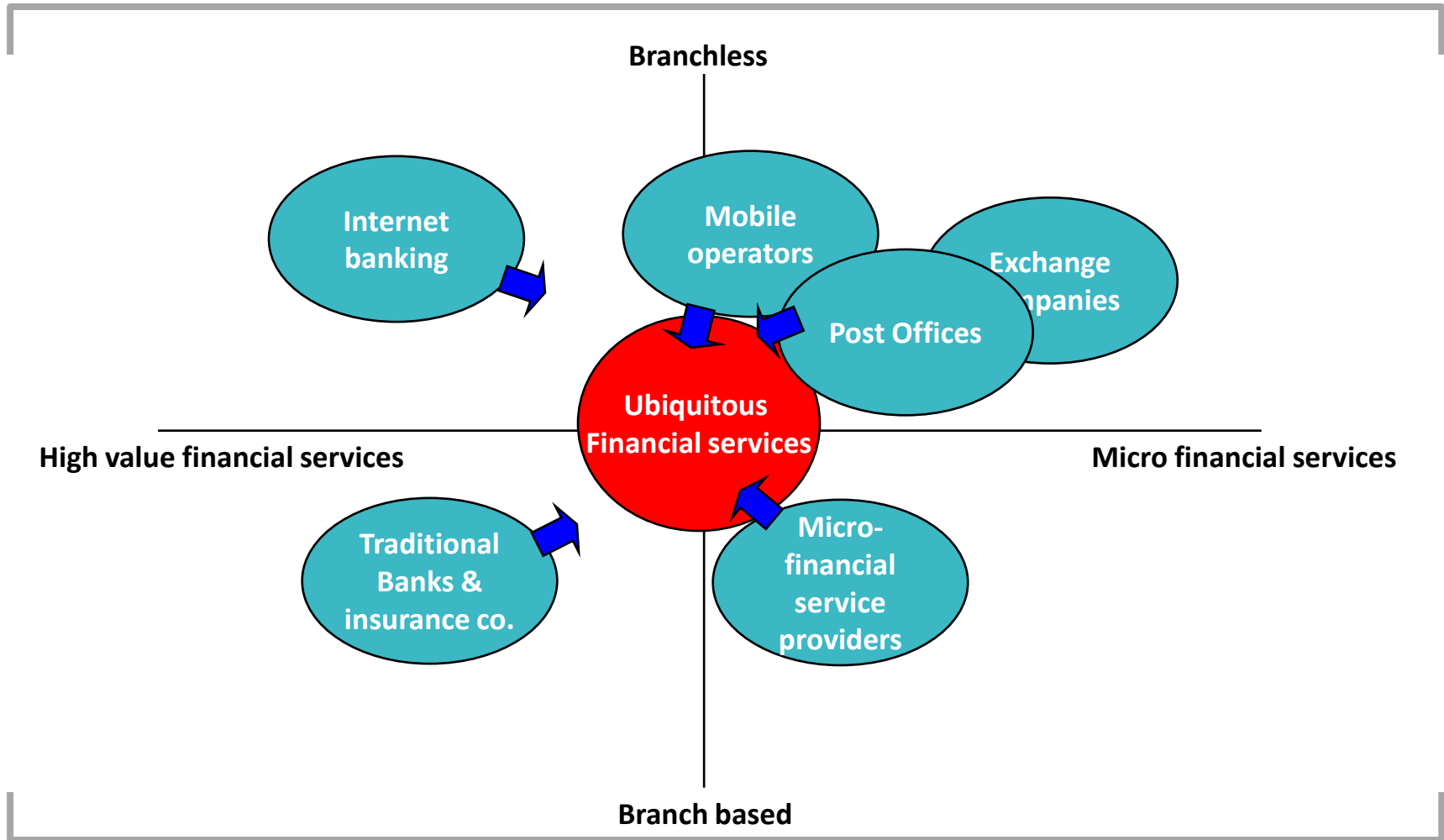


Creating success branchless banking agent networks in Pakistan



Paradigmatic Shift in the industry



The financial services industry is gearing to leverage technology in a shift from the saturated **High Value** markets to the underserved **Micro financial services** with and emphasis on **high volumes**

The convergence of fundamental shifts in the regulatory framework are ideal for expanding the financial services net

Shift away from ...

Poverty
alleviation



...towards

Financial
inclusion

A shifting of emphasis from Micro-credit as tool for poverty alleviation to a tool for financial inclusion – key strategic emphasis is on mainstreaming Micro-finance and expanding the financial services net

Branched Based
Banking



Branchless
Banking

These regulations aim to reduce the overall cost of business by reducing cost to serve while expanding geographical outreach

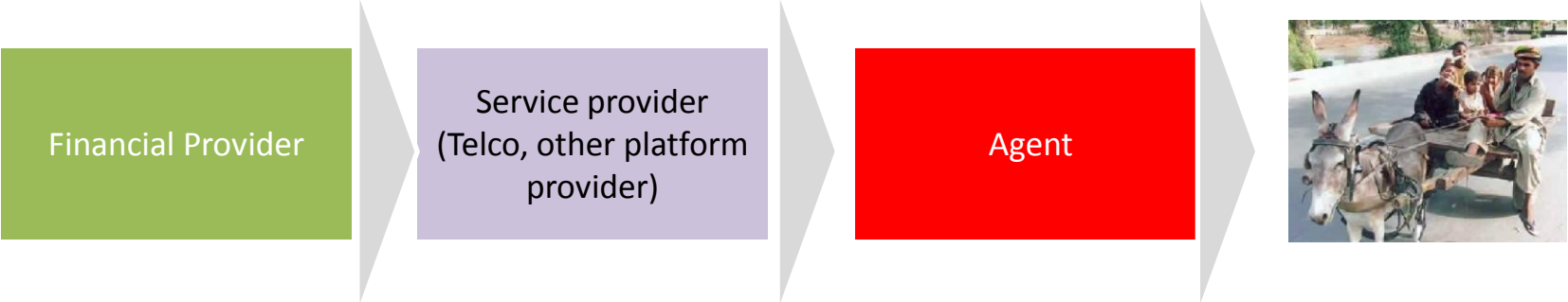
Account based



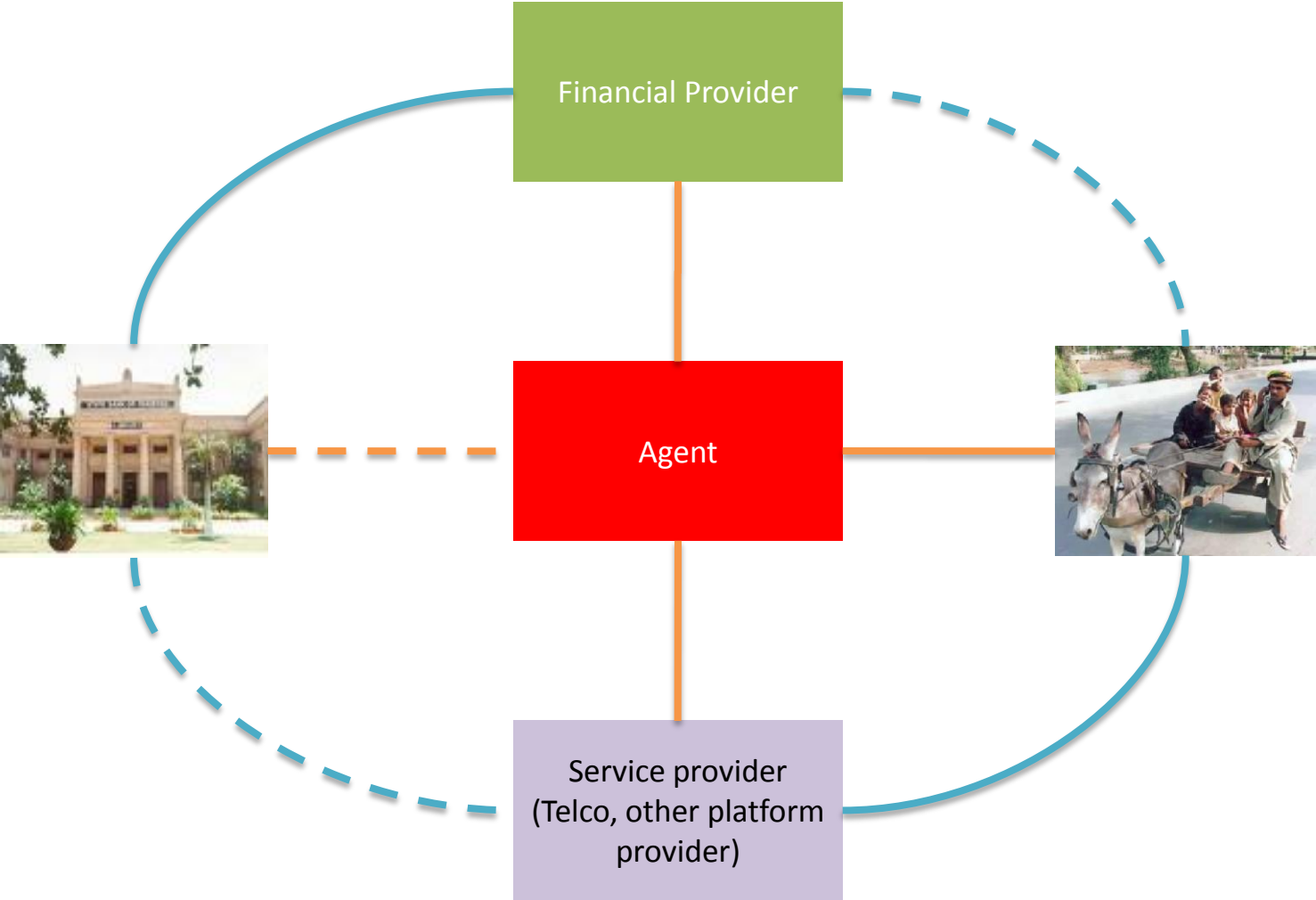
Transaction
based

Address key customer pain-points such as remittances on a transaction basis in order to bring them into the financial net – evolve towards account based services – this is “pay as you go” banking







Financial and service providers often fall into the trap of seeing the agent as **merely the “last mile”...**



...Underestimating the agent role as the hinge of a successful branchless banking network



The Key Success Factors For Branchless Banking rest heavily with the agents at the customer frontline

- **Credibility:** The agent has to be a trusted brand, or member of the community 
- **Proximity:** Agent networks have to be easily accessible... 
- **Ubiquity:** ...and offer a similar customer experience whether in Karachi or Khyber 
- **Security:** As the main interface with the customer agents have to ensure compliance not only with KYC as required by the regulator but with all fraud prevention processes. As such agents will be responsible to ensure that their counter staff have the appropriate levels of training 
- **Simplicity:** Agents are the main human interface – it is their responsibility to explain the service, guide the user, and make the service simple and accessible 
- **Liquidity:** Customer experience is critical to the success of this venture...it is imperative that customers have immediate access to their cash. Agents will have to ensure minimum liquidity levels 

Pitfalls to avoid in implementing branchless banking systems

- **Believing this is a cash management service to agents:** Though the service may offer some cash management benefits, ensuring the right levels of cash at the right outlets will be a logistical challenge. In fact cash management issues may be compounded, with cash rich urban outlets taking more deposits, and cash poor rural outlets having to resupply in order to meet disbursement demands. **Financial partners and service providers that help their agents manage the logistics and costs related to liquidity management will be ahead of the curve.** Those who look at the service as a means of earning treasury revenues of agents float will find themselves trailing...
- **Deploying an agent, is a matter of deploying technology:** Agents need to understand the service they are providing, how it can benefit them and be able to market it to potential customers. **If the agents to buy in to the concept, customers won't either**
- **Believing agents are just the “last mile”:** Agents are the business model drivers, they are responsible for converting customer awareness into customer acquisition, serving the customer consistently and securely, and managing customer relationships. **Successful ventures will work with agent networks as integral partners and ensure that they get the agent economics right**