Leveraging High-Performing Agents to Deliver Customer Value

Mastercard Foundation Savings Learning Lab

Image: Nana Kofi Acquah/Savings at the Frontier

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The Savings Learning Lab

The Mastercard Foundation Savings Learning Lab is a six-year initiative implemented by Itad, in partnership with the SEEP Network. The Lab's aim is to support learning among the Foundation's savings sector portfolio programs: Scale2Save, implemented by World Savings Banks Institute and Savings at the Frontier, implemented by Oxford Policy Management (OPM). The Lab also works with the Foundation and the wider savings sector to support actionable learning by synthesizing learning, conducting complementary research, and facilitating learning and knowledge sharing with key audiences.

Savings at the Frontier

Savings at the Frontier (SatF) is a six-and-a-half-year program that seeks to bridge the gap between the supply of formal financial services and informal savings mechanisms (ISMs) in Ghana, Tanzania and Zambia, so that ISM users in these countries have a greater choice and use of financial services that best meet their needs. SatF is a $17.6 million partnership between OPM and the Mastercard Foundation.

Disclaimer

The views expressed in this report are those of the evaluators. They do not represent those of the Mastercard Foundation Savings Learning Lab or of any of the individuals and organizations referred to in the report.

Contents

List of acronyms

ANA	Agent Network Accelerator
ASCA	Accumulating Savings and Credit Association
CGAP	Consultative Group to Assist the Poor
CICO	Cash-In/Cash-Out
DFS	Digital Financial Services
DSR	Direct Sales Representatives
FSP	Financial Service Provider
IDFC	International Development Finance Club
IFC	International Finance Corporation
ISM	Informal Savings Mechanism
IVR	Interactive Voice Response
KYC	Know Your Customer
MNO	Mobile Network Operator
NGO	Non-Governmental Organization
POS	Point of Sale
ROSCA	Rotating Savings and Credit Association
SatF	Savings at the Frontier
SG	Savings Group
SMS	Short Message Service
SSA	Sub-Saharan Africa
UNCDF	United Nations Capital Development Fund
USSD	Unstructured Supplementary Service Data

Executive Summary

Throughout Sub-Saharan Africa (SSA), innovation is transforming how people conduct financial transactions and live their lives. At one end of the spectrum, mobile phones and the availability of new digital financial services (DFS) are at the forefront of this change by expanding access to financial services for excluded populations. On the other end, the 2017 Findex data shows that more adults are reported to have saved informally than formally in the past year, building on the long-standing tradition of informal savings in SSA. Linking these has the potential to bridge the remaining financial inclusion gap in the region, and cash-in/cash-out (CICO) agents can play a critical role in this process.

Agents often represent the primary and most tangible touchpoint for most DFS customers when transacting, cashing-in their e-wallets or learning about new DFS functionalities.[1] They enable the initial adoption of DFS by providing an easy way for customers to convert cash into e-money (and back again), establish a foundational layer of trust with customers in rural areas, and provide an 'on-ramp' to more sophisticated DFS over time. Many organizations have embraced an agent model as an economically efficient and operationally scalable channel that has potential to expand coverage and access in low income and rural areas, which are comprised of a lot of informal savers.

This paper provides an overview of how agents are an essential component of delivering customer value to excluded populations such as informal savers. Based on the experiences of financial service providers (FSPs) in SSA, the paper begins with an introduction to the roles that agents play in delivering customer value – providing liquidity, building trust and promoting product uptake.

It goes on to highlight key strategies for building and managing high-performing agent networks including practical examples and guidance on agent selection and recruitment, agent training, agent monitoring and finally designing incentives to motivate agents. Technology-based solutions such as the use of e-learning apps for training, WhatsApp for agent monitoring, and real-time data dashboard for liquidity and performance management can help providers adopt a data driven approach to managing and growing their agent networks and delivering value to customers. This data driven approach can also be leveraged to design incentives structures to motivate agents and scale agent networks to reach more informal savings mechanisms (ISMs) who would not have access to formal financial services otherwise.

[1] AWEF, Making Digital Finance Work for Women in the MENA region: Eight Lessons from the field. https://seepnetwork.org/files/galleries/AWEF_DFS_Practitioner_Learning_Brief_compressed.pdf. The SEEP Network.

Leveraging High-Performing Agents to Deliver Customer Value

Introduction

Agents occupy a critical place in the financial system in developing economies. Given proximity challenges and the gap between the technological literacy of low-income customers and the sophistication of the financial products under development, agents are the linchpin of expanding formal access to finance.[2] They enable group borrowers to either repay at an agent outlet or function as roving agent and participate in the weekly group meetings to collect savings for deposit into group and/or individual accounts. They enable the last mile connection between FSPs and customers, perform or facilitate digital transactions, and present a human face for the FSP. This paper spotlights the key role that agents play in creating value for customers and outlines practical approaches for FSPs to develop high-performing agent networks. Drawing primarily on evidence and experiences in SSA, it focuses on successful strategies and examples for agent selection, recruitment, contracting, training, monitoring as well as strategies for motivating and incentivizing agents.

SSA has a long tradition of group based informal savings mechanisms (ISMs) such as Rotating Savings and Credit Associations (ROSCAs), Accumulating Savings and Credit Associations (ASCAs) and other types of savings groups (SGs) and people continue to prefer to save through these means. Data from the 2017 Global Findex indicates that in eight out of 10 economies in SSA, more adults reported having saved informally in the past year than having saved formally.[3]

Over the last decade there has been a proliferation of initiatives to expand access to formal financial services to these groups. Formal providers (FSPs) see a clear business opportunity in leveraging the resources and established processes of ISMs to offer a suite of individual and group-based products to these new and underserved segments. It is estimated that there are nearly 14 million members of ISMs across 75 countries.[4] However, most of them are in areas with little to no formal financial infrastructure.

The rise in mobile technology coupled with the development and deployment of agent networks have shown great promise in reaching this client base and are poised to expand even further. For one thing, about two-thirds of the world's unbanked individuals own a mobile device. Banks in developing markets are increasingly investing in mobile money platforms in addition to traditional branch-based services, with the goal of expanding their reach among underserved and lower-income customers. Lastly, the ranks of mobile money agents worldwide swelled from about 500,000 in 2011 to 5.3 million in 2017, according to the GSMA.[5]

Itad developed this learning product as part of the Mastercard Foundation funded Savings Learning Lab in collaboration with its partner Savings at the Frontier. It is based on a literature review and includes specific examples from Savings at the Frontier (SatF) partners and elsewhere

[2] How Mobile Money Agents Can Expand Financial Inclusion, 2019
[3] Savings Count: Trends in access, use and the ecosystem of Savings in Sub-Saharan Africa, 2018
[4] Ibid
[5] 2017 State of the Industry Report on Mobile Money

in the industry. This paper aims to complement the 'How to improve liquidity management for agents serving small informal groups' developed by SatF. To provide a comprehensive understanding of how agents are essential to delivering customer value in the context of DFS, this paper looks at – 1) roles agents play in providing customer value; 2) agent network implementation models which include – selection, recruitment, training, monitoring, and agent incentives and motivations. The paper wraps up with conclusions on the role of technology in growing agent networks that are responsive to customer needs.

Agents' role in delivering customer value

Most digital financial transactions in Africa are facilitated through agents who are a key part of the customer-facing infrastructure of FSPs. They play an essential role in delivering customer value while also creating value for the provider through increased customer loyalty, active product use and client referrals. **Agents can assist FSPs in educating and onboarding new clients, troubleshooting technical issues, and introducing new products to existing clients**. Most importantly, agents help FSPs better understand a community's social and cultural fabric and use this knowledge to better serve their customers. Given their proximity to last mile consumers, agents have the potential to handhold new (especially base-of-the-pyramid) customers in their journey from cash-based to cashless transactions.

Agents provide a bridge between a cash-only world and the use of both digital and traditional bank accounts by providing CICO services. To do so, agents need to have adequate liquidity – in the form of sufficient cash and e-float to facilitate transactions. In dealing with ISMs, the liquidity demands can be extremely high at certain times and insufficient liquidity can affect customers' ability to transact reducing trust in the service as well as the provider. Therefore, it is critical to train agents on how to assess liquidity needs and how to monitor liquidity. Poor liquidity management practices have direct impact on business results; DFS uptake and usage; agent income and motivation; and consequently the success of the digital channel as a whole.[6] To learn more about how DFS providers who work with ISMs can address liquidity challenges, refer to the 'how-to' guide[7] developed by SatF.

Agents are also key in building customer trust and confidence in using the financial products. Trust is a key factor in the adoption and sustained use of financial services, especially digital services, but it takes time to build trusting relationships with customers.[8] FSPs operating in difficult market environments or where digital technologies and digitization are still new phenomena may find it particularly challenging to build clients' trust in digital services. They often need to invest time and resources in training, marketing, and handholding of clients to support their learning processes and to build trust in using the new DFS. Working with ISMs provides an opportunity to develop a hybrid model that leverages group cohesion and trust and creates opportunities for efficiency for the FSP. Under this methodology, groups' social cohesion and peer pressure mitigate risk for both deposits and loan repayments. Traditionally, all deposits and loan payments are done in cash during in-person group meetings, where cash is physically handed to the loan officer who repays in bulk at a bank branch. This model requires the physical presence at the meeting of both the borrowers and the loan officer. The presence of agent outlets in remote areas allows group members to conduct their transactions at these outlets instead of waiting for the loan officer. In some cases, agents are present at the group meeting to facilitate transactions. This face to face interaction also provides an opportunity for the agents to

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6 A New Banking Model for Africa: Lessons on digitization from four years of operations

7 How to improve liquidity management for agents serving small informal groups and savers, 2020

8 Banking on trust: Building trust to drive usage of financial services, 2017 – Blog

troubleshoot any transaction issues faced by members of the group, and promote new product offerings.

Agents can also play a critical role in promoting product usage. Low uptake and inactive users are already common in the rollout of mobile money and DFS in emerging markets. A 2016 study[9] shows that agents are driving mobile money uptake in Kenya and Consultative Group to Assist the Poor (CGAP) research[10] shows that agent proximity to customers has been important for mobile money use in seven countries in Africa and Asia. The mobile money success stories of Kenya and the Philippines have been difficult to replicate. This situation may have occurred due toa focus on broadening accessibility (i.e. through developing agent networks and mass sign-up of end users) without understanding the real desires of end users.[11] Agents were perhaps initially thought of primarily as part of an access strategy and FSPs have focused (though not always successfully) on ensuring that agents are well-equipped with the technology and liquidity needed to conduct transactions. But agents can also bypass the obstacles faced by consumers with poor digital literacy or numeracy skills by performing transactions on their behalf thus improving customers' level of awareness of DFS hence promoting usage.

Agents play a critical and wide-ranging role in delivering customer value, therefore managing an agent network effectively is essential for maximizing customer value. The next part of this paper provides good practice guidance and examples on how technology and data driven approaches can be adopted by FSPs to develop and manage high-performing agent networks.

Agent Network Implementation Models

As mentioned in the publication '*How to succeed in your Digital journey: A series of toolkits for Financial service providers*',[12] for an FSP to develop its own agent network it could adopt one of the following models:

- **In-house**: Build and manage your own agent network.
- **Partner**: Partner with or outsource to an organization with an existing network (MNOs, aggregator, NGOs).
- **Partial outsourcing**: Own agents but outsource part of management.

The choices between different models/distribution strategies are influenced by costs, time, stage of development, risks and controls that the FSPs want to have over the customer experience at agents. Depending on the specific priorities of the FSP, the agent networks that support them also vary widely in their structure and function. In the case of FSPs targeting ISMs with specialized products for ISMs or similar target markets, this will require specialist skills and a deep understanding of the products.

The experience of SatF Partners

The majority of SatF partners rely on a mixed approach of having their own agents as well as third party agents. Some FSPs who are in the early stages of developing agency banking strategies currently work solely through third party agents. One of these FSPs substantiates the decision not to run a bank-led agency network with the management costs that the model would incur. The third-party agents used by other partners belong to various categories including mobile network

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[9] The long-run poverty and gender impacts of mobile money, 2016

[10] Proximity Matter: Five Case Studies on Closing the CICO Gap, 2018

[11] Building consumer demand for digital financial services – the new regulatory frontier, 2015

[12] How to Succeed in Your Digital Journey Toolkit, 2018

operators (MNOs), Agent Aggregators, and non-governmental organization (NGO) agents. Each of these third-party entities provide different value add to the FSP and help extend their outreach.

Equity Bank in Tanzania is SatF's only partner that relies entirely on their own agent network for the SatF project. The more than 2,500 agents support and serve ISMs in three regions of the country. The commercial bank has extensive regional experience in developing and managing agent networks. In comparison, Madison Finance (MFin), a partner FSP in Zambia developed an agency banking strategy recently, which is based on in-house agent supervisors but relies on a third-party provider with more than 500 agents.

Developing High-Performing Agent Networks

Agents interact directly with customers, often as the first contact point for customers. An FSP outsources a considerable part of the customer relationship to a third party when it entrusts the agent to deliver on its value proposition. The service quality at agents is therefore of utmost importance in ensuring a positive customer experience. Research shows that the quality of a customer's first-time experience with a new channel has great impact on his usage and activity going forward. In an interview, one agent officer said: '*If a customer tries the service a first time and it is not working, he will never try it a second time*'.[13] Below we outline information on purposeful selection, recruiting, training, monitoring and motivating agents which are critical to agent service quality.

1. Agent Selection, Recruitment and Contracting

When FSPs are setting up their agent networks, it is essential that they put in place clear criteria for agent selection and/or agent profiles to guide the recruitment task. As the networks grow, these policies and criteria can continue to evolve based on requirements defined by the regulator as well as the experiences and assessments made by the banks. Poor agent selection can lead to poor agent performance, reputational risk, regulatory risks and eventually financial losses.[14]

When selecting, recruiting and contracting agents, the SatF partners rely on a set of selection criteria that differs across organizations. These apply especially to their own agent networks as the requirement for third party agents are monitored and guaranteed by providers. Third party providers and FSPs have a set of hard criteria, such as minimum educational qualifications, or length of business operation and formal registration that agents need to meet. In some cases, such as in Tanzania, these criteria are partly shaped by regulation.

In addition to the minimum requirements for agents, other soft factors can be assessed through visits or interviews with prospective agents. For example, the suitability of their business environment, their ability to speak local languages and the quality of interactions with their customers. Equity Bank and NMB Tanzania require visits to the agent premises as a part of the initial screening and selection processes. For the SatF projects, some FSP partners have developed criteria for agents to serve ISMs in particular. These include the proximity to informal savers and locations with cash ecosystems, and the willingness to be trained to serve SGs.

Most selection and recruitment processes involve the agent team at headquarter and branch-level staff. Branch managers or representative staff visit agents, communicate application status and criteria, and schedule trainings with applicants. In the case of MFin in Zambia, a branch savings mobilization officer is responsible for the selection and Know Your Customer (KYC)

[13] The Role of Cash In/Cash Out in Digital Financial Inclusion, 2019 - Blog

[14] Handbook: Digital Financial Services and Risk Management, p. 55

verification, as well as training and branding with support from their branch manager and head office for account creation and activation.

Like with any role in the delivery of financial services, it is important that FSPs look for specific characteristics in selecting an agent to ensure success. The box below represents the findings on attributes that were identified as success factors for agent profiling and recruitment as a part of an IFC project working with multiple banks in SSA between 2014 and 2018.[15]

What characterizes top performing banking agents?

- *They are previous banking clients with a proven track record of more than two years of loyalty to a bank.*
- *They may be exclusive or non-exclusive, i.e. agents may only serve one DFS provider or multiple providers. Non-exclusive agents tend to adapt to their roles easier and faster because they are already familiar with similar businesses.*
- *Retailers tend to make good agents.*
- *Evidence also shows that women tend to make good agents.*
- *They should have a good reputation in the local community; they are trusted and known to be reliable.*
- *At their outlets, agents should clearly display their marketing and pricing materials.*
- *They should have flexible opening hours, preferably outside the opening hours of bank branches.*
- *They should be located in areas where a lot of cash transactions are conducted, such as near markets and mechanics' streets.*
- *The agents and their assistants should have a level of digital literacy and knowledge to be able to correctly offer digital services on behalf of a bank.*
- *They are well supervised and monitored to ensure they are delivering quality service. Bank representatives should visit each agent at least once every two weeks.*

Source: A New Banking model for Africa: Lessons on digitization from four years of operations, IFC 2019

In addition to the selection criteria and individual attributes, all FSPs require prospective agents to provide documentary support. In all the SatF partner countries, agents need to be registered and have a license to operate as an agent before an FSP would consider working with them. In addition, the ability to meet basic KYC requirements such as providing valid identity documents, proof of address and photographs is mandatory. Other documents such as business premise related documentation, professional references and police verification are dictated either by the regulation or institutional processes.

Most third-party agents' contracts are purely commission based but for own agents, depending on the size of the agent networks, the terms of the contracts vary. Both Equity Bank and NMB Tanzania have a large agent network with a wide range of products and services so their agent contracts are standardized commercial contracts and include performance-based commissions.

[15] A New Banking model for Africa: Lessons on digitization from four years of operations, 2019

TPB has a medium-sized agent network with just over 250 TPB agents who are partially salaried and also receive commissions.

In the frame of the SatF projects, some FSP partners have thought about commission schemes that can incentivize deposits, and "quality" of customer engagement, over "quantity". One example is the idea to link the commission to average balance held by account, or frequency of transactions. The design of an effective scheme requires data analytics, to understand seasonality and use patterns of customers. Agent commission schemes also take into account competitor commission payments and ensuring the agents have a reasonable income, specifically in rural areas and in the early stages of entering new market segments in order to retain them.

2. Agent Training

Once recruited, FSPs also need to ensure agents have the knowledge and capacity to support effective and convenient transactions between informal and formal financial services and help low-income customers to make the most of cash and digital channels. Agents are in a key position to bypass the challenges faced by both last mile customers and FSPs in this process. Training them is key to ensuring quality of service delivery and professionalism in client interaction.

A well trained and knowledgeable agent force can also be a good marketing tool for the FSP. Good training can ensure error-free transactions, increased knowledge about products, and higher transaction volumes thus enabling agent profitability.[16] It can also ensure a uniform customer experience.

Figure 1: Agent training value proposition[17]

Research conducted by The Helix institute, as a part of Agent Network Accelerator (ANA) Research Program, found that well-informed mobile money agents perform better in the face of competition and also experience higher demand for services.[18] Customers prefer agents who are well informed and this in turn enables agents to grow their business. In addition, the same research showed that agents who are trained in the first three months of starting their agency business are more likely to be compliant – they display tariff rates, grievance redressal cell numbers, call center numbers, and unique ID or certificate from the provider. In addition, it was observed that the compliant agents performed better and grew their business faster than those that were not compliant indicating how compliance and transparency can build trust amongst clients.

[16] Designing & Delivering Agent Training for Mobile Money Deployments, 2012

[17] What does training actually do to agents?, 2017 - Blog

[18] http://www.helix-institute.com/blog/what-does-training-actually-do-agents

Traditionally, DFS agents have received three types of training:

a. Initial training immediately after onboarding or when new staff is hired.

b. Periodic refreshers depending on the provider calendar; and

c. One-off training sessions whenever new products or services are added or there are changes to operational processes.

The experience of SatF Partners

SatF partners use different agent training strategies, but in-person trainings – either at agent locations or at branches or training venues, appear to be the dominant strategy. While this sort of training is effective for initial onboarding there are a lot of different opportunities for innovation to increase the effectiveness and efficiency of agent training, outlined in the following sections.

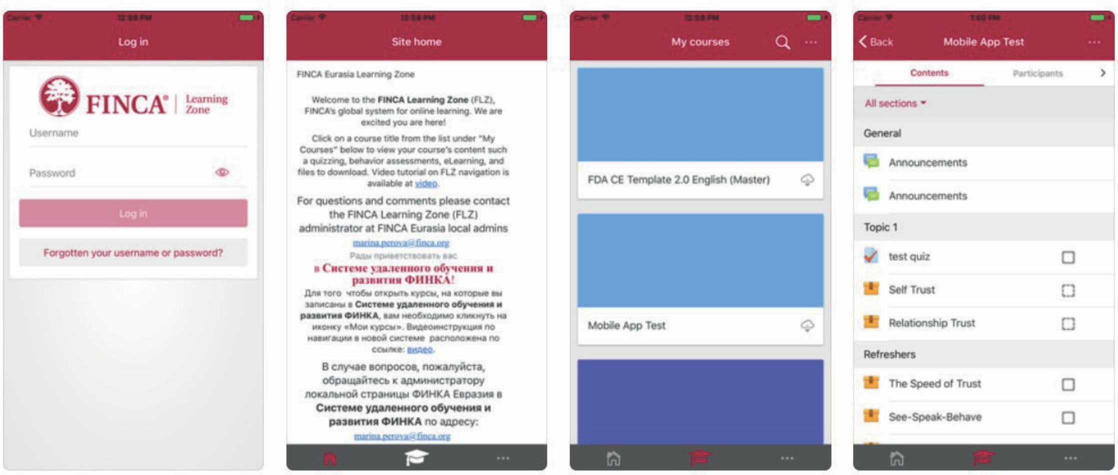
Refresher trainings are offered in the form of push and pull models by SatF partners, either on a regular basis or upon request. The trainings also offer strategies to increase agent activity. In addition, branch staff usually communicate with the agents via SMS or WhatsApp to respond to queries and to support agents in serving customers.

Training methodology and innovation

Traditionally at the time of agent onboarding, providers assemble agents at a central venue for one to three days or deliver training sessions at agent outlets. Both are costly exercises that involve hiring venues, printing training materials, providing refreshments, and paying staff to train the agents. **With the growth in use of smart phones by agents, e-learning and digital tools have created opportunities for better quality and more frequent training**. Providers have started creating short training videos that agents can watch on their smart devices and refer back to later, to learn about new product and service developments or for refresher training. Providers are also exploring more cost-effective training methods, such as self-directed learning, that allow agents to take different training modules at their convenience, and some are turning to social media and other online platforms as a more affordable and efficient way to pass on information to agents. E-learning approaches can help to improve retention and learning through virtualization and gamification, and providers are able to conduct training assessments and measure the effectiveness of their training. All these approaches are improving the effectiveness of agent training and reaching a wider audience in real time decreasing the cost of training and also providing refresher trainings.

Example: *FINCA uses Moodle to deliver learning and professional development solutions to FINCA employees. Called the FINCA Learning Zone, this mobile app ensures that all employees have access to training materials on-the-go in case they are needed on the job. According to Sergio Alguacil-Mallo, Manager of Learning Systems & Technology, the e-learning platform is supporting FINCA's strategy to reduce the opportunity cost to its core business of day-long, face-to-face job training while it expands blended and mobile learning to its employees.*[19]

[19] Leveraging Technologies to Improve the Quality and Maximize Productivity of Agents*, 2019*



In addition to video and e-learning modules, innovation such as gamification of the content can ensure increased effectiveness. There are also examples where providers are now using messaging platforms such as WhatsApp, Interactive Voice Response (IVR) or SMS for both delivering content as well as assessing effectiveness of the training. In-person training may still be valuable especially at the time of agent onboarding, but online training can be especially effective for refreshers and periodic updates as well as providing ongoing agent support – such as updates on fees, new products etc.

In-person training – *Ideal for initial onboarding and orientation*	**Online Training –** *Ideal for refresher based on agent needs and when new products or technology is introduced*
Pros: Can be useful initially to get to know agents, immediate feedback on quality of training *Cons: Expensive and require specialized trainer*	*Pros: Content is always available, and agents can easily go back for reference; easy to reach remote agents; can have content in multiple local languages; provides a platform for ongoing agent support on questions related fees etc.* *Cons: Can be expensive to produce content; bandwidth issue in some contexts*

Training content

The agent training content should focus on both building the technical knowledge of the agent as well as skill building (customer services and marketing). While the exact content can vary based on the type of agent, some of the key technical concepts that should be covered normally are:

- How to access and use the system including step by step process of conducting each different transaction.
- Customer care.
  - Who their customers are and how to authenticate them (KYC)?
  - Importance of formal savings i.e. with financial institutions and other products such as insurance and pension (if offered).
  - Customers' needs, in order to sell them the right account(s).

    - Encourage continued use of products and services.
    - Technology troubleshooting for client.
    - How to facilitate problem-solving (agents cannot resolve customer-service disputes, but they can expedite and help explain the process to their unhappy clients)
- How to manage cash, maintain liquidity and ensure security of cash.
- Training on sales including how to sell against competitors.
- How to foster better customer protection (again, agents can do little more than promote, but advocacy is an important part of sales).
- Mobile money/digital banking fraud detection and prevention.
- How the bank (and/or MNO) interact with the agents and vice-versa; and
- Which bank and telecom regulations require full compliance and why?

3. Agent Monitoring

The FSP should oversee an agent's financial performance to ensure they comply with the operational guidelines of the business. Agent monitoring involves gathering market and business intelligence on customer changes, competitor developments, risk issues, agent network growth, platform performance, and branding to inform the business about risks, opportunities, and strategies for improvement. When agent monitoring data is systematically consolidated, this information can help the institution:

- Track transaction values and volumes per agent and manage agent liquidity.
- Check agent and customer risk levels and predict future activities, and flag suspicious activities.
- Review branding, training, float levels, and customer service quality.

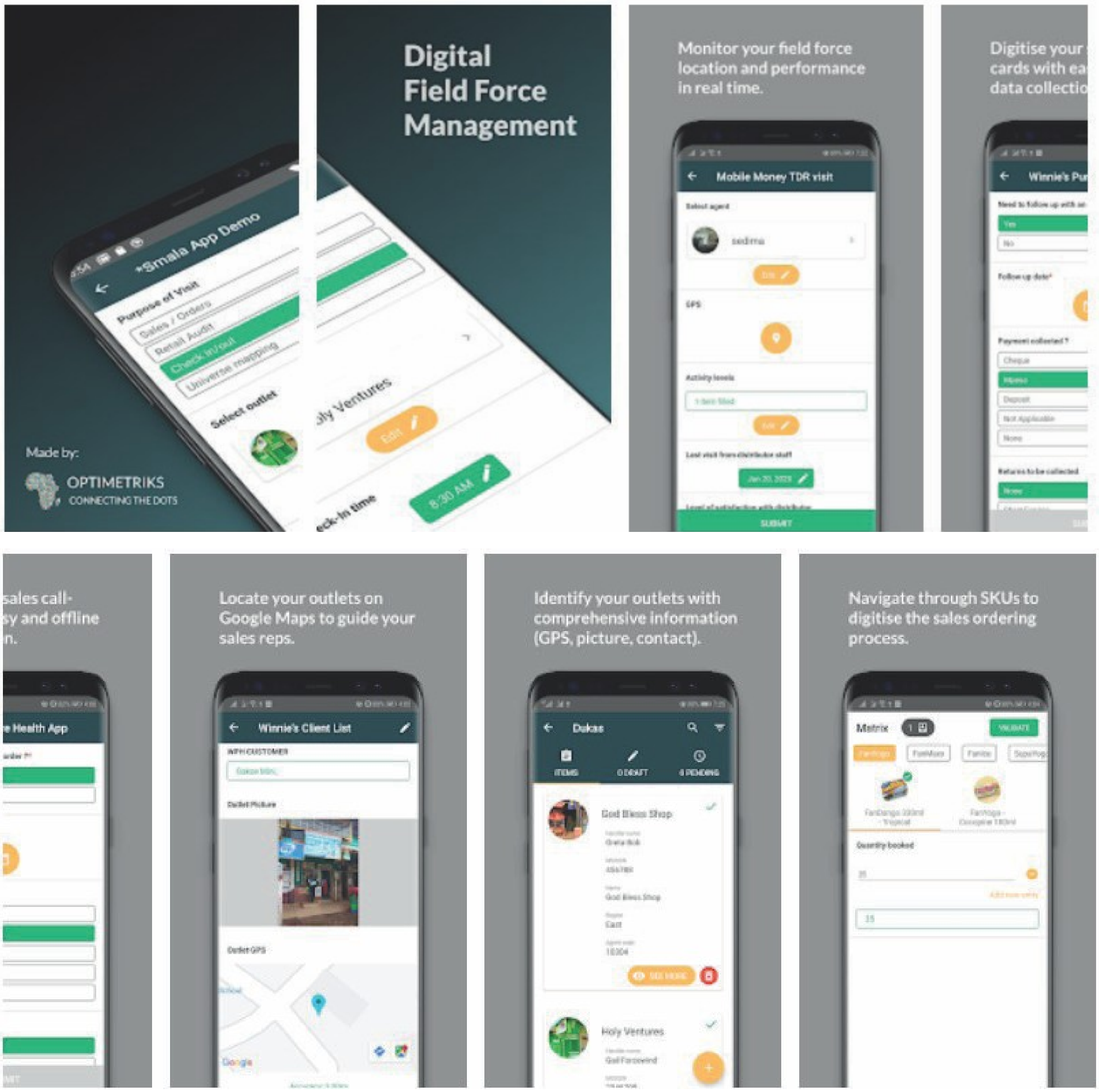
Regular monitoring helps identify any agent and customer support needs and effectively allocate resources to address these issues. It also helps by building a relationship between the agent and the provider and enhancing the business partnership.

Monitoring can be done in-person using in-field monitoring tools or remotely via web- or phone-based tools or a hybrid approach that combines the two to collect performance data. As the ease of data collection has increased, there is an opportunity for providers to increase efficiency and improve customer service by investing in integrating real-time business intelligence dashboards with their platforms to monitor agent performance regularly.

In-field Monitoring

Visits conducted by knowledgeable support personnel can identify non-compliance issues, ensure the application of principles conveyed during training, examine service uniformity and customer service, check for gaps in knowledge, and uncover challenges or misunderstandings. Often, such visits offer an opportunity for agents to voice concerns or get clarification and even re-training on the spot or have it arranged on a follow-up visit. On top of oversight and support, visits offer the agents validation of their own work and communicate that the provider cares for them. Cumulatively, these measures should translate into higher quality and more uniform service that will enhance traffic to the agent outlet, and in the process reinforce agent loyalty to the brand. The in-person monitoring visits can be paper based on using apps (for e.g. Optimetriks).[20]

Example: *Optimetriks has partnered with Airtel Uganda to monitor the field operations of their 80 agent supervisors using a digital Android-based tool. Each of the 80 supervisors manages at least 20 agents and uses Optimetriks' unique combination of a user-friendly mobile app and web dashboards to give Airtel an accurate view of what is happening on the ground. When visiting agents, the field supervisors enter key information in monitoring reports: sales, float levels, agent satisfaction levels, availability, display of trade marketing material, and agent performance per provider. The mobile apps also enable them to capture photos of the agent outlets while taking note of their GPS locations, giving providers more visibility on agent outlets. The data then appears on live web reporting dashboards at Airtel headquarters.*



Remote Monitoring

Use of technology in monitoring is on the rise and providers use remote monitoring techniques to eliminate some in-person visits to agents and are making good use of the feedback gathered through data analytics. In some cases, providers are also able to make the data available to

[20] Distribution 2.0 - The future of mobile money agent distribution networks, 2018

agents which empowers them to self-assess prior to the provider assessment. As a result, passive agents can become proactive and improve their quality of service and activity rates. Online dashboards (NoVo pay), mobile apps (Kazang), and conversational interfaces (Orange and Lonestar, International Development Finance Club - IDFC) are enhancing agent monitoring systems and promoting closer engagement with agents. Online tools allow for organization, analysis and prioritization of support issues. Data analytics and dashboards can create real-time visibility and useful benchmarks for agents, field staff, and head offices. Mobile apps and conversational interfaces through social media can bridge distances by facilitating easier transmission of real-time information with head office and improving communication between field staff and agents and between agents themselves. This allows them to share best practices, report fraud, or shop for float.

Examples of Technology enabled monitoring

- *Kazang,[21] a DFS provider in Zambia worked with HORUS (with support from UNCDF) to develop a relatively low cost android based app that used open source technology (Open data kit) to collect data on remote agents by leveraging its field staff who are known as Direct Sales Representatives (DSRs).[22] HORUS built the application while Kazang bought Android phones for its DSRs and embarked on mapping its agent network. HORUS also helped Kazang store the data on Google Drive and analyze it with Google Fusion, which allows sophisticated visualization and analysis for free. Despite implementation still being in the very early stages, Kazang reports being 'blown away' by how much the data is already helping it to improve its business. From the head office, Kazang can now see each agent on Google Maps as the agent is added to the system. The company can identify which agents need branding material, which are complying with policies, how much float they are carrying and what their options are for rebalancing. Kazang has already noted that float levels are much too low and are consequently raising the minimum requirements significantly. The company has also held its first agent training session on mobile transfers and saw transaction volumes double shortly afterwards.*
- WhatsApp groups in Kenya act *as information hubs for agents and agent managers. Providers create these groups for agents and field staff from a particular territory.[23] The provider's field staff function as group administrators to ensure the chat conversations remain relevant to the purpose of the group. The group provides agents with a forum to share experiences of their day-to-day operations and seek solutions to business challenges that include liquidity, emergent fraud, and support required. Members also communicate new developments including products, commission structures, and system downtime within the group. 'I am a member of five different WhatsApp groups from the five providers that I serve. Through these groups, I am able to get alerts on a threat such as a conman who is defrauding unsuspecting agents. Sometimes agents with a surplus of float or hard cash at a particular time communicate in the group and connect with other agents in need of the same.'– Cyrus Kibuchi, an agent in Kamangu town.*
- NoVo Pay India has introduced a centralized command center or dashboard to monitor activities at agent outlets.*[24]* Monitoring is conducted on key performance

[21] Growing Big While Still Small- Kazang Case Study, 2018
[22] Direct Sales Representatives are Kazang staff members who manage all sales in a specific region. Their responsibilities include recruiting and supervising agents.
[23] WhatsApp with Agent Monitoring and Support? 2018
[24] Distribution 2.0 - The future of mobile money agent distribution networks, 2018

metrics, such as agent transaction volumes and values, float levels, customer complaints *and branding, and then data analytics are used to identify and address key areas of concern.*

- Orange in Liberia and Sierra Leone, Lonestar Cell MTN in Liberia, and Africell in Sierra Leone *are all using social messaging apps as a more affordable way to monitor agents.*[25] *With poor infrastructure in both countries, messaging is a perfect way for agents to communicate quickly and for provider staff to monitor agent activities.*
- IDFC Bank *runs the largest direct business correspondent (agent distribution network) in India. District coordinators are the main contact points for clusters of 70 agents in each district, who use messaging platforms to create and submit daily reports on agent performance.*[26] *The regional head supervises the district coordinator to check on daily activities, the daily targets achieved, the number of agents monitored, and other data points. IDFC finds this a cost-effective and quick way to monitor agents and populate and submit data. A few mobile money providers are experimenting with agent monitoring using chatbots because of their interactive nature. Providers integrate their core business platforms with the AI systems of the chatbot providers, which provide opportunities to customize monitoring and support services. Some providers offer web-based chatbots or chatbots embedded in Facebook Messenger, which are used to query agents about various monitoring aspects, or to resolve agent issues promptly.*
- Zoona agents *submit queries to chatbots through Facebook Messenger and receive real-time support on how to use USSD-based self-help menus.*[27] *In the back end, data on queries and resolved issues are populated and monitored on a real-time basis. Zoona reports that the combined use of chatbots and self-help USSD features has led to a significant reduction in the number of calls to the call center.*

4. Motivation and Incentives for Agents

Agents are especially sensitive to the business case and commission compensation that an FSP is offering. FSPs hoping to succeed in MNO-dominated markets must craft their agent value proposition to keep agents satisfied with revenues and committed to investing in float. A recent IFC publication[28] shares an example of how an agent had developed a sophisticated table to identify the commission he would make for each transaction type with each specific service provider he has been working for. When, for example, a customer approached him for a US$20 cash-out, he would refer to the table and if the commission for the requested provider was lower than for the competitors, he would attempt to convince the customer to use the service provider that paid him the highest commission. If he only had limited cash available, he may even decline to serve the customer and wait for a more lucrative service request. The example illustrates how savvy agents can allocate their resources to the service provider that is personally most profitable for them. This is especially relevant for non-exclusive agents in competitive environments. In less established markets, agents also appreciate training opportunities, the increased customer traffic the DFS brings them, and the reputational gain and networking opportunities in their communities. Strategies include:

[25] Ibid

[26] Ibid

[27] Distribution 2.0 - The future of mobile money agent distribution networks, 2018

[28] A New Banking model for Africa: Lessons on digitization from four years of operations, 2019

Strategies	Examples
Carefully designed agent value proposition including direct and indirect benefits: To communicate their value proposition, FSPs should focus on the business model, rewards, and earnings potential in addition to indirect benefits of agency such as increased footfall. Only an attractive business case and incentive structure will ensure that the right agents are recruited; and that recruited agents show sufficient devotion and commitment to your business in order to foster a loyal customer base. The amount of energy, focus, and commitment that an agent will give to its agency business will be directly related to the perceived financial gain. Other values can mitigate this requirement in the short term, but experience suggests that ultimately the success of the channel will depend on whether agents perceive that they are making more money – either directly or indirectly.	Example from SatF Partners: *NMB Tanzania has a few different incentives. They offer agents an overdraft facility which might not have been available otherwise. They also have annual financial incentives for best performing agents per region/branch.* *Equity Bank Tanzania provides loans for a longer term to its agents which they can use to support their other businesses. This allows agents to grow their income and builds loyalty.* **Source: SatF reports**
Adaptation of agent value proposition: In early stages of business growth when transaction levels are low, agents must be incentivized through bonuses such as higher commission on customer enrolment. FSP's need to factor the cost of this in their business model.	Example: *One FSP that was a part of the IFC Longitudinal Study on Digitizing Distribution Channels guarantees new agents a minimum income for the first three months in operation, something institutions may consider in order to make the agent case even more compelling in the recruitment process. While this is a short-term incentive, the same study highlights how most agents in SSA have seen growth in income as the FSPs have increased the product offering through agents.* **Source:** A New Banking model for Africa: Lessons on digitization from four years of operations, 2019
Provide rewards and recognition – in addition to financial incentive, agents value non-financial incentives that provide prestige and recognition within the community and amongst peers. In less established markets, agents also appreciate training opportunities, the increased customer traffic the DFS service brings them, and the reputational gain and networking opportunities in their communities.	Example: *Zoona has an 'agent of the month program' that recognizes agents who have achieved certain benchmarks. The reward includes a meeting with the CEO.* **Source:** Distribution 2.0 - The future of mobile money agent distribution networks, 2018

Strategies	Examples
Provide high quality services to ensure positive agent experience: To boost agent satisfaction, FSPs need to be up front about the relationship with their agents. Even if preferential access to credit is not feasible, providers should support their agents' liquidity management and offer dedicated rebalancing counters, on-demand float delivery, overdraft float facilities, particularly after hours and on weekends.	Example from SatF partner: *Access Bank Ghana works with an NGO partner who is responsible for providing daily e-cash credit to the field agents to ensure that agents maintain liquidity and are able to perform customer transactions*
Carefully designed incentives and nudges that encourage desired behavior: Interventions that target agent behavior are potentially important for affecting broader outcomes. While it may be intuitive to think that low-performing agents are unmotivated or insufficiently financially incentivized, behavioral science points to other reasons—from non-salience of certain functions, misperceptions about the 'norms' around effort or certain kinds of transactions, or lack of feedback about agents' performance relative to their peers—that could affect how agents perform.	*Bank Asia in Bangladesh helps manage costs by having agents make the initial capital investment: agents pay out of pocket for a laptop, fingerprint reader, and webcam. At roughly $600, this is a significant investment.*[29] *Agents earn commission on each transaction (on a broad array of products) and one-third of the net interest on deposit float. They break even in about a year.* *In Indonesia, BTPN operates a platform called SUSAN that uses games and competition to help agents track their performance against each other.*[30] *Agents can also earn rewards and receive tips about how to improve their performance. Agents who do well are incentivized to share their knowledge while less successful agents are encouraged to seek assistance from peers.*
Verification of agent value and effectiveness of incentives through data analysis: Continued monitoring of agents not only allows the FSP to ensure service quality but can also be used to design suitable incentives.	Example: *New FirstBank Nigeria agents undergo a two-week probation period during which their activity is monitored using data analytics.*[31] *If they complete a certain volume of transactions, FirstBank Nigeria rewards them with a Point of Sale (POS) device for which they are required to purchase an insurance policy. Agents are eager to have POS devices because customers prefer physical receipts. However, with spotty connectivity, agents also appreciate access to the mobile application.*

[29] Leveraging Technologies to Improve the Quality and Maximize Productivity of Agents, 2019

[30] Ibid

[31] Ibid

Conclusion

Agents have the potential to accelerate the pace of linking ISM users to formal finance and in DFS adoption, while at the same time imparting knowledge and spreading awareness about the use and benefits of DFS.

However, maintaining service quality at agents is essential to ensuring a positive customer experience. There are positive examples where FSPs have focused on developing and managing high quality agent networks by focusing on improving their recruiting, training, monitoring and incentive models.

Given the disparate nature of agent networks (and what they do) technology is playing an increasingly important role across the management of networks. Particularly:

- E-learning methods provide a convenient and accessible channel for training agents and have the potential to improve learning and retention through a mix of videos, quizzes, reading materials and games.
- Technology-driven analytics to predict customer demand for liquidity can work well when coupled with physical rebalancing to facilitate management of cash.
- Data analytics and dashboards can enhance or even transform traditional in-person monitoring processes by creating real-time visibility and performing useful analyses and benchmarking.

As systems evolve, many transactions are likely become digital from end to end, and the need for agents to perform transactions (especially cash-in and cash-out) may ultimately decline. However, that future is still distant and until SG members and individual users have become fully comfortable with digital options, agents will continue to play a critical role in delivering value to customers, especially SG members in remote and rural locations.

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