



# Agent Network Design and Development

MobiCash Bangladesh  
(Model 4: Build on GSM airtime distributors)

By Ignacio Mas and Mike McCaffrey

# MOBICASH BANGLADESH

Digital finance was really catalysed in Bangladesh in 2011 when [Dutch-Bangla Bank \(DBBL\)](#) and [bKash](#) launched their services in May and July respectively. Since then, these providers have managed to grow at incredibly robust rates that have set them apart in a competitive field containing [28 licensed providers](#). The telecoms providers cannot obtain licenses for any digital financial services beyond rudimentary bill payments and ticketing services. However they do sell access to their channels (USSD, SMS etc.) over which many of these digital finance systems operate, and are still looking at ways they can play a greater role in the digital payments value chain.

[Grameenphone](#) realised that by **converting some of its 300,000 GSM airtime retailers** into agents it might be able to interest some of the licensed providers that were having trouble with the strategic and operational implications of building and managing an agent network efficiently, as well as other providers who in addition to that wanted to expand their operations to full scale rapidly. In mid-2012 Grameenphone partnered with two banks to pilot a scheme to convert 500 airtime retailers into agents.

Currently 28  
licensed providers in  
Bangladesh



Telecom providers cannot  
obtain licenses for digital  
financial services, but can sell  
access to their channels

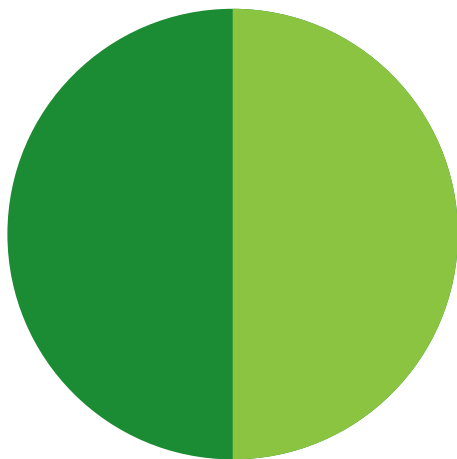


Mid-2013 Grameenphone ran  
pilot scheme to convert 500  
airtime retailers into agents

Grameenphone



**MobiCash**



**By 2014, MobiCash had registered 61,000 agents, albeit ~50% active**

**“The initial training that agents are given is co-facilitated by the master agent and the regional MobiCash team”**

After a year of learning from the pilot, Grameenphone aggressively expanded the agent network under the brand MobiCash<sup>1</sup>. Effectively, it uses selected airtime distributors as master agents to nominate qualified GSM (or other types of retailer in their vicinity) to offer digital finance. By December 2014, it had registered 61,000 agents; however, this exceptional growth rate means that only about 50% of agents are active on a 30-day basis (~30,500).

The initial training that agents are given is co-facilitated by the master agent and the regional MobiCash team, after which they begin operations. Master agents already have staff/field forces who visit agents at least 2-3 times a week for the GSM business, and they equip these staff to provide rebalancing services during their visits. The master agents' employees are also supposed to provide monitoring and support services, but the growing number of agents and the volume of business mean that staff do not have sufficient time to handle these more complex tasks.

<sup>1</sup> For a more detailed account of how MobiCash works, see: Shrader, L. & Noor, W. (February 2014). [MobiCash Shared Agent Network – Bangladesh](#). CGAP.

# MOBICASH BANGLADESH

The agents receive a handset and a SIM card (till) which has a single integrated menu they use to offer services for all the providers. They offer customer registration, and cash-in/cash-out services from five banks, with a sixth being finalized<sup>2</sup>, as well as MobiCash's own ticketing and bill payment services. Each outlet is supplied with MobiCash marketing collateral plus all of the partner banks' logos.

MobiCash's own [ticketing and bill payment services](#). Each outlet is supplied with MobiCash marketing collateral plus all of the partner banks' logos.

MobiCash would like to develop a dominant agent network at the national level. However the issue remains that every agent it invests in is allowed to offer direct services for any other organisation in the market. Its activity rate of 50% also means that for every two agents it recruits and trains, one becomes dormant. This effectively doubles its on-boarding costs, and also doubles the risk of providing low quality service for customers. These issues seem to be common in Bangladesh, but MobiCash is prioritizing them, as agent network management is the core business for the brand, and it would like to attract more bank partnerships in the future.

<sup>2</sup>. Grameenphone is partnered with DBBL, Islami Bank, UCB, Mercantile & One Bank, and is currently also integrating with IFIC Bank.



## MobiCash SIM (Till)

Available from 5+ banks

Cash In/Out  
Services



Customer  
Registration



Ticketing  
& Bill  
Payment



**“MobiCash would like to develop a dominant agent network at the national level.”**

## MobiCash in Bangladesh

Who They Are & What They Do	Bank	MobiCash	Major Agents (Distributors)
Description of who they are	Six commercial banks, which have licenses to provide digital finance.	Grameenphone has more than 50 million mobile customers, and 300,000 GSM retailers. MobiCash is its digital finance brand.	GSM distributors.
Agent selection & contracting		MobiCash developed a standard agency agreement, which was approved by the Central Bank. Sub-agents/distributors use this agency agreement to nominate agents to MobiCash. Agents are trained, and contracted upon successful completion of training.	Nominates agents from their GSM retail business to MobiCash.
Training & business advice		Initial and refresher training is conducted regionally by MobiCash staff.	Participate in trainings, and then are responsible for providing business advice and answering any questions between the trainings through their staff that regularly visit agents.
Liquidity management		Have prefunded accounts at all partner banks, which they use to credit and debit transacting customer accounts in real time.	Master agents have teams that visit agents at least once a day or sometimes more if the float needs to be re-balanced.
Brand & service monitoring	Banks do some branding to promote customer awareness.	Employees from regional offices perform regular monitoring.	
Commissions & Reconciliations	Calculate & pay commissions to MobiCash.	Receive commission & fees from partner banks, and distribute them in real time.	
Customer Care	Each bank maintains its own customer care hotline.		

[www.helix-institute.com](http://www.helix-institute.com)

[info@helix-institute.com](mailto:info@helix-institute.com)

 [@HelixInstitute](https://twitter.com/HelixInstitute)

 [Helix Institute of Digital Finance](https://www.linkedin.com/company/helix-institute)