



Agent Network Design and Development

MovilRed/Tranza in Colombia
(Model 7: Use shared agent network)

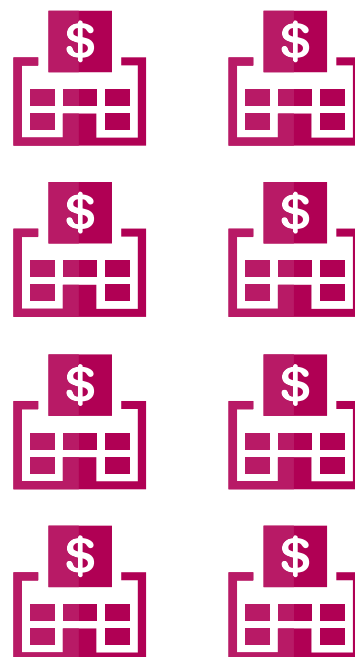
By Ignacio Mas and Mike McCaffrey

The [Solidida group](#) in Colombia originated as a **prepaid airtime distribution network**, which originally used scratch cards and then started using electronic vouchers. It has aggregated 60,000 retail outlets selling airtime under the [MovilRed](#) brand. In 2011, Solidida saw the opportunity to extend its service range by offering cash and electronic services for banks under the agency model, and set up a separate company called Tranza S.A.S. for this purpose. From the beginning it sought to become a multi-bank network, and refused to grant exclusivity to any bank.

The first bank to engage Tranza was [Banco Caja Social](#) in 2012, when Tranza had 3,000 stores acting as sub-agents, and it was followed shortly thereafter by the state-owned [Banco Agrario](#), which needed greater outreach to distribute the government's conditional cash transfers. Tranza currently serves eight banks through 8,000 outlets, including [Banco de Bogotá](#), which is the second largest bank in Colombia. These banks mainly look to Tranza as an agent network to decongest their branches, and to capture additional bill payments.



Tranza is a Multi-bank network



Tranza: Serving eight banks through 8,000 agent outlets

Account Based Services:

- ✓ Deposits
- ✓ Withdrawals
- ✓ Loan repayments
- ✓ Bill payments

Over-The-Counter Services:

- ✓ Bill payment

“Tranza = low-touch, it does not sell new accounts through its outlets”

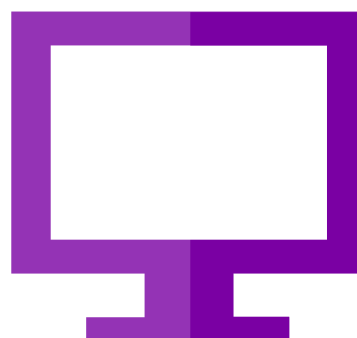
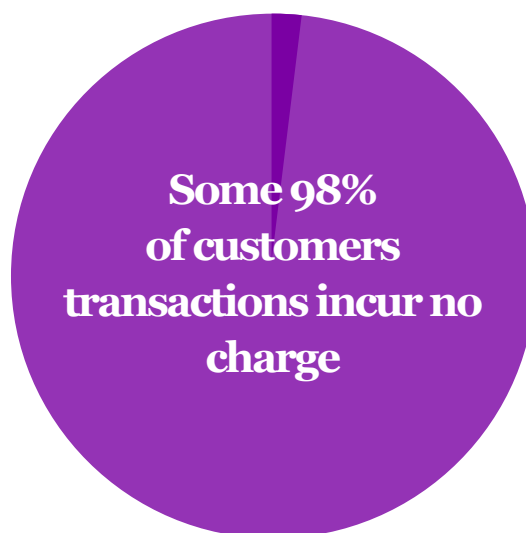
As well as enabling customers to access account-based services (such as deposits, withdrawals, loan repayments, and bill payments), Tranza outlets also let customers pay bills directly *over the counter* (i.e. with cash rather than through a bank account). Tranza channels such bill payments through one of its member banks, since as a non-bank bill collector it would incur a transaction tax (a flat rate of 0.4% of the transaction amount, called the *cuatro por mil*), which would make the service financially unviable. To avoid conflicts between member banks, Tranza’s policy has been to channel cash-based bill payments through the member bank that was the first to offer bill payments for each separate billing organisation.

Tranza is happy to remain a low-touch service channel for existing bank customers. It does not sell new accounts through its outlets, as Colombian regulation permits simplified accounts to be opened by prospective customers directly from their mobile phones. And it does not see itself incurring the agent training costs that would be required to turn its network into a product promotion channel.

Tranza places a banner at all its agent locations showing the logos of all the banks for which it offers agency services. Customer fees vary by bank, and these are listed in individual price sheets which every agent must keep in its premises. But some 98% of customer transactions incur no charge (such as bill payments, deposits, collection of conditional cash transfer benefits, and withdrawals for some banks), so service pricing transparency is not a prominent customer protection concern.

Each of Tranza's 8,000 agents is equipped with a computer through which transactions are logged, a barcode reader to facilitate the capture of account information when customers pay bills, and a printer to issue receipts.

All agent transactions occurring through Tranza's network of stores are made against Tranza's account with the relevant bank, rather than the store's. (This is done, again, to avoid incurring the *cuatro por mil* transaction tax, as transactions between banks and their agents are exempted from the tax but transactions between agents and their sub-agents are not.) Stores themselves do not need to have, and typically do not have, their own bank account. Tranza therefore maintains a credit exposure with each of its stores, to the extent that they take cash

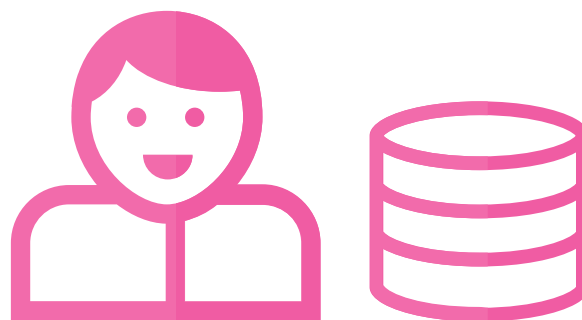


Each of Tranza's 8,000 agents is equipped with a computer through which transactions are logged.

from the public (as is most often the case given the predominance of the bill payment service). Tranza assigns a credit exposure limit to each store, of between US\$ 500 and US\$ 20,000 depending on expected transaction volumes, and outlets cannot transact any more once they hit their limit. Stores can clear their credit exposure by depositing cash into Tranza's account at any Colombian bank.

Tranza's agent locations serve as pay-out points for the national social welfare programs (such as the *Familias en Acción* conditional cash transfer program, the senior citizen support program *Adulto Mayor*, and other programs to support victims of terrorism and people displaced by conflict), which the government pays through the Banco Agrario. Tranza supports this by transporting the cash directly to disbursing outlets.

All banks offer Tranza a line of credit to finance the float account that Tranza must maintain with them. This line of credit, which can go up to US\$ 20,000 per outlet, is given to Tranza, and not to its stores. As the bank agency business has grown, Tranza now finds itself occasionally hitting the overall credit ceiling that a bank's risk department sets for individual borrowers.



Agents serve as pay-out points for national social welfare programs

“All banks offer Tranza a line of credit to finance their float”

MovilRed/Tranza in Colombia

Who They Are & What They Do	Tranza as Agent Network	Participating Banks
Description of who they are	An agent network with 8,000 outlets, selected from MovilRed's base of 60,000 stores selling airtime	8 banks, including Banco de Bogotá, Banco Caja Social, and Banco Agrario
Agent selection & contracting	Full responsibility	
Training & business advice	Full responsibility	
Liquidity management	Maintains accounts with every bank in Colombia, at which agents can deposit cash Transports cash to outlets for payment of Familias en Acción benefits	Provide line of credit to Tranza
Brand & service monitoring	Places banner ads in each outlet, with the logos of all banks	
Commissions & Reconciliations	Provider did not want to publish this information.	
Customer Care	Tranza operates a customer care line to support agents, and another one which collects customer complaints.	

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