Policy Brief #15

Re-Imagining the Last Mile – Agent Networks in India

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Key Points:

- *RBI has been pushing financial inclusion in India through initiatives such as expansion of bank branches and ATM networks, expansion of Business Correspondent services, direct benefit transfer to accounts, launching RuPay card and the PMJDY scheme.*
- *However financial inclusion is heavily dependent on a robust last mile agent network and this remains one of the biggest challenges for India. Agent Networks are the necessary foundation of any successful deployment of digital financial services.*
- *This paper presents a few compelling out-of-the-box ideas including having ubiquitous agent points, employing white label business correspondents, accepting eKYC documents, harmonising KYC documents, bringing in better liquidity management processes, coming up with effective agent training methods etc.*

Executive Summary

India is one of the pioneers in branchless banking and financial inclusion. However, a decade after the first regulations on the Business Correspondent (BC) Model were issued in 2006, banks and other financial service providers are struggling to establish a viable and sustainable business case for branchless banking.

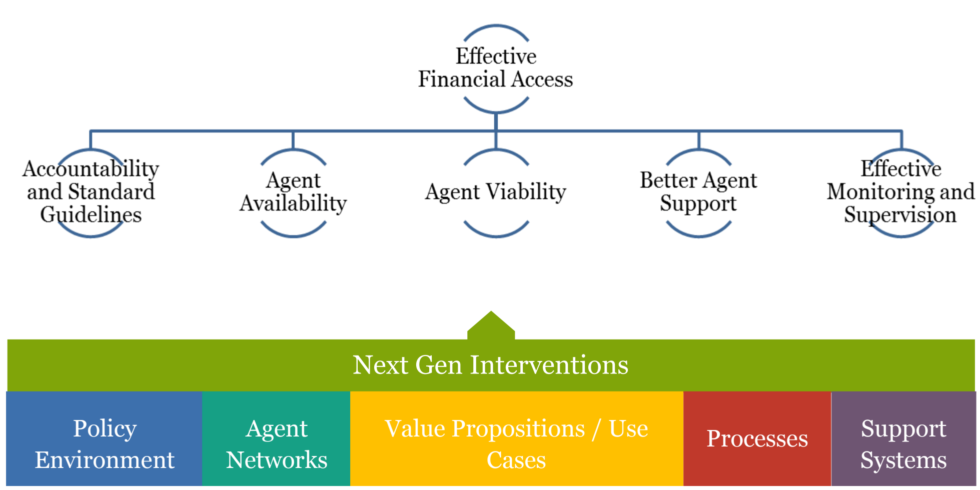
There are several key aspects which need attention in order to achieve effective financial access for a significant proportion of the Indian population. These require putting in place standard guidelines and establishing accountability through policy intervention; removing implementation bottlenecks; adequate and strategically located access points; enhancing business viability for agents; assuring better support to agents and customers; and instituting effective monitoring and supervision mechanisms for agents and their corporate managers, i.e. BCNMs (BC Network Managers).

We believe that the incremental steps taken so far might be inadequate to address the fundamental disconnect between policy objectives which drive financial inclusion, and the practical, on the ground, operational realities which drive business viability.

There is a clear need for a fresh perspective by ***re-imagining some key aspects of agent operations and management*** with the ultimate objective of driving effective financial access.

It requires that all stakeholders, including the government, regulators, service providers, industry bodies, and others, need to catalyse radical changes in the way the ***'last mile'*** functions at present. Figure 1 illustrates the key aspects which need attention and examines the relationship with recommended interventions.

Figure 1: Enabling Financial Access by Re-imagining the Last Mile



Through this note, we have attempted to explore various ideas which can potentially revolutionise the financial inclusion landscape of India. This requires taking a fresh look at the aspects which drive sustainability of the last mile distribution network – the business correspondents. A variety of interventions are spread across the five pillars – **policy environment, agent networks, value propositions / use cases, processes, and support systems**. The interventions on policy environment require attention of the regulator and policy-makers. The interventions across other key operational dimensions are primarily intended for the attention of key service providers, though some of them may require policy intervention / support considering their nature.

A few recommendations requiring immediate attention are:

- Establish a **Self-Regulatory Organisation (SRO) for BCNMs**. The SRO would help establish standard rules and formulate a code of conduct to establish effective monitoring and supervision. It would also act as the legitimately recognised interface between BCNMs, banks, RBI, and the Govt.
- **Geo tagging and GPS mapping** of agent locations to search agent points and enable better monitoring and supervision. Combine this with **data analytics** to monitor agent performance and facilitate real time identification and addressing of key challenges.
- The RBI / SRO should assign accountability by creating **Quality of Service** (QoS) standards for various participants on service parameters and ensure compliance through off-site and on-site surveillance.
- **Reduce time required for various types of transactions by agents** to reduce the incremental costs. It can be done by the way of facilitating Straight Through-Processing by riding on national digital infrastructure, having a unified KYC, simplified processes, and workflow-based solutions.

Other recommendations which are detailed out in this policy brief are:

Next Gen Policy Environment

- Issue a comprehensive **Master Circular on Business Correspondents / Financial Inclusion** to consolidate all previous circulars and address key agent management aspects, including eligibility, agent appointment, mandatory requirements, interoperability, customer support, grievance redressal mechanisms, commission structures, managing dormancy, risk management, and monitoring and supervision to present a uniform regulatory framework.

Next Gen Agent Networks

- Explore the possibility to adopt the "**Uber**" model to handle cash-in/cash-out (CICO), by enabling customers to act as CICO points. This reduces dependence on agent and allows them to go beyond CICO. On the other hand, customers would be able to transact beyond a stationary and limited agent network.

- Provide regulatory sanction for **'White Label Business Correspondents'** (allowing BCs to act as agents for any bank/service provider) with direct access to settlement systems. It will facilitate interoperability and expand reach of agents to customers.

- Leverage **pre-existing distribution networks** (like ITC, HUL, etc.) for agent establishment and management, thereby reducing costs of agency management and improving scalability.

Next Gen Value Propositions / Use Cases

- **Move beyond the use case for OTC** remittance transactions to enable development of other use cases at BC points / self-use. This will require behavioural insights into the target segment.
- Provide **incentives for cashless** transactions to reduce prevalence of physical cash.
- Enable **online purchases at agent outlets** to improve agents' business viability as well as to drive a cashless / cash-lite ecosystem.
- Enable agents to **source credit** with innovative risk-sharing mechanisms and facilitate data analytics based digital credit models.

Next Gen Processes

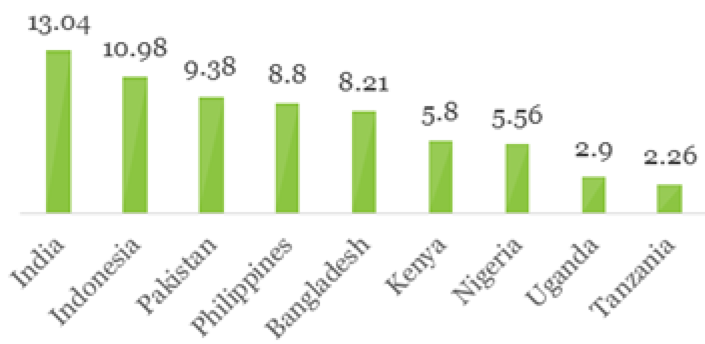
- Implement effective **grievance redressal** systems for improving customer experience, building trust, and customer protection.

Next Gen Support Systems

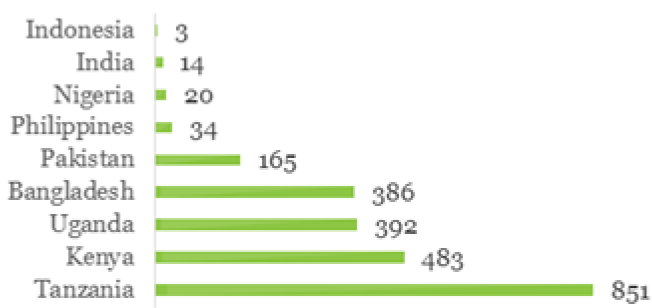
- **Improve compensation structures** to drive agent viability and enable business continuity by providing alternate compensation structures which can be a combination of time, fixed, and variable compensation. The compensation can be linked with results, including **customer ratings**.
- Facilitate better **liquidity management** by diversifying sources of liquidity; establishing systems to provide float as an advance / overdrafts; and instituting liquidity runners to facilitate ease of rebalancing.
- Agent training by **promoting self-learning** through online training material backed by iterative testing and certification. This can be supported through IVR for clarifications.
- Conduct **outlet branding** to provide appropriate look and feel, thereby improving customer recognition and trust.

Figure 2: Financial Access Points Relative to Population - Global

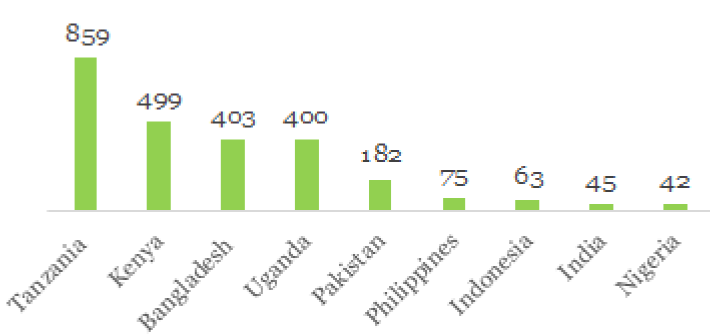
Bank Branches per 100,000 Adult Population - Global+



E-money Agents per 100,000 Adult Population - Global+



Financial Access points per 100,000 Adult Population - Global+



Introduction

Financial Inclusion has been on the agenda for the policy-makers and regulators for a fairly long time. They have realised that full service banks find it difficult and financially unviable to promote financial inclusion using typical brick and mortar branches.

RBI made a policy announcement on Financial Inclusion by Extension of Banking Services in January, 2006, allowing banking services through agents, known as Business Facilitators and Business Correspondents. This was expected to accelerate the journey towards financial inclusion through digital channels to hitherto excluded segments.

The circular permitted banks to engage third-party agents to facilitate the provision of financial services in locations that were not serviced by bank branches.

The initial guideline limited the scope and scale of these 'agent networks' by prescribing the profiles of potential agents and the distance at which they could be located from bank branches.

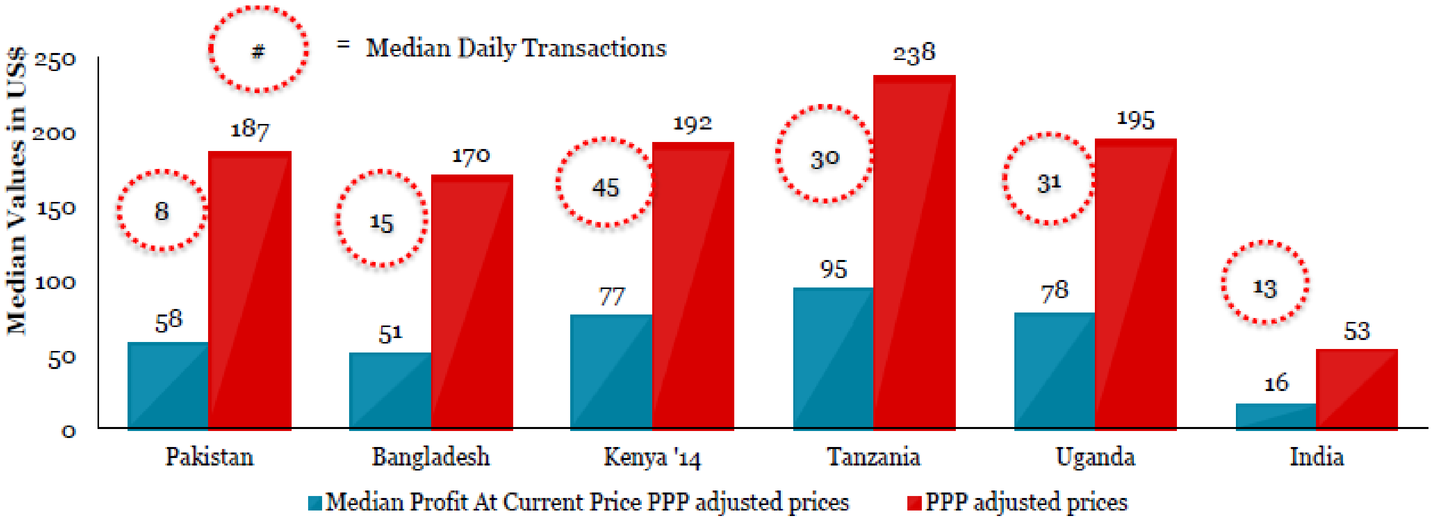
However, RBI, through a series of circulars, has considerably reduced the restrictions and limitations imposed on BCs over the years. BCs can now include a range of organisations and individuals including for-profit companies.

In September 2013, RBI also set up the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households, chaired by Dr. Nachiket Mor, with a task of framing a clear and detailed vision for financial inclusion and financial deepening in India. Key recommendations included measures for improving the viability of the BC model.

Despite being operational for almost a decade, India's agency banking model has been relatively unsuccessful in achieving the goal of effective financial inclusion.

One key challenge has been the inability of service providers to ensure adequate touch points relative to population. Despite higher number of commercial bank branches per 100,000, the overall number of financial access points has been among the lowest (IMF's Financial Access Survey 2015) in India. This is primarily due to the low numbers of agents in India.

Figure 3: Comparison of Agent Profitability – Global



MicroSave's Agent Network Accelerator (ANA) Survey conducted between January and March 2015, points out that transaction volumes of agents are alarmingly low.

The survey also highlights that 52% of agents report monthly profits below US$ 18 and 44% below US$ 11 – the PPP adjusted monthly equivalents of UN defined poverty line of US$ 2 and extreme poverty line of US$ 1.25 per day respectively.

It is ironic that agents who facilitate financial access to the poor are unable to support themselves through the BC business. This could result in closure of agent outlets and adversely impact continuity in service to the financially excluded population.

MicroSave's Wave III assessment of the Pradhan Mantri Jan Dhan Yojana (PMJDY), conducted in December 2015, reports that agent dormancy is close to 11% and is rising compared to previous assessments.

Lack of agent continuity impacts customer trust, leading to a vicious cycle of reduced customer uptake and usage and consequently an even lower business viability for agents. In the absence of a sustainable business model, service providers are hesitant to invest in adequate levels of support to agents, and in effective monitoring and supervision.

This note looks at providing a framework and recommendations to re-imagine the last mile service delivery to facilitate financial inclusion in India. Figure 4, in the next page reiterates the key areas of intervention and specific action points under each area of intervention.

Figure 4: A Framework for Re-Imagining the Last Mile

Next Gen Policy Environment

- Self-Regulatory Organisation (SRO) for BCNMs
- Accountability through Quality of Standards (QoS)
- Field verification and audits by the regulator
- Master circular on the business correspondent model

Next Gen Agent Networks

- "Uberisation" of Cash-In Cash-Out (CICO)
- White Label Business Correspondents
- Agent level interoperability
- Leverage existing distribution systems
- Leverage existing infrastructure
- Determine optimal agent density and presence
- Locate agents strategically

Next Gen Value Propositions/ Use Cases

- Identify additional value propositions through behavioural research
- Technology enabled tools facilitating real-world financial decision making by customers
- Reduced use case for OTC transactions
- Incentivising cashless transactions
- Sourcing credit
- Online transactions through agent outlets

Next Gen Processes

- Reduce time involvement of agents
  - Straight Through Processing
  - e-KYC
  - Self-operated kiosks
- GPS Mapping of agent outlets
- Data analytics
- Mandate real-time updates of customer and transaction data
- Evolved grievance redressal systems

Next Gen Support Systems

- Evolved compensation structures
  - Fixed compensation during initial stages
  - Fixed plus variable compensation
  - Output linked compensation
  - Compensation linked to customer rating
- Better liquidity management
  - Diversify sources of liquidity
  - Provision of float as an advance
  - Liquidity runners for rebalancing
  - Cash distribution mechanisms for rebalancing
  - Centralised, system driven float monitoring.
- Improved training
  - Self-learning
  - Online, bank certified training
  - Iterative testing and certification
  - Incentivised training
- Enhanced system availability
- Outlet branding

Next Gen Policy Environment

The current policy environment looks at BCNMs as mere outsourced contractors of banks. Managing and supervising BCNMs is, at present, effectively the responsibility of their principal banks. However, given the important role they play in facilitating the cause of financial inclusion and ensuring service availability at the last mile, there is scope for looking at BCNMs as legitimate service channels, which need to be supervised under a unified and standardised policy and regulatory environment. This section outlines key policy and regulatory recommendations which can drive effective regulatory supervision and control.

1.1 Establish Self-Regulatory Organisation (SRO) for BCNMs: A set of uniform guidelines or a code of conduct does not exist for BCNMs in India. This is due to the prevailing regulatory mentality which assigns all supervisory responsibility of BCNMs to the bank which employs them. There is a need to understand that last mile service delivery is integral to ensuring the policy objectives of financial inclusion and effective DBT delivery. We believe that there is a strong case for an SRO for the BC industry in India which can set operational standards and formulate codes of conduct for all the BCNMs, potentially on the lines of GSMA Mobile Money Code for providers.

An association of BCNMs (at present, Business Correspondent Federation of India acts as an association of BCNMs) could potentially play this role. The association should be formalised, strengthened, and recognised as a SRO by RBI. All changes in the basic constitution or by-laws of the SRO should be made with approval from RBI. Other than acting as an interface between the BCNMs, banks, RBI, and the government, such an SRO would provide a formal representation to BCNMs, issue Quality of Standards (QoS), negotiate policy guidelines that are mandatory, set rules that will guide behaviour of its members, provide oversight to ensure compliance with the rules, take actions through enforcement mechanisms or sanctions when non-compliance is identified, monitor BCNMs, conduct continuous evaluation and assessment of the regulatory system and promote best practices in the industry.

The SRO also can take up the task of commissioning periodic mystery surveys across states to ascertain the extent of gaps in financial services delivery, especially at the last mile. The results can provide policy-makers with a better understanding of the demand-side challenges. This can be done by the SRO or by a specific task force/team of the RBI.

1.2 Bring in Accountability through QoS: With thousands of agent outlets servicing the masses in India, it is time that these entities are covered by the regulator / SRO through both off-site and on-site surveillance based on specific parameters. RBI can create a single registry of BC Agents wherein BCs will need to register before commencement of operations. The registration process should be a simple online process with photo and *Aadhaar* identification. It could include other details such as name of the BC, type of BC, location, geographical information systems (GIS) coordinates of fixed-point BCs, nature of operations, area of operation and, at a subsequent stage, their performance record, including delinquency.

This database can be made dynamic with quarterly updates, including a list of black-listed BCs which no other bank should approach or work with. This would help banks and other agencies to track the movement of BCs and supervise their operations more efficiently. The operational rights and responsibility of this registry can be given to the SRO.

Specific data related to Quality of Service (QoS) may be required as part of RBI's / SRO's off-site monitoring. A small sample of BCs may be covered as part of RBI / SRO inspections of bank branches to ensure that standards are maintained at the required level.

The **QoS standards** for the agent network may include mandated GPS mapping of agent points (already done for ATMs), electronic attendance and monitoring, ensure continued functioning of a BC point (barring force majeure events), disaster recovery, etc. as a responsibility of the link branch. At present, commercial banks are not permitted to close their rural branches. To address dormancy / closure of rural agents, similar stipulations could be thought of to ensure uninterrupted banking services to rural customers.

1.3 Conduct field verification of the agent network: Can be conducted by RBI/SRO to supplement the existing monitoring mechanisms. These can be in the form of random mystery shopping activities conducted to obtain a real, on-the-ground situation assessment. RBI/SRO can also explore commissioning periodic surveys of customers / agents on the status of financial inclusion to verify the accuracy of information submitted by banks and to enhance its own understanding of ground level realities. Banko Sentral ng Pilipinas in the Philippines, for instance, conducts an annual survey on the status of financial inclusion in the country.

1.4 Create Master Circular on Business Correspondents: The arrival of differentiated banks and use of modern technology that can help monitor agent activity and drive expansion of service locations, necessitates a rethinking and standardisation of agent banking guidelines. At present, the guidelines for BCs are scattered across various circulars including the Master Circular on Customer Service in Banks, Master Circular on Mobile Banking, and a series of circulars on financial inclusion. There is a need for a master circular on Business Correspondents / Financial Inclusion to present a uniform regulatory framework. The master circular should ideally consolidate previous circulars as well as address aspects like eligibility, agent appointment, mandatory requirements, interoperability, customer support, grievance redressal mechanisms, commission structures, managing dormancy, risk management, and monitoring and supervision.

Key Takeaways

- RBI should facilitate the formation of an SRO for BCNMs in order to establish uniform standards and operational guidelines.
- RBI / SRO should ensure accountability through regulatory monitoring and supervision, mandating and implementing Quality of Standards, and instituting effective field based monitoring and supervision systems for agent networks.
- RBI should issue a Master Circular on the Business Correspondent Model to consolidate regulatory guidelines and address additional aspects including agent management and customer protection.
- Ensure accountability through regulatory monitoring and supervision, mandating and implementing Quality of Standards, and instituting effective field based monitoring and supervision systems for agent networks.

While PMJDY has established 125,914 agents across the country, there is still scope for improvement to expand these agent networks further, considering that India has the lowest e-money agents to population ratio among similar markets. In this section we outline some measures to help establish better agent network coverage.

2.1 "Uberisation" of cash-in / cash-out: In India, given the obsession of people with cash (due to its fungibility), and the limited size and scope of the digital eco-system, BC agents in rural areas have been predominantly used as cash-out points. Moreover, servicing the agency channel entails significant costs to the service provider. Keeping these facts in mind, it is important to have an 'efficient' last mile cash delivery to the customer. One idea worth exploring is to reduce the dependence on agents by empowering almost every customer to act as Cash-in/Cash-out (CICO) points. This is akin to an app-based *Uber* transport model where users can avail cab services at almost any point. Such a system of CICO would mean increased cash accessibility for customers and less dependence on agents. For providers, it would mean increased outreach of CICO points as well as reduced agency management costs. Customers may also get the benefit of convenient and nearby cash-out leading to less need to cash-out in bulk. Agents can shift focus to value added services other than CICO.

Fintech companies can come up with smartphone applications which enable any user to act as liquidity merchants — mimicking what *Uber* has done for transportation. Similar initiatives can help address cash needs in the "*last few hundred yards,"* while agents provide the *"last mile"* backup underpinning a more decentralised cash market. To make it work effectively, it needs to be ubiquitous and interoperable across providers.

However, at the moment, this idea can face regulatory hurdles, as RBI does not allow individuals to act as cash-out points. Another potential risk could arise from unscrupulous individuals acting as cash-out points which can become a security risk.

Ideas for the App

Such a smartphone app should implement a geo-referenced marketplace for cash, to supplement an agent network. Users who have cash-in or cash-out needs should be able to search for other willing users in their vicinity. The application should do the match-making on the basis of availability and willingness to connect two ends of the network. The transactions need not be intermediated by the service provider (though the transactions between the two parties should be on the service provider's system). The app should offer a search capability, as well as a variety of trust-building mechanisms.

2.2 Enabling White Label business correspondents: RBI's Committee on Comprehensive Financial Services for Small Businesses and Low Income Households recommended that White Label BCs (BCs which act as agent networks for any bank / financial service provider) be allowed to emerge with direct access to settlement systems. This idea was also mooted by Ignacio Mas, a DFS expert. Currently outlets of BCNMs provide banking services to customers on behalf of a bank and are thus tightly coupled with the sponsor bank.

Considering the predominance of cash-out transactions in rural areas, the agent / BCNM outlet acts as a human ATM. It is important to note that white label ATMs are already allowed in India wherein a third party owns and operates a network of ATMs under its own brand and not necessarily for/by a particular bank. This has seen decent growth in the last few years due to high costs of running proprietary ATMs by banks. On similar lines, a white label BC will be able to serve a large number of customers of various banks at a lower cost.

This could result in better returns for the BC agents, and lead to a viable and sustainable financial ecosystem designed for outreach and customer convenience. This will also help establish a network which is shared by multiple banks and will free up BCNMs from dependence on sponsor banks for operational decisions and expansion of outreach. It will also eliminate the need for individual banks to set up parallel BC networks.

2.3 Enable interoperability among agents: RBI allowed interoperability for customers at the retail points or sub-agents of BCNMs through a regulation in March 2012. Interoperability can potentially help drive customer transactions and ensure business continuity for the customers in the event of the agent falling dormant since it fulfils a need to have options and provides account access at other agent outlets. It can also facilitate movement of data seamlessly to any nearby / new agent from the back end. However, most agents in India remain exclusive (89%) (working for single provider) and continue to transact for only one service provider.

Interoperable Approach

One of the largest public sector banks in India is providing biometric-enabled micro ATMs/POS device to its BCs. The latter allows various transactions including balance enquiry, cash withdrawals, and deposits for all the customers who have linked (seeded) their *Aadhaar* numbers in the bank account. This is possible with unique identity and by leveraging the interoperable systems of NPCI. In other words, a customer of any bank can walk up to the BC outlet, provide the *Aadhaar* number, biometric details for authentication, and get cash!

Reasons cited by service providers include the likelihood of security breaches, the need to build own networks before they can build transactional bridges for others, and the lack of a clear business case for interoperability. RBI can play a role in establishing guidelines to set the interchange fees between banks so that it is attractive for the acquiring bank. Interoperability requires support and enablement on the core banking system of the bank. Providing BCNMs direct access to RBI/NPCI switches can help build a business case for interoperability.

White labelled BCNMs also can help achieve de-facto interoperability by putting the right technology and processes in place. They should be fully interoperable and have the ability to work with multiple banks at the back-end. This will mean that White Label BCs are provided access to settlement systems and to the *Aadhaar* biometric database through authorised agencies. There is a need for building awareness of service providers on the business case and potential for interoperability.

Lessons have to be learnt from international experience including that of Tanzania, where interoperability resulted in an exponential growth in mobile money adoption and usage.

Bank of Tanzania did not adopt a directive approach while implementing interoperability schemes or on defining the technical architecture, but delegated the role to the industry and accepted relevant inputs from global think tanks including GSMA in drafting the wallet to wallet transfer rules which ensured that the rules reflected the objectives and interests of the participants and was robust enough to offer protections against potential reputational, business or consumer risks.

2.4 Leverage existing distribution systems: One of the primary pain points in enabling financial access through agents has been the need to build effective distribution systems. Distribution systems are vital to ensure adequate availability of e-float/cash with transaction agents and to ensure efficient monitoring and supervision of individual agents. Efficient distribution systems help agents manage operational needs more effectively.

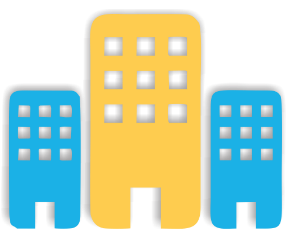
However, setting up proprietary systems is usually too costly for BCNMs and banks. In this context, especially for rural India, co-opting pre-existing distribution networks may prove to be more effective in establishing digital money distribution. Many corporates involved in businesses like fast moving consumer goods (FMCG), food products, agri-procurement, and agri-input supply have direct distribution systems which can potentially be leveraged for the distribution of digital financial services through corporate tie ups.

ITC directly services 2 million of its 4.5 million retail outlets; Hindustan Unilever reaches 3 million of its 6.3 million outlets directly; and Nestle India reaches 1 million of its 4.5 million outlets directly. There is significant potential for DFS providers in India to adopt these channels and partner with these distribution specialists. These FMCG distribution partners can allow their existing distribution channel to be used by the DFS providers, including to help identify potential agent / transaction points, manage liquidity requirements of outlets and help manage and supervise them. For the BC agent this means regular (and low cost) liquidity rebalancing, and adequate support, while for the customer it means reduced transaction denials and better security. The figure 5 illustrates some global examples where FMCGs have offered effective liquidity management support to agent / branchless banking services.

Figure 5: Global Examples of DFS Providers Riding on Pre-Existing Distribution Systems

2.5 Leverage existing infrastructure: Quite often, in the race to put up agents in allocated locations, banks appoint individuals to act as dedicated agents – agents whose only activity from their outlets is servicing the bank's customers. The ANA Survey indicates that 67% of agents in India are 'dedicated'. High levels of 'dedication' leads to higher operational costs due to fixed costs, like rent.

ANA survey points out that operational expenses for Indian agents are the highest in South Asia. High operational expenses combined with low returns from the agency business, especially for dedicated agents, leads to agent dormancy and dropout.



Hence it is important to use locally available infrastructure such as 238,617 *gram panchayats* in India of which 180,032 have their own *panchayat* halls, which can be used as physical space for agent outlets. Other available infrastructure in India can include Common Service Centres (CSC), cooperatives, Public Distribution System (PDS) shops, etc.

There are higher chances of success by using non-exclusive outlets which include millions of *Kirana* (grocery) stores spread over the length and breadth of the country.

Leveraging existing infrastructure can help establish more service points at a lower cost and, hence, improve access to, and outreach of, financial services. It enhances profitability of individual agents since costs for agents become marginal / incremental, thereby making the last mile more sustainable and ensures business continuity. Utilising running businesses such as PDS shops, CSCs or *Kirana* shops also can potentially improve customer trust and thereby drive transactions.

2.6 Determine how many agents are sufficient: Assessment of the optimal number of agents to serve a location is very important. On one hand, too many agents makes the agency business unsustainable; on the other, too low a number will create hurdles in accessibility for customers. Population is one of the important parameters in determining an optimal number of agents. Countries like Kenya, Bangladesh, and Uganda, where digital financial services are well established, often have 400-500 financial access points per 100,000 adult population (45 in India).

Service providers can explore designing a matrix which includes key demographic parameters such as population, type of location (urban/rural), population density, distance from nearest branch, type of customers, transactions facilitated, volumes in the local economy, etc. in order to determine the optimal number of agents. The placement / recruitment of new agents could be guided by such a matrix.   While these matrices can provide useful guidelines on agent density, the actual number and locations of agents should be left to the discretion of service providers.

2.7 Locate agents strategically: There are several villages which may not have sufficient population base to justify a permanent agent outlet inside the village. Similarly, villages in hilly or mountainous terrain are often sparsely populated; thus, putting up an agent may not be viable. However, most of rural India has weekly *haats* (rural open air markets) where customers aggregate. Further, there is usually a central location where people from nearby villages congregate for transportation. Banks / BCNMs can actively identify and locate agents in such locations to optimise agent distribution.

Key Takeaways

- Facilitate development of an *'uberised'* model for cash-in/cash-out to reduce dependence on agents and enable better service availability.
- Grant regulatory permission for '*White Label Business Correspondents'* with direct access to settlement systems. White label BCs can facilitate interoperability and enhance the operational autonomy of BCNMs.
- Implement interoperability among agents of different service providers in order to improve transaction volumes and reduce redundancies.
- Leverage pre-existing distribution networks for agent establishment and management.
- Leverage locally available infrastructure to reduce operational costs for the agents.
- Determine optimal agent density to facilitate operational viability.
- Locate agents strategically considering local, ground level, realities.

Next Gen Value Propositions/ Use

ANA research highlights that transactions offered at agent outlets are usually limited to account opening, cash-in/out, and domestic remittances. A few agents offering insurance and credit (sourcing) were found to earn significantly higher revenues; however, only 10% and 7% agents, respectively, offer these services. There is potential for offering more services to enlarge the product basket at agent outlets, thereby building a digital ecosystem.

3.1 Conduct Behavioural research: There is a need for **behavioural market research** to identify key value propositions and to assess the potential to offer them at agent points to drive business volumes. This would require re-visiting customer needs, aspirations and existing behaviours to develop innovative products, communication tools (including user interfaces), and "nudges" to drive uptake and usage.

The implementation of additional use cases might require **partnerships** among players including full service banks, MNOs, MFIs, small finance banks, payment banks, insurance companies, mutual funds, pension funds, etc. The resultant use cases can, in turn, reduce the number of dormant accounts, which for the PMJDY scheme, currently stands at 28%.

3.2 Reduce the use case for OTC: In the Indian context, **partial over-the-counter (OTC)** transactions are commonly used to send and receive money. The customer conducts an OTC transaction because of a combination of factors, such as convenience, non-requirement of KYC, fear of technology, illiteracy, and incomprehensible user interfaces. With customers not using their wallets for other uses cases, the uptake of digital financial services will remain limited to remittances.

Hence prolonged OTC use by customers will also put agent profitability in question, since they would be earning from only one type of transaction, viz. money transfer. Hence, it is important for stakeholders (like MNOs, banks, MFS providers) to come out of the OTC trap if digital money use cases have to be exploited to the fullest extent. This will also enable agents to free up time and involve in other value added services like facilitating credit, customer education etc. thereby earning better commissions. Promoting self-usage of wallets will help in bringing stickiness thereby reducing customer churn, which can bring down costs of service providers significantly.

One key challenge for Digital Financial Services (DFS) worldwide has been making them more inclusive and relevant in the daily lives of people. *MicroSave* explored this question in a three part blog looking at who the customers are, how they manage money, and what the key design principles should be to make DFS more relevant.

This would entail equipping customers with **tools to make financial decisions on their own**, helping them to replicate their real world on a digital platform.

These tools can be provided at the agent level to encourage the organisation of money and utilisation at the agent outlet. With ever-increasing smartphone penetration, this will help customers go through the journey of learning and usage on their own.

3.3 Incentivise cash-less transactions: RBI and commercial banks incur Rs 21,000 crore (US$ 3.5 billion) in currency operations cost annually. Out of Rs 21,000 crore, the major cost goes towards ATM operations (50%) and 10% each is attributable to currency chest and new currency.

The vast majority (86%) of that burden falls on commercial banks. Hence the direct cost of running a cash-based economy is close to **0.25% of India's gross domestic product (GDP).**

Encouraging **merchants to accept electronic payments** can help drive increased usage of e-money by customers as well as encourage them to maintain balances in accounts; while agents focus on value added services as highlighted above. The government has already initiated several measures including withdrawal of surcharge, service charge or convenience fee on card/digital transactions by government departments, and the introduction of acceptance infrastructure in Government Departments. It also has plans to roll out payment acceptance infrastructure across the country and rationalise merchant discount rates. Potential service tax exemptions and leveraging UPI to collect payment can provide the fillip to smaller merchants to accept digital payments.

3.4 Enable Agents to source credit: Enabling agents to **source credit** could be another way to improve revenues. In the ANA survey**,** it was noted that agents who offer credit earn USD 80 per month as compared to a country median of USD 40 per month.

ICICI Bank had earlier piloted a 'credit franchisee' model (or credit access point model) for rural credit where agents were provided an overall limit on a risk sharing basis based on a First Loss Default Guarantee (FLDG). Agents were free to source credit up to their allocated limit with an understanding that the initial losses on the portfolio, subject to the FLDG, would be borne by the agent.

The agent responsibility was for sourcing of loans while risk assessment and credit approval were at the discretion of the bank. Adoption of similar models can potentially improve viability for agents and, at the same time, provide a cushion of comfort to banks.

Several service providers in Kenya including Commercial Bank of Africa and Kenya Commercial Bank offer digital credit driven by data analytics to M-Pesa customers. Similar models could be explored to extend rural credit in India as well.

Overdraft facility has been a pull factor for opening PMJDY accounts in India. However, only 7% of account holders received an average of Rs 815 (about USD 12.5) as credit. A data analytics based credit assessment model can be piloted for PMJDY accounts and agents can be made part of the value chain.

3.5 Equip Agents to act as online transaction points: E-commerce is slowly making inroads to lower tier towns in India. However, the situation in rural India is challenging on account of lack of connectivity and limited internet access. Moreover, doorstep distribution to individual households in remote areas is a challenge for e-commerce players.

An effective way to address both supply and demand side challenge is to enable **online purchases at agent outlets**. The customers can browse through online brochures, place the order through a customised portal at the agent outlet, make the payment from their wallets/accounts, and collect the ordered goods from the agent outlet at a later date. Hence, the agent outlet can be integrated into the e-commerce value chain.

This can also potentially help service providers drive a less-cash ecosystem for the customers.

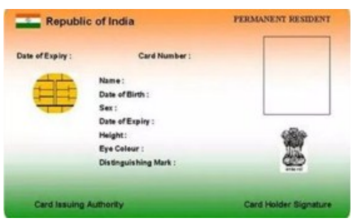
Key Takeaways

- Conduct behavioural research to identify key value propositions and use cases.
- Equip customers with technology enabled tools to make financial decisions on their own, replicating their real world on a digital platform.
- Build a digital ecosystem by reducing the use case for OTC transactions to enable development of self-use and a digital ecosystem beyond money transfers.
- Provide incentives for cashless transactions to reduce prevalence of physical cash.
- Enable agents to source credit with innovative risk sharing mechanisms and facilitate data analytics based digital credit models.
- Enable online purchases at agent outlets to improve agents' business viability as well as to drive a cashless / cash-lite ecosystem.

Next Gen Processes

Technological innovation as well as development of publicly accessible technology infrastructure, including national identity databases, open APIs, etc. provide significant scope to streamline or even completely revamp key delivery as well as some support processes.

4.1 Reduce time involvement of agents: There is a need to make the agency model an additional income stream for an entrepreneur, instead of it being the primary or sole income stream. To enable this, it is vital to reduce the time involved in agents servicing individual customers by focusing on Straight Through Processing (STP). STP eliminates manual intervention / re-keying in of repeat data points and helps drive full automation. Some of the PPI players use auto-population of data for repeat remittance customers which saves time. Another way could be facilitating the agents to see the back-end flow of a transaction such as the status of an account opening application form. Development and implementation of India Stack can help reduce time involved in customer registration and authentication and drive STP. Once developed, it has the potential to enable paperless and presence-less transactions and verification with proper consent.



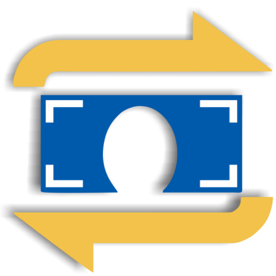
Enabling of e-KYC through *Aadhaar* by RBI is another development which can significantly reduce time involvement of agents in customer registration and make the process complete at the touch of a button. Later on, *Aadhaar* based biometric authentication can smoothen and reduce time taken in transactions, as well. At present, the authentication mechanism is primarily based on fingerprints. It will soon include iris-based biometrics with a new set of devices built with cameras to capture the same. One step further will be to have unified e-KYC requirements for account opening for customers from RBI and TRAI. Currently, the documents prescribed by both the agencies are different with some overlap.

4.2 Introduce self-operated kiosks: There is also a potential to invest in customer **self-operated kiosks**. Bayad Center in Philippines, for instance, uses cash-acceptance machines to facilitate bill payments. A lower cost option could be to use **simple tablet screens combined with authentication devices** (biometric/card reader). Barcode scanners can be incorporated to enable easy bill payment and online payment kiosks/self cash withdrawal at the outlet. The tablet can be mounted inside the agent premise with simple graphical menus, coupled with biometric authentication to cater to illiterate customers. The cash acceptance/disbursement aspect can be maintained by the agent himself. To conduct a transaction, customers would access the tablet screen and authenticate themselves using a card/biometric data. On the tablet screen, the customer can choose the transaction and enter relevant details. The customer can then approach the agent. The agent would accept the cash or disburse cash according to the type of transaction, and approve the transaction on his smartphone/tablet screen. One expanded version of this option could be enabling completely automated cash acceptance and/or disbursement machines. However, before implementation, service providers need to carefully assess if the volumes justify the cost to encourage self-service behaviour.

4.3 Conduct GPS mapping of agent outlets: RBI's Committee on Comprehensive Financial Services for Small Businesses and Low Income Households had recommended that the GPS coordinates for all financial access points be mapped to enable effective monitoring and supervision. Mapping of GPS coordinates can be done at the time of agent registration and be used to ensure follow-on monitoring and supervision. This has already commenced with the PMJDY website sharing location coordinates of agents to the general public.

This initiative now needs to be extended to all financial access points. Collecting and sharing location coordinates of agents also open up the agent network model, instituted as a part of PMJDY/DBT initiatives, to **social audits**. In addition to enabling better monitoring and supervision, GPS mapping also makes locating agent outlets easier. Geo-tagging POS / other transaction devices could also help with GPS mapping of the agent locations. Over time, a harmonised database of financial inclusion footprints, in terms of outlets, service points, devices and agent networks, could be put in place using a GIS platform.

4.4 Using data analytics: There is a potential to use data analytics to monitor agents centrally. Service providers can set up a centralised command centre/dashboard to keep a watch on the activities over their agent outlets in terms of their operations and transactions. It can also help them to know if their agents are active and are in a position to provide various services. Monitoring can be conducted on key performance metrics and analytics conducted to identify and address key areas of concern. Service providers can build mechanisms to effectively track and follow up on identified challenges at an aggregate or even an individual agent level. Smart analytics can also track agent performance and provide early warning signals related to potential issues. Novopay, a payment service provider and BC, promoted by Khosla Labs, has created a centralised Network Operation Centre (NOC) to monitor both agents and transactions.



4.5 Mandate real-time updates of customer and transaction data: There is a need to establish minimum eligibility standards with regard to real-time reporting and system updates. This would ensure that customer and transaction data is updated on a real-time or a near real-time basis and contribute to more efficient systems and customer protection. Real-time updates reduce the potential for fraud, enable more effective data utilisation and drive transaction-based analytics for service providers, and enable effective monitoring and supervision by regulators. Corporate Business Correspondents and/or banks (for individual agents directly managed by the banks) need to be mandated to ensure compliance to real-time updates.

4.6 Effective grievance redressal mechanisms: In the ANA survey, it was noted that only 59% of agents knew that there is a call centre to resolve their queries. Qualitative research indicates that often there is no unique agent support line (most service providers serve agents using the customer call centre lines), and often the customer support lines are tedious to access. Providers need to implement effective agent support through investing in adequate call centre capabilities. RBI needs to mandate service standards including turn-around time, escalation mechanisms, existence of a grievance redressal appellate process, and mandated displays of grievance redressal contact numbers as well as processes at agent outlets.

Key Takeaways

- Reduce time involvement of agents to reduce the incremental costs of acting as business correspondents.
  - ⇒Facilitate Straight Through Processing by riding on country digital infrastructure including India Stack and UPI.
  - ⇒Promote use of e-KYC through *Aadhaar* to streamline customer registration and authentication.
  - ⇒Invest in self-operated kiosks or simplified adaptations thereof.
- Conduct GPS mapping of agent locations to improve the ability to locate agent points and enable better monitoring and supervision.
- Use data analytics to monitor agent performance and facilitate real time identification and addressing of key challenges.
- Mandate real time updates of customer and transaction data for better customer protection and for more efficient systems and processes.
- Implement effective grievance redressal systems for improving customer trust and customer protection.

Adequate and effective agent support is vital for ensuring optimal customer experience at agent outlets. Agents who are well supported do better business are more likely to be better at customer service related aspects. It requires significant changes in the way agents are supported by service providers in order to ensure effective financial access.

5.1 Re-look at the agent compensation structure: The current compensation structure has proved quite inadequate, leading to low level of income for agents. Compensation has been one of the most prominent reasons driving dormancy in agents. The service providers can think of providing **fixed compensation** till the time agent achieves adequate transactions. The other option could be a **combination of fixed component to cover the basic cost and variable compensation** beyond a number of transactions. At present, the government mandates a commission of Rs 5,000 (US$ 75) per month for agents under the PMJDY scheme. *MicroSave*'s Wave III report on PMJDY scheme says that the average monthly income of a BC agent working on fixed-plus-variable commission model is Rs 5,775 (US$ 86) per month.

The compensation structure can also be **linked to output**, which will incentivise agents to achieve the required results. For instance, many service providers across the globe, link agent commissions on customer registrations to either customer activity levels or maintenance of adequate balances by customers. These incentives can drive agents to identify customers appropriately and deliver adequate financial education to customers. A tech-enabled **option to rate agents** by customers based on their experience and linking this to points / incentives for agents would go a long way in improving service quality and provide the power in the hands of end-users. Another model which can be thought about for G2P payments is where the commission can be credited directly to the beneficiaries account and be auto-transferred to the agent when the beneficiary choses a withdrawal/remittance transaction. However, merits and demerits of this will have to be looked at.

Figure 6: Liquidity Rebalancing in Bangladesh

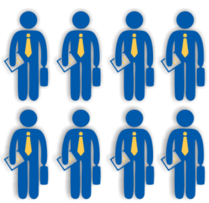
5.2 Improve liquidity management: Liquidity management is the key function of distribution in the context of agent banking/e-money networks. The *Helix* Institute of Digital Finance's ANA Survey points out that 94% of agents in India need to travel out of their shops for managing liquidity. Out of this, 74% of agents have to travel to a bank branch to manage liquidity. The average distance travelled was 6.6 km and agents are required to visit liquidity rebalancing points, on an average, 16 times a month. This was perceived to be a hassle and creates significant impediments to regular operations at BC outlets.

One of the ways to overcome this challenge is to **diversify the sources of liquidity,** as is being done in East Africa. Agents in Kenya, for instance, can rebalance using bank branches, master/super agents, aggregators, other fellow agents, and even supermarkets. In Kenya, the introduction of supermarkets as rebalancing points in 2014, resulted in a reduction of 49% in the cost of rebalancing, as compared to rebalancing costs in 2013. Further, in Kenya, agents travel only for a median of 10 minutes to avail liquidity, as opposed to 26 minutes in India. In India, service providers can look at instituting more liquidity points, including distributors, and perhaps enabling agents, to rebalance with other agents.

Blocking adequate working capital to meet liquidity needs has been another challenge for agents. There are opportunities to improve this scenario by putting in place high net worth distributors who can provide **float as temporary advance**. In competitive OTC remittance markets like Mumbai, liquidity advances by distributors have already become the norm. There is a potential to expand this model to the rest of the country. In addition to liquidity advances, **overdraft facilities by banks** may also help with regard to float management. Overdrafts will help relieve the pressure on agents and will not block their entire working capital for e-float, reduce travel costs and the time involved in rebalancing. Tameer Bank in Pakistan, for instance, provides overdrafts to some of its agents. In Bangladesh, distributors often employ staff to act as liquidity runners. The agent determines cash/float requirement and informs the runner/aggregator. The liquidity runner visits agents for providing float/cash as required, usually at a predetermined time. Some aggregators also provide on-demand rebalancing. Liquidity runners are usually retained by distributors on a fixed salary (though amount of remuneration and methods vary with each aggregator). This can be a useful model to adopt in urban areas of India, given the relatively higher agent densities.

Agents who are involved in bulk disbursements like DBT disbursements, etc. will need to accumulate significant amounts of cash on the disbursement dates. Service providers need to put in place **cash distribution mechanisms to ensure that adequate cash is maintained** with the agents for meeting these bulk cash needs.

Centralised, system-enabled monitoring of agent float levels can help service providers track liquidity availability with agents and proactively ensure that adequate liquidity is maintained. Many aggregators in Kenya, and a couple of service providers in India (SAVE and Novopay) have established centralised monitoring of float levels for their agents. This model can be replicated in India, at scale, to ensure that customers are not turned away from agent outlets for lack of float.



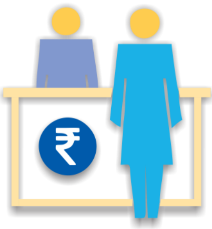
5.3 Provide better training to agents: Training is important to ensure a consistent, high quality, customer experience. It is also vital to ensure adequate customer acquisition levels and to encourage usage by customers. India has lagged behind other countries with regard to ensuring adequate training to its agents. In India, only 59% of agents received training compared to 92% in Kenya and 68% in Bangladesh. There is a clear need for better training, both for **agents and for field officers** of BCNMs / banks.

One of the approaches to training could be to **promote self-learning by agents** supported with adequate training collateral. The delivery can be facilitated by **online training material** accessible to agents, backed by **iterative testing and certification** of agents. Online training can be supported with **IVR-based systems** for providing clarifications and simple ready reckoners or handbooks for agents. Agent self-study can be made even more nuanced by making an **online, bank certified training mandatory** for all new agents. The training can be standardised by an SRO / industry association. **Multi-tiered training** can determine the products and services a certified agent is allowed to offer. With higher tier training, BCs would be able to offer more products to the customers and, consequently, have potential to earn more. This can drive voluntary upgrades by agents.

Quite often, agents are not willing to leave their shops to attend formal training due to time and opportunity costs. The National Skill Development Corporation (NSDC) has a model wherein **trainees are incentivised** to attend training. A similar model where agents receive an **honorarium for attending training** can be explored, especially for, but not limited to, agents who serve customers under PMJDY/DBT initiatives. The training can be supplemented with **incentive systems** that identify and reward skill acquisition and transaction capability enhancement of agents.

5.4 Make connectivity channel neutral: System availability is another regular challenge mentioned by Indian agents.

**The programme plans to cover all gram panchayats in the country by laying optical fibre cables for Internet access. In phase I of the project, 100,000 gram panchayats will be covered. Work for NOFN has started in 27 States and 2 Union Territories. 89,657 kms of PLB Duct covering 36,501 gram panchayats and 63,336 kms of Optical Fibre Cable covering 27,041 gram panchayats have been laid in 27 States and 2 Union Territories across the country. 3,200 gram panchayats have been connected and are ready for use as on September 2015*



Quite often this is due to inadequate/stressed networks run by some operators. There is a potential for **reducing dependence on MNOs for network connectivity** by automated switching on the National Optical Fibre Network (NOFN) project.* Service providers can choose to ride on the optical fibre network established by NOFN to bypass connectivity-related challenges.

5.5 Brand agent outlets: Worldwide, digital financial service players have typically ensured a unique and standardised look and feel for their agent outlets. M-Pesa outlets, for instance, are easily recognisable by their unique "Safaricom" green paint and similarly designed interiors. Store branding increases customer trust and also makes outlets easily recognisable for potential customers. Similar branding can be explored for Indian agent outlets as well. Wave III PMJDY Assessment report states that 85% of the agent outlets are branded with PMJDY and /or bank logos. However, the branding needs to now move beyond simple signboards/posters to more easily recognisable, and visible, store branding which establishes a uniform look and feel.

Key Takeaways

- Improve compensation structures to drive agent viability and enable business continuity.
  - ⇒Provide fixed compensation for a limited, initial period.
  - ⇒Explore combinations of fixed and variable compensation to cover basic costs as well as to incentivise transactions.
  - ⇒Link compensation to output in order to drive results.
  - ⇒Provide customers an option to rate agents and link compensation to customer rating to improve customer experiences.
- Facilitate better liquidity management to ensure service availability to customers.
  - ⇒Diversify sources of liquidity to facilitate ease of rebalancing float and cash.
  - ⇒Put in place systems to provide float as an advance or provide overdrafts to agents to help deal with working capital constraints.
  - ⇒Put in place liquidity runners to facilitate ease of rebalancing.
  - ⇒Establish cash distribution mechanisms to facilitate bulk disbursements like G2P payments.
  - ⇒Institute centralised, system-enabled float monitoring to enable better visibility and ensure better control over agents.
- Improve agent training.
  - ⇒Ensure training for both agents and field staff of service providers.
  - ⇒Promote self learning by agents through online training material backed by iterative testing and certification. This can be supported through IVR systems for clarifications.
  - ⇒Institute online, mandatory training for all agents supplemented by multi-tiered training modules which drive product availability at agent outlets.
  - ⇒Incentivise training attendance.
- Make connectivity channel neutral by reducing dependence on MNOs
- Conduct outlet branding to standardise and improve look and feel, thereby improving customer recognition and trust.

Summary Recommendations

The table below summarises the key recommendations which can lead to a re-imagining of last mile delivery in India's financial inclusion landscape.

SL No.	Recommendations	Recommendation Category	Key Responsibility	Priority Level	Recommended Potential Implementation Timeline
1	**Next Gen Policy Environment**				
1.1	Establish SRO for the BCNM sector	Regulatory	RBI	**High**	< 12 months
1.2	Bring in accountability through QoS for BCNMs and agents	Regulatory	RBI	**High**	< 6 months
1.3	Field verification of agent network	Regulatory	RBI	Medium	< 3 months
1.4	Issue a master circular on business correspondents	Regulatory	RBI	Medium	< 3 months
2	**Next Gen Agent Networks**				
2.1	Enable ordinary customers to act as cash-in/cash-out points (CICO)	Regulatory and Operational	RBI for issuing guidelines, DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies) for implementation	Medium	< 12 months
2.2	Enable white label BCNMs	Regulatory	RBI	**High**	< 18 months
2.3	Enable interoperability among agents	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 12 months
2.4	Leverage existing distribution networks to extend agent networks	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	6-12 months
2.5	Leverage existing infrastructure to extend agent networks	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	6-12 months
2.6	Design key parameters and an evaluation matrix to determine how many agents are adequate	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 3 months
2.7	Ensure strategic placement of agents	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 6 months
3	**Next Gen Value Propositions / Use Cases**				
3.1	Conduct behavioural research of customers to identify key value propositions	Operational	Industry associations / observers, DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	6-12 months
3.2	Reduce the use case for OTC	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Low	6-18 months
3.3	Incentivise cashless transactions	Policy	Ministry of Finance - Government of India	**High**	6-18 months
3.4	Enable agents to source credit	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 3 months
3.5	Equip agents to act as online transaction points	Operational	e-commerce companies, DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Low	6-18 months

SL No.	Recommendations	Recommendation Category	Key Responsibility	Priority Level	Recommended Potential Implementation Timeline
4	**Next Gen Processes**				
4.1	Reduce time taken by agents to facilitate transactions through implementation of e-KYC, India Stack, etc.	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 12 months
4.2	Institute self-operated kiosks for customer transactions	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Low	12-24 months
4.3	Conduct GPS mapping of agent outlets	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	6-12 months
4.4	Implement usage of data analytics	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 12 months
4.5	Mandate real-time updates of customer and transaction date	Regulatory	RBI	Medium	< 3 months
4.6	Institute effective grievance redressal mechanisms	Operational	RBI, DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 6 months
5	**Next Gen Support Systems**				
5.1	Re-look at agent compensation structure				
	Provide a fixed compensation for a limited initial period	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 3 months
	Provide a combination of fixed and variable compensation	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 6 months
	Link compensation to output	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 6 months
	Include customer feedback into incentive structure via rating	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Low	< 12 months
5.2	Improve Liquidity Management				
	Diversify sources for liquidity rebalancing by agents	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 12 months
	Explore providing float as an advance to retailers	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 6 months
	Put in place liquidity runners for rebalancing	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 6 months
	Establish cash distribution mechanisms to drive bulk payments	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 6 months
	Put in place centralised system enabled monitoring of float levels of agents	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 12 months
5.3	Provide better training to agents				
	Mandate training for both agents and field officers	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	**High**	< 3 months
	Promote self-learning by online training material supported by iterative testing and certification	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies), Industry Associations	Medium	< 12 months
	Incentivise training attendance by agents	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies), Industry Associations	Low	< 6 months
5.4	Make connectivity channel neutral	Operational	DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	12-24 months
5.5	Establish standardised store branding	Operational	Government of India, DFS Providers (Banks, BCNMs, PPI Issuers, Fintech companies)	Medium	< 12 months

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