# HELIX
## INSTITUTE OF DIGITAL FINANCE

# SUCCESSFUL AGENT NETWORKS
## 2016

The *Helix* Institute of Digital Finance, founded in November 2013 as a partnership between MicroSave, the Bill & Melinda Gates Foundation, the International Finance Corporation (IFC), FSD – Africa and the UN Capital Development Fund (UNCDF), provides world-class training and cutting-edge data for digital financial service providers.

The *Helix* is made of two teams:

The Business Analytics team aims to illuminate the key strategic, operational issues in digital finance so that providers, policy makers/regulators, and the industry can make critical and informed decisions. We achieve this by conducting bespoke quantitative and qualitative research studies across Asia and Africa for leading market providers. We distil the most salient aspects of strategic operations by combining practitioner experience and rigorous research methods.

The Training and Technical Assistance team (TTA) offers operational training courses that are explicitly designed for mobile network operators, banks, financial institutions and third party providers seeking to increase the efficiency and profits of their digital finance business. More information about our courses can be found here.

## THE AGENT NETWORK ACCELERATOR (ANA) PROGRAMME

The Agent Network Accelerator (ANA) project, managed by the *Helix*, is one of the largest research projects on agent networks in the world. During the four-year research project, we are conducting over 40,000 agent interviews with 42 elite digital finance deployments. So far, the programme has conducted over 31,500 interviews. The research programme is managed in collaboration with multiple, in country based research agencies. Research reports for the following countries are published and publicly available for review here; Kenya, Nigeria, Senegal, Tanzania, Uganda, Zambia, Indonesia, Pakistan, Bangladesh, and India.

Through the implementation of the ANA programme, the *Helix* has demonstrated strong capabilities in research design, including developing an analytical framework that guides projects; sample design; instrument creation (both qualitative and quantitative); and established sophisticated protocols for monitoring the quality of interviews on the ground.

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# EXECUTIVE SUMMARY

There is no universal definition of a 'successful' agent network. Agent networks are a means to an end: providers use them to advance the objectives of their digital financial services (DFS) deployments. There are many different types of deployments, with many different objectives – from upselling mobile network operator's (MNO) customers on DFS, to decongesting bank branches or building a brand profile.

But there is a best-fit agent network for any given deployment. Starting with a clear value proposition and a well-informed understanding of the competition, a DFS provider can build an agent network that drives forward their objectives; objectives that have the right agents in the right places with the right support to build and serve a loyal customer base.

In short, there are many types of success. This paper sets out The *Helix*'s system for analysing success in this complex context: a flexible approach allowing agent network managers and researchers alike to measure six dimensions of agent network success, and to categorise agent networks so that we can make fair comparisons between similar deployments.

# SUCCESSFUL AGENT NETWORKS

Section One of this paper sets out two to six sub-dimensions for each of the following dimensions of success:

1. **NETWORK SIZE**
2. **NETWORK DISTRIBUTION**
3. **NETWORK SUSTAINABILITY**
4. **SERVICE RELIABILITY**
5. **AGENT QUALITY**
6. **AGENT DEMOGRAPHICS**

We provide real-world examples of how agent networks prioritise amongst these dimensions, and we introduce our system for categorising deployments by value proposition, provider characteristics and market characteristics. We also provide suggested use cases for how diverse industry stakeholders can draw upon these two tools together to gain insight into the success and failure of agent networks.

Our metrics for measuring success are presented in Appendix 1, and the variables to use when categorising providers are presented in Appendix 2.

# GETTING TO HOW AND WHY

Section Two of this paper sets out the full analytical framework within which we design our research. This framework presents our six dimensions of success in the context of the inputs that drive them and the environment that supports them. Checklists for these factors are presented in Appendix 3.

# SECTION ONE:
# SUCCESSFUL AGENT NETWORKS

There can be no universal definition of a 'successful' agent network. After all, a successful network is one that enables a digital financial services (DFS) deployment to best deliver its service provider's objectives – and there are many kinds of such deployments, with many different objectives.

Some deployments are owned by mobile network operators (MNOs) who leverage their expertise in distribution to provide existing and new customers with DFS products. They aim to maximise both scale and reach to build an unassailable cost and geographical advantage. Other deployments, such as certain banks, aim to expand their rural footprint and provide agents with additional revenue, as well as extend their customer base, by facilitating digital social cash transfers. Since there are many different objectives for pursuing DFS, a successful agent network may look wholly different from one deployment to another.

Similarly, agent networks also exist to advance their provider's value proposition: building a successful DFS deployment above all requires a strong product suite matched to the needs of a clearly defined customer base, and paired with a well-functioning distribution channel. For most mass DFS deployments in the developing world that distribution channel is an agent network, and its prime function is to sell the provider's core product suite to its target customers as profitably as possible.

Since DFS deployments offer a wide range of value propositions – providing different products to different customers with different needs – the agent networks that support them also vary widely in their structure and function.

How then, in the face of such variety, should providers and analysts conceive of 'success' for DFS agent networks? This section of the paper sets out a solution, offering both a system for measuring six common types of success and a method for categorising and comparing networks.

The *Helix* has identified six common types of success for agent networks. We call these *dimensions* of success, each of which will loom larger or smaller for any given network, depending upon their value proposition.

# DIMENSIONS OF AGENT NETWORK SUCCESS

**In essence: if a successful DFS deployment is one that sells its product suite to a large number of its target customers, then a successful agent network is one that best supports that deployment by having the right agents in the right places, providing its customers with a high-quality service at a low cost to the provider.**

We break that understanding of success into six dimensions:

1. **NETWORK SIZE:**
   **The number of agents in a network**

2. **NETWORK DISTRIBUTION:**
   **The location/positioning of those agents**

3. **NETWORK SUSTAINABILITY:**
   **The extent to which a network and its agents are viable**

4. **SERVICE RELIABILITY:**
   **The extent to which agents are able to offer a reliable service**

5. **AGENT QUALITY:**
   **The extent to which agents possess the requisite knowledge and skills**

6. **AGENT DEMOGRAPHICS:**
   **The suitability of agents to serve the target customer**

**Not every agent network is equally invested in each of the above dimensions.** Network distribution might matter more to a bank-owned deployment looking to decongest its branches, for example; while network size might matter more to an MNO seeking to offer utility bill payments to its existing customers across the country. Similarly, the latter network might not stress the quality and suitability of its individual agents as much as a deployment aiming to up-sell its customers to a more advanced product suite.

Appendix 1 offers metrics with which to measure these different types of success for any given network. Since not every dimension matters to every provider, we can pick and choose amongst these dimensions to best describe the success or failure of a network. **In particular, providers' DFS objectives and value propositions provide important starting points for selecting amongst these dimensions.**

The *Helix* can help researchers and providers understand the relative importance of each dimension with regards to their goals for a network, and therefore focus on the ones that are most salient to their needs – whether developing a strategy, designing a network, assessing performance, or conducting industry analysis. Refer to the Use Cases section below for more detail on each of these applications of our framework.

Each of the above six dimensions of success might matter in a different way to different providers. Successful network distribution for one provider, for example, might amount to achieving a certain balance of urban and rural agents to best enable domestic remittances between its customers. For another, the ideal distribution might be an even spread of agents across population areas to prevent excessive redundancy of agents in the network, and to maximise the viability of each agent.

As such, the *Helix* has identified two to six aspects of each of the dimensions of success listed above. We call these 'sub-dimensions' of agent network success and set them out in Table 1 below.

Appendix 1 provides metrics with which to measure each of these sub-dimensions. **Users can use the sub-dimensions to measure the success of any network or group of networks.** As a result, we can define success by as many or as few sub-dimensions as are aligned with a deployment's objectives and value proposition.

We recommend that analysts first group providers into comparable networks, as we will discuss in the next section, 'Categorising Agents,' to apply these measurements to similar agent networks.

## TABLE 1:
## DIMENSIONS AND SUB-DIMENSIONS
## OF AGENT NETWORK SUCCESS

| NETWORK SIZE | NETWORK DISTRIBUTION | NETWORK SUSTAINABILITY |
|---|---|---|
| 1. Number of Agents<br>2. Provider's Share of Total Agents<br>3. Ratio of Customers to Agents | 1. Spread<br>2. Reach<br>3. Agent Clustering<br>4. Agent Density | 1. Agent Churn<br>2. Reliance on High Value Agents<br>3. Agent Compliance<br>4. Agent Profitability |

| SERVICE RELIABILITY | AGENT QUALITY | AGENT DEMOGRAPHICS |
|---|---|---|
| 1. Service Downtime<br>2. Liquidity<br>3. Fraud | 1. Knowledge<br>2. Skills | 1. Age<br>2. Gender<br>3. Education<br>4. Exclusivity<br>5. Dedication<br>6. DFS Outlet Staffing |

*Note: When using this framework to support strategic decision making, it is equally important that providers consider the fundamental objectives of their DFS deployment as it is that they clearly articulate their value proposition. We have not included objectives in the above table because they do not support the categorisation of agent networks per se. For examples of DFS objectives, see the Successful Agent Networks section above.*

# SUCCESSFUL AGENT NETWORKS

To demonstrate the variety of successful networks, below we give examples of leading DFS providers that have matched their agent network to their DFS objectives and their value proposition, across the breadth of our dimensions and sub-dimensions of success.

**bKASH** is a specialised organisation designed to deliver mobile money services in Bangladesh. Their objective is to extend access to a broad range of financial services—via the mobile phone—to all Bangladeshi adults, particularly focusing on low-income segments. Since its launch in 2011, Bangladeshis have embraced bKash's anchor product, person-to-person (P2P) services, and use it to send and receive money to and from friends, colleagues, and family across the country.

Both bKash's P2P value proposition and DFS objectives require them to achieve scale, in terms of agent network size and density, in both sending (more urban) and receiving (more rural) markets. In order to reach this required density, bKash both recruited and managed their own agents and linked directly to regional distribution companies that could each manage hundreds of agents at a time. As a result, bKash has successfully deployed a large number of agents across urban and rural Bangladesh, totalling approximately 113,000 agents (as of July 2016), accounting for 49% of the market presence of agents in the country and 55% share of market presence in rural Bangladesh.

Moreover, a high-volume P2P value proposition necessitates an extensive network of bKash agents that are able to accept bKash deposits and withdrawals across the country. As such, bKash has to ensure its agents have sufficient liquidity (cash and/or e-float). In turn, bKash has developed outstanding and innovative liquidity management services, primarily by delivering cash/e-float to the majority of its agents, and also by partnering with distributors and banks.

**Equity Bank** has grown to be one of the largest banks in East Africa. In 2010, when regulations permitted agency banking in Kenya, Equity Bank started its agency banking business model using mobile phone and point-of-sale (POS) technology. Equity Bank's agency banking model has two objectives: 1) to increase access to its product suite for customers that cannot access its branches in urban and rural areas, thereby increasing its outreach without incurring additional costs of setting up bank branches; and 2) to decongest existing bank branches.

An Equity agent, who must be approved by the Central Bank of Kenya, offers specific Equity products and services at his/her outlet. Equity agents typically offer complex banking products—reflecting Equity's core value proposition to its customers—such as account registration, ATM card application, and bill and rent payment services.

In fact, banking agents in Kenya are bringing a diversity of services that are additive as opposed to competing with those of MNO agents, and a banking agent's median value of a cash-in/cash-out transaction is 50% higher than a MNO agent. Thus, a banking agent's services are generally more sophisticated which requires a different agent profile compared to a MNO agent.

Equity equips their agents with the knowledge and skills necessary to provide basic banking services, according to standards set by the bank, and also emphasises selecting the right kind of agent. In turn, Equity tends to target educated agents. Equity is working to refine its agency model to differentiate between cash merchants and sales agents, the latter responsible for selling the bank's products and responding to customers' queries. Indeed, one of Equity's core banking principles is to ensure they seek feedback from their customers which they are practising with this segmentation in their agency channel.

**Zoona**, a third party mobile money provider, has the largest share of market presence in Zambia, and its agents conduct the highest transaction volumes in the country (the Helix Agent Network Accelerator (ANA) Zambia 2015)—mainly over the counter bill payments and money transfers. Zoona's objective extend beyond solving the financial pain points for their 1.5 million consumers (as of August 2016), but they also aim to build sustainable businesses by providing agents with working financial capital and business management tools, as well as providing 'exceptional experience' to its customers.

Zoona's secret to success thus far has been their prime focus on the agent experience. As such, they have concentrated on network sustainability, agent quality and agent demographics. Not only does Zoona have a significant proportion of high performing agents in the market, but their agents earn higher commissions compared to other Zambian agents as well as the more mature Kenyan agents. Their high profit can be partly attributed to Zoona covering their setup costs (agents are given Zoona branded booths as well as loans through Kiva).

Zoona agents go through a rigorous training program that includes building entrepreneurial skills and ensuring they understand to keep a minimum level of liquidity—to assure customers can be served and have a pleasant interaction with the agents. Moreover, agents also receive innovative support from Zoona, such as utilising social media. Lastly, Zoona's recruitment strategy has led to a large portion of exclusive and dedicated agents throughout the country, as well as a high percentage of female agents (70%).

# CATEGORISING AGENT NETWORKS

While the dimensions of success above are useful in helping us conceive of the different ways in which agent networks can succeed and fail, in order to put them to practical use we often first need to categorise agent networks. Whether to set appropriate targets, measure progress against industry peers, or derive suitable lessons from the experience of any one network, analysts and agent network managers need to be able to group similar networks together.
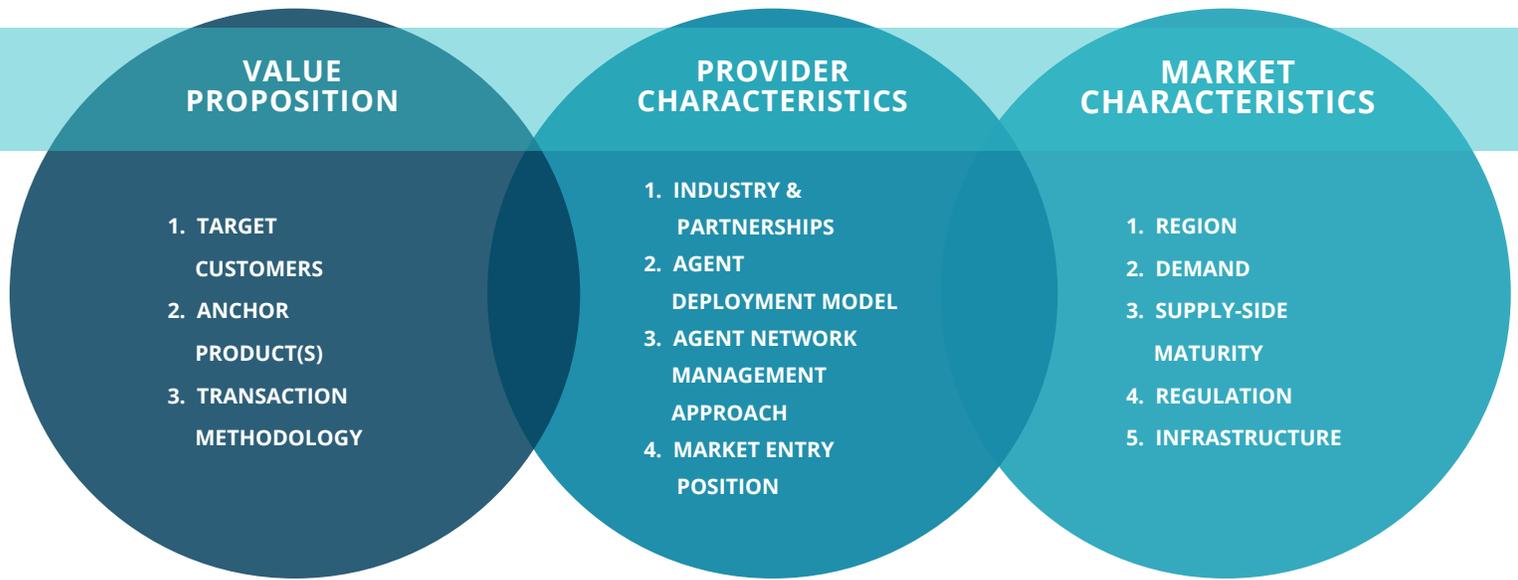
To enable such categorisation, the *Helix* has developed a set of standard points of comparison between agent networks, such as the demographic profile of target customers or the approach taken to agent network management. These are provided in full detail in Appendix 2, and are summarised in Table 2 below.

In comparing networks, we can choose to use just one of the variables provided (such as to compare networks run by banks against networks run by telecommunications providers), or we can develop a detailed profile of the type of agent network in question, drawing on up to 12 variables. Simple comparisons enable rapid insight, distinguishing between broad families of networks, but can produce over-simplifications. Conversely, detailed categorisations can ensure that we draw valid conclusions about a set of similar providers – but restrict how broadly we can apply the lessons to other agent networks.

There are many effective approaches to categorising agent networks. When conducting research and consultancies, the *Helix* team often works in terms of standard families of networks. Such archetypes vary according to the task at hand, but indicative examples include 'MNOs providing wallet based P2P services', 'banks employing a hub-and-spoke agent management model' or simply 'G2P providers'. Using archetypes rather than exhaustive categorisation enables the *Helix* to draw generalizable conclusions about agent network management whilst still emphasising the diversity of networks and the centrality of context. Users of the framework should develop the approach to categorisation that best suits their needs.

*Using archetypes rather than exhaustive categorisation enables the Helix to draw generalizable conclusions about agent network management whilst still emphasising the diversity of networks and the centrality of context.*

**VALUE PROPOSITION**

1. TARGET CUSTOMERS
2. ANCHOR PRODUCT(S)
3. TRANSACTION METHODOLOGY

**PROVIDER CHARACTERISTICS**

1. INDUSTRY & PARTNERSHIPS
2. AGENT DEPLOYMENT MODEL
3. AGENT NETWORK MANAGEMENT APPROACH
4. MARKET ENTRY POSITION

**MARKET CHARACTERISTICS**

1. REGION
2. DEMAND
3. SUPPLY-SIDE MATURITY
4. REGULATION
5. INFRASTRUCTURE

# 1. Value Propositions

Value propositions drive the major differences between networks: successful agent networks are built with a clear focus on delivering upon the value proposition that underpins them. **We conceive value propositions to have three components: a target customer, a tailored product and a transaction methodology (such as over-the-counter or wallet-enabled products).**

# 2. Provider Characteristics

Different types of providers have both different objectives for DFS and different resources and methods with which to build and manage agent networks. An agent network run by a bank using a hub and spoke deployment to decongest its branches might bear little comparison to a third party service provider building its network from scratch in order to offer a broad range of DFS services to potential customers. **The *Helix*'s categorisation system provides a flexible range of variables through which to account for such strategic differences across a provider's core industry, agent deployment model, agent network management approach, and market entry position.**

# 3. Market Characteristics

**Differences in the operating environment between two markets can wholly change the suitability of an agent network model.** Comparisons of networks operating in different markets, as a result, need to be approached with care. The behaviour of agent networks in markets where regulation prevents providers maintaining exclusive agents, for example, may differ considerably from their counterparts in lightly regulated equivalents. The *Helix* has provided detailed variables with which to categorise markets and construct valid comparisons of agent networks across markets.

In the previous section, we illustrated the extent to which the three DFS providers' value propositions required them to focus on different dimensions of agent network success. Similarly, it is important to distinguish how providers manage their agent network, and their market characteristics among other variables. For instance, while Kenyan regulation is friendly to both MNOs and banks, regulation in Bangladesh strictly forbids MNOs to offer DFS. These regulations have distinct implications for how Bangladeshi Banks and MNOs can operate and manage their networks versus their Kenyan counterparts. Users of the framework will want to consider these characteristics carefully.

Correspondingly, the demand for DFS varies considerably across Kenya, Bangladesh and Zambia. In 2015, more than two-thirds of Kenyans had a registered mobile money account versus just nine percent of Bangladeshis. Interestingly, 73% of Bangladeshis conducted illegal over-the-counter transactions instead of conducting a transaction on a registered account. In Zambia, 14 percent of adults in 2015 had used mobile money services.

Users may also want to account for strategic differences between providers. Zoona, a third party specialised in DFS and a first-mover in Zambia, may not be comparable to Equity Bank—one of the largest banks in Kenya and a relatively late entrant into the Kenyan DFS space.

Moreover, Equity employs a hub-and-spoke model that leverages on its existing branches in Kenya, and pushes responsibility for agent management to each branch. Equity Bank branch managers' key performance indicators (KPIs) include the performance of the agents in their catchment area, which ensures that agents are actively managed by the branches.

Similar to M-Pesa, Zoona is starting to use aggregators (like Kenyan master agents), who are high performing agents, to recruit, train and support new agents. This model allows Zoona to retain substantial control over the agent channel without having to do all the heavy lifting of channel building. This makes the channel model more scalable, as well as gives responsibility for operational matters to partners who are closer to the ground.

Taken together these two abilities – to measure the success of agent networks and to categorise agent networks – provide a rich variety of potential uses within the DFS industry. We set out a sample set of such uses here, starting with focused cases measuring the success of a focal provider, and progressing to the analysis of global trends and patterns.

**Note:** In all cases, use of our metrics and variables requires access to suitable data. Providers, journalists, analysts and other users are likely to have access to different datasets, and as such are each likely to be able to measure different dimensions and sub-dimensions of success, or perform different comparisons between networks. Users will also need to have a level of subject matter expertise in DFS to employ the framework. The Helix can help users understand the relative importance of each dimension with regards to their goals for a network, and can support providers and analysts through each of the use cases set out below.

# Strategy and Network Design

It is the *Helix*'s experience that often new providers seek to adopt the strategic model and goals of another network without first establishing what makes their own deployment unique.

Rushing to launch a network without this strategic clarity can set up a network for failure from the very beginning, such as by aiming to cover a whole country with agents when in fact a targeted focus on a specific remittance corridor would deliver a more profitable network. In fact, the *Helix* has helped providers achieve clarity on their objectives and value proposition in order to ensure their deployment is aligned to their objectives' needs. Once a network has rigorously focussed their network's direction, they can use the *Helix*'s metrics (see Appendix 1) to set targets for attainment and review.

Similarly, a consultant hired by a provider could use the *Helix*'s categorisation system to conduct an audit of the health of their client's agent network. She could assess its strengths and weaknesses, and judge its alignment with the network's value proposition. Is the provider recruiting the most suitable agents given the target customer base? Given the deployment's product suite, should her client aim for the largest possible network, or for the best-located agents?

Using a tailored selection of our metrics, a consultant could also take stock of their client's competition, identifying both threats and opportunities in the market. She could enable her client to reconsider their value proposition given the success and failure of their competition, or to shift gears to reconceive 'success' for their network. To exploit an untapped opportunity with an urban, middle class demographic, for example, a consultant's client might need to pivot from a large network of low-skilled agents, focussed on spread and reach geographically, to a high-quality network focussed on careful placement, effective support services, and a pro-active approach to agent retention.

# Performance Monitoring & Analysis

Members of a provider's agent network management team may wish to use the *Helix*'s metrics (see Appendix 1) to track the health of their network. At its simplest, such network monitoring could take the form of quarterly reporting on a single variable, such as the churn of agents within the network. Providers could also use regular monitoring to compare their network performance against that of their competition, assessing the relative size of networks for example, or their share of agents nationally.

More ambitiously, agent network managers could assemble detailed dashboards of their network's health, selecting particular metrics of success that align with their strategic priorities and reporting on them monthly – or even on a real-time basis.

Looking beyond their immediate environment, a provider could use these categorisations to identify similar networks in other markets, in order to learn from their successes and failures.

**01.**

*"Agent networks have the greatest chance of success when they first start with a clear articulation of their objectives and value proposition, and when strategic decisions around network design are taken on the basis of how far the available alternatives advance the network's objectives."*

**02.**

# Industry Analysis

**The *Helix*'s combined offering of metrics for measuring the health of agent networks and a simple system for categorising networks together provide an ample range of high-level analyses for managers, bloggers and journalists.** Simple analyses might include a global comparison of how banks fare in agent sustainability in comparison to mobile network operators, taking all providers in those categories together. Or a blog post could compare the ratio of customers to agents in each country of South Asia, for instance.

More ambitiously, should they have access to sufficient data, an analyst could dissect the success of the main networks in a single country, drawing out their distinct value propositions and illuminating how far their agent networks advance them. Or he could select three or four archetypal networks that each loosely represent a large number of similar networks globally, and assess how those major providers fare in retaining agents for long periods of time, drawing out lessons for comparable networks.

**Detailed and nuanced analysis of global trends is also made possible by the Helix's metrics and categorisations.** Researchers can isolate variables in order to conduct rigorous comparative analysis. For instance, a study could take a single measure of success, such as agent profitability, and could systematically assess the performance of networks through a series of categorisations: by core industry, by agent deployment model, by market entry position, and so on.

Conversely, a study could assess the relationship between types of success. How does the size of a network correlate with its sustainability? To what extent does agent quality track levels of agent education? Within the limits of our users' access to pertinent data, the *Helix*'s framework for categorising networks allows researchers to develop robust study designs, controlling for points of significant difference between agent networks.

*How does the size of a network correlate with its sustainability?*

*To what extent does agent quality track levels of agent education?*

# SECTION TWO:
# FULL ANALYTICAL FRAMEWORK

**The first step to building a successful agent network is to pick the right type of success – driven by a provider's objectives and value proposition.** But despite how well aligned that strategic vision is, achieving success comes down to the details of implementation and the particulars of the market. Similarly, when seeking to understand why one network succeeds and an apparently similar network fails, researchers and analysts need to identify the underlying causes of success.

**Through three years of research and consulting, the *Helix* has identified nineteen such determinants, ranging from the managerial culture of the provider to the nature of national regulation and the quality of technical systems and processes.** This section sets them out and provides suggested ways of using them to improve both the analysis and the management of agent networks.

# GETTING TO HOW AND WHY

In Section One we set out a method for measuring the success of agent networks, and for categorising them to enable meaningful comparison and analysis. Together these two tools enable many forms of analysis – from tracking a single dimension of success over time for a single network, to analysing global trends in network success across comparable providers and markets.

Such analysis can offer insight into the state of the DFS industry, answering questions about which networks achieve what. To answer questions about how and why agent networks succeed, however, we need to investigate the causes of success.

DFS agent networks can take many forms, and can suit many purposes. Despite these differences, all agent networks rely on the same sets of determinants:

| 1. THE SUITABILITY AND PREPAREDNESS OF THE PROVIDER | 2. THE ACTIONS OF THE PROVIDER TO SUPPORT AND MANAGE THE NETWORK | 3. THE ACTIONS OF THE AGENTS MAKING UP THE NETWORK | 4. THE ENABLING ENVIRONMENT IN WHICH THEY OPERATE. |
|---|---|---|---|

These categories together provide a comprehensive check-list of the determinants of success. Consultants and providers may refer to this list when making recommendations or designing research to identify what drives success and failure, and how providers should react.

Research into the determinants of agent network success is nascent. The *Helix* hopes that the DFS industry can draw on the variables provided (detailed in Appendix 3 and summarised in Appendix 2) to investigate how and to what extent these factors determine success for agent networks.

| PROVIDER FOOTING | PROVIDER'S INPUTS | AGENTS' INPUTS | ENABLING ENVIRONMENT |
|---|---|---|---|
| 1. Resources<br>2. Corporate Governance<br>3. Strategic Alignment<br>4. Systems and Processes | 1. Agent Recruitment<br>2. On-Boarding<br>3. On-going Support<br>4. Terms of Business | 1. Services<br>2. Customer Development<br>3. Investment<br>4. Compliance<br>5. Risk Management<br>6. Operations | 1. Demand<br>2. Supply-Side Maturity<br>3. Regulation<br>4. Infrastructure<br>5. Risk Environment |

# 1. Provider Footing

*"No agent network will function well if the provider that manages it is under-resourced, poorly structured, lacks strategic clarity, does not have the appropriate technological systems in place, or is not committed to pursuing digital finance."*

No agent network will function well if the provider that manages it is under-resourced, poorly structured, lacks strategic clarity, does not have the appropriate technological systems in place, or is not committed to pursuing digital finance. This category addresses a provider's suitability and preparedness for agent network management, addressing not how the provider supports its agents (addressed below under Provider Inputs) but rather how the provider works as a company.

# 2. Provider Inputs

Providers have a number of levers they can pull to affect the success of their agent networks. They recruit agents, support those agents through onboarding and on an on-going basis, and negotiate terms of business with agents, such as service level agreements. Some of these will affect the success of agent networks indirectly: by affecting the choices taken by agents themselves, which can be found under 'Agent Inputs' below.

# 3. Agents' Inputs

The success of an agent network is, in many ways, determined primarily by the actions that agents take. This section categorises them. In most cases these actions open to agents are also affected by the actions that providers take: listed under 'Provider Inputs' above.
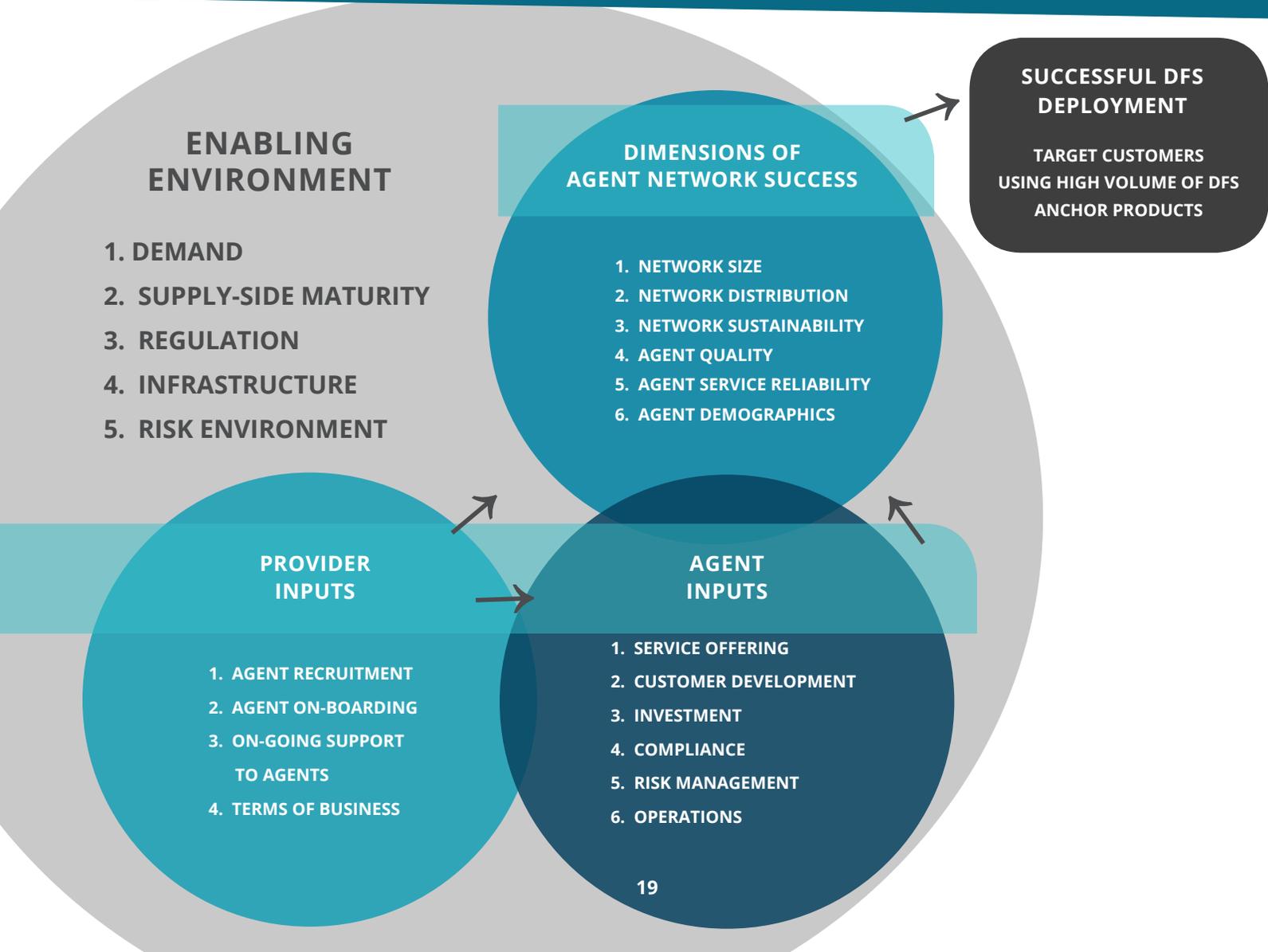
# 4. Enabling Environment

Providers' and agents' actions are hindered or enabled by the context in which they take place. What customers want and how prepared they are for DFS impacts on the successful sale of DFS products and services, for example. Similarly, growing a robust customer base is much harder in a more competitive environment or when there is restrictive regulation.

# FULL ANALYTICAL FRAMEWORK

The inclusion of these explanatory elements allows us to create a full analytical framework that puts agent success in context, and enables analysis of why networks succeed and fail, and how they can improve.

> **Note:** A number of the factors used for categorising agent networks (see Section One, above) are repeated in the Enabling Environment category. The categorisation system presented in Section One selects key characteristics of agent networks from this fuller framework, recommending them for use when categorising networks. Users are not constrained by these recommendations, and can draw on any element of this framework that meets their needs for constructing effective comparisons – whether that's comparing networks by the actions of their constituent agents or by the mode of training offered by their providers, amongst many other examples.

## TABLE 4:
## ANA DETAILED CONCEPTUAL FRAMEWORK

**ENABLING ENVIRONMENT**

1. DEMAND
2. SUPPLY-SIDE MATURITY
3. REGULATION
4. INFRASTRUCTURE
5. RISK ENVIRONMENT

**DIMENSIONS OF AGENT NETWORK SUCCESS**

1. NETWORK SIZE
2. NETWORK DISTRIBUTION
3. NETWORK SUSTAINABILITY
4. AGENT QUALITY
5. AGENT SERVICE RELIABILITY
6. AGENT DEMOGRAPHICS

**SUCCESSFUL DFS DEPLOYMENT**

TARGET CUSTOMERS USING HIGH VOLUME OF DFS ANCHOR PRODUCTS

**PROVIDER INPUTS**

1. AGENT RECRUITMENT
2. AGENT ON-BOARDING
3. ON-GOING SUPPORT TO AGENTS
4. TERMS OF BUSINESS

**AGENT INPUTS**

1. SERVICE OFFERING
2. CUSTOMER DEVELOPMENT
3. INVESTMENT
4. COMPLIANCE
5. RISK MANAGEMENT
6. OPERATIONS

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# Use Cases

The framework set out above is intended primarily as a tool to support researchers, analysts and agent network managers investigating how agent networks can become more successful. It can be used to:

**Improve the decisions that providers take in managing their agent networks;**

**Establish performance targets for networks;**

**Design research and analysis to better understand the drivers of agent network success.**

Taking the full framework together, as set out in sections one and two of this report, helps us:

1. Conceptualise What 'Success' Means For Different Agent Networks;

2. Map The Complex Relationships That Drive Success Of Agent Networks;

3. Draw On A Set Of Checklists Of Operational And Strategic Decisions Made By Agents And Providers, And The Environmental Factors That Govern Them;

4. Categorise Networks And Providers; And

5. Contextualise Our Analysis And Findings Within The Bigger Picture Of A DFS Rollout.

The *Helix* hopes that the DFS industry as a whole will use this framework to create common priorities for research and analysis. Below we present sample use cases for archetypal users.

**Note:** As indicated in Section One, all use of our metrics and variables requires prior access to suitable data. Providers, journalists, analysts and other users are likely to have access to different datasets, and as such are each likely to be able to measure different dimensions and sub-dimensions of success, or perform different comparisons between networks. Users will also need to have a level of subject matter expertise in DFS to employ the framework. The *Helix* can help users understand the relative importance of each dimension with regards to their goals for a network. The Helix also has a wealth of strategic operational data from the Agent Network Accelerator (ANA) research conducted in eight countries, which can be made available upon request.

# 1. Strategy and Network Design

Using the *Helix*'s analytical framework, a consultant or manager can conduct a comprehensive strategic review of an agent network. Developing an effective strategy requires aligning a deployment's objectives, activities and resources so that each of the three complements the others, playing to shared strengths. The analytical framework helps consultants account for this full picture.

The framework also supports more targeted advisory services. A consultant who is developing proposals to improve liquidity management can use the framework to identify all the levers through which this can be achieved since it lays out the inputs available. Equipped with the framework, she can systematically evaluate both the strategic and the operational decisions that affect network liquidity, and offer recommendations for addressing the problem.

*"A manager interested in decreasing the percentage of transactions denied can use the framework to think through all operational decisions that are driving this figure, then prioritise the interventions that are easiest to implement."*

# 2. Performance Monitoring & Analysis

While the *Helix*'s success metrics and system for categorising agent networks may help a network manager assess the health of their operation and compare it to their competition, it is only by taking into account the levers available to both providers and agents that they will be able to do so fully.

The framework's detailed categorisation of provider and agent inputs can also help managers who seek to improve operations to determine weakness in their network, and then make a strategic case for addressing them, having contextualised their challenges within the bigger picture. Here, the framework will be useful in providing a list of providers' and agents' operational decisions as well as how they link to network-level outcomes. For example, a manager interested in decreasing the percentage of transactions denied can use the framework to think through all operational decisions that are driving this figure, then prioritise the interventions that are easiest to implement.

Our metrics also provide a strong foundation for A/B testing: a provider could compare the success of two different solutions, whether differing commissions rates for two sets of agents, or different marketing campaigns in distinct sub-national markets.

# 3. Industry Analysis

Equipped with the full analytical framework's checklists for the factors that determine success, analysts, bloggers and journalists can write more in-depth analytical pieces addressing the likely causes of the success or failure of agent networks. A blogger might conduct a case study of two similar markets, for instance, and assess why they might feature quite distinct patterns of agent network behaviour. Or he could write a profile of the drivers behind the success of a major deployment, considering both the impact of their provider's actions and the environment – from regulation to demand to infrastructure – that condition them.

Further, the *Helix*'s metrics for success and system for categorising providers enables analysts to identify patterns in the success of agent networks. Our full analytical framework, however, enables analysts to assess what might have caused those patterns – to identify through careful research the drivers and determinants of agent network success.

In particular, carefully designed statistical analysis can help us shed light on these relationships. Is there an optimal number of customers per agent? How far does liquidity management determine the number of transactions an agent can complete in a given month? Are highly regulated environments any better at preventing fraud? So long as analysts have the correct data and a comprehensive design, statistical analysis can help us explore underlying patterns, challenge prevailing wisdom, and identify what drives successful networks.

In addition to the analytical uses above, we can also use the *Helix*'s analytical framework to establish common standards, or benchmarks, against which to judge the performance of agent networks. Benchmarking gives DFS providers and analysts information about industry performance on a set of indicators, which should help them improve performance.

The framework can be used to support benchmarking in several ways. First, it lists agent network success dimensions and sub-dimensions that provide candidates for benchmarking.

> **Network success dimensions can be thought of as agent network outcomes resulting from providers' and agents' actions, and thus are important measures of performance.**

For example, many providers are interested in knowing the recommended ratio of agents to customers, or in determining a healthy agent churn rate.

Second, it provides standard metrics for measuring the success of agent networks (see Appendix 1), which can be used across multiple deployments or even markets.

Third, it provides a mechanism for categorising agent networks, so that benchmarks can be applied to comparable networks. After all, it may not be valuable to benchmark performance of a bank launching an agency banking network with a third party provider offering P2P and bill payments over the counter, given how different their objectives and value proposition.

Fourth, it can help understand the various factors that may contribute to success on any particular dimension, so that users can consider how best to respond to poor evaluations against a benchmark – or to establish why a leading provider might have achieved such success.

# THE *HELIX* INSTITUTE'S USE OF THE FRAMEWORK

In addition to assisting individual providers to evaluate their agent networks, the full analytical framework can be used to characterise national and (eventually) regional agent networks, as regional integration in DFS intensifies. Such analyses can offer insight to a broader audience, including the industry, national policy makers and DFS advocates, without revealing sensitive information on individual providers.

The *Helix* is currently examining the first two dimensions of success – agent network size and distribution – in five leading digital finance countries. Our research demonstrated the lack of consensus on the size of agent networks in leading digital finance markets. We feel it's especially important to gain clarity around these two dimensions as the number of agents in a country is a strong indicator of the level of development of the digital financial system in the country and a foundational statistic to calculate the extent of financial access in an ecosystem.

# CONCLUSION

After three and a half years of intensive research into the nature of agent networks, the *Helix* offers these analytical tools to the DFS industry to support our shared analysis of the challenges providers and networks face. We trust that this contribution provides a foundation for further systematic research, such as using this framework to develop standardised metrics for the determinants of success. We hope this helps agent network managers take informed action to improve the performance of their networks.

Given our expertise, the *Helix/MicroSave* can provide advice and consultancy services to support users of this framework in aligning the analytical tools presented here with their objectives, whether for strategy, network management, performance assessment or industry analysis.

As a research institute, the *Helix* provides cutting-edge data and insights as well as world-class training for digital financial service providers. Its mission is to illuminate the key strategic operational issues so that providers and policy makers/regulators can make critical and informed decisions. Our experience with providers through the Agent Network Accelerator (ANA) project helped us uncover the need to assist providers in understanding how their unique deployments require different strategies and methodologies as a fundamental starting point.

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# APPENDIX 1: SUCCESS METRICS

For definition of the terms in bold, refer to Appendix 4: Operational Definitions.

## DIMENSION: NETWORK SIZE

| | |
|---|---|
| **Sub-Dimension:** | 1. Number of Agents |
| **Definition:** | The number of agents serving the provider |
| **Metric:** | a. Number of **active agents**<br>b. Total number of agents |

| | |
|---|---|
| **Sub-Dimension:** | 2. Provider's Share of Agents |
| **Definition:** | The proportion of a country's agents serving the provider |
| **Metric:** | Provider's active agents as a percentage of all active agents nationally |

| | |
|---|---|
| **Sub-Dimension:** | 3. Ratio of Customers to Agents |
| **Definition:** | The number of agents compared to the number of actual or potential customers |
| **Metric:** | a. Ratio of registered customers to (total) agents<br>b. Ratio of customers (active) to agents (active)<br>c. Ratio of adult population (15-64) to active agents |

## DIMENSION: NETWORK DISTRIBUTION

| | |
|---|---|
| **Sub-Dimension:** | 1. Spread |
| **Definition:** | The proportion of a country's population and geography covered by the network |
| **Metric:** | a. Ratio of agents to adult population measured at the state/province level<br>b. Ratio of adult population (15-64) to active agents, for **urban areas** only<br>c. Ratio of adult population (15-64) to active agents, for **rural areas** only |

## DIMENSION: NETWORK DISTRIBUTION (CONT'D)

| | |
|---|---|
| **Sub-Dimension:** | 2. Reach |
| **Definition:** | How far the agent network extends beyond existing financial infrastructure |
| **Metric:** | Median distance (km) of active agents to closest financial institution |

| | |
|---|---|
| **Sub-Dimension:** | 3. Agent Clustering |
| **Definition:** | How close agents are to one another |
| **Metric:** | a. Median distance (km) of active agents to the nearest active agent serving the same provider, in **urban areas** only<br>b. Median distance (km) of active agents to the nearest active agent serving the same provider, in **rural areas** only. |

| | |
|---|---|
| **Sub-Dimension:** | 4. Agent Density |
| **Definition:** | The geographical concentration of agents |
| **Metric:** | Active agents per square kilometre |

## DIMENSION: NETWORK SUSTAINABILITY

| | |
|---|---|
| **Sub-Dimension:** | 1. Agent Churn |
| **Definition:** | The proportion of agents who have discontinued or who project to discontinue their DFS operations. |
| **Metric:** | a. Percentage of agents who have discontinued operations in the last year<br>b. Percentage of active agents who intend to serve the same provider in one year's time |

## DIMENSION: NETWORK SUSTAINABILITY (CONT'D)

| | |
|---|---|
| **Sub-Dimension:** | 1. Reliance On High Performing Agents |
| **Definition:** | A provider's reliance on a small number of agents for a bulk of their revenue |
| **Metric:** | Percentage of active agents who contribute 80% of provider's revenue from agents |

| | |
|---|---|
| **Sub-Dimension:** | 2. Agent Compliance |
| **Definition:** | How far agents comply with **provider requirements** |
| **Metric:** | Median distance (km) of active agents to closest financial institution |

| | |
|---|---|
| **Sub-Dimension:** | 3. Agent Profitability |
| **Definition:** | The profitability of agents' digital finance services businesses |
| **Metric:** | a. Percentage of agents whose DFS business is profitable (calculated as net operating income)<br>b. Percentage of active agents satisfied or very satisfied with their profitability<br>c. Percentage of active agents whose net operating income is equal to or greater than **GNI per capita** |

## DIMENSION: AGENT QUALITY

| | |
|---|---|
| **Sub-Dimension:** | 1. Knowledge |
| **Definition:** | The extent to which agents possess the knowledge necessary to conduct their business effectively and in compliance with provider requirements |
| **Metric:** | a. Percentage of active agents able to list all of the provider's products and services, unaided<br>b. Percentage of active agents able to list, unaided, all requirements of mobile money regulation pertinent to their operations<br>c. Percentage of active agents able to list all of the provider's support facilities, unaided<br>d. Percentage of active agents able to identify the **liquidity management** facilities available to them, unaided |

## DIMENSION: SERVICE RELIABILITY

| | |
|---|---|
| **Sub-Dimension:** | 2. Skills |
| **Definition:** | The extent to which agents possess the skills necessary to conduct their business effectively |
| **Metric:** | a. Percentage of agents that educate customers on a provider's products<br>b. Percentage of agents that call a provider's call centre/support services<br>c. Percentage of agents that register customers<br>d. Percentage of agents denying transactions due to lack of cash/e-float |

| | |
|---|---|
| **Sub-Dimension:** | 1. Service Downtime |
| **Definition:** | The extent to which agents' services to customers are compromised by service downtime |
| **Metric:** | a. Total duration (hours and minutes) of service downtime per month in [a given time period]<br>b. Percentage of agents denying transactions due to service downtime |

| | |
|---|---|
| **Sub-Dimension:** | 2. Liquidity |
| **Definition:** | The extent to which agents' services to customers are compromised by failures of liquidity management |
| **Metric:** | a. Median number of transactions denied by active agents per day due to lack of cash/e-float<br>b. Percentage of active agents with provider-stipulate minimum required levels of float |

| | |
|---|---|
| **Sub-Dimension:** | 3. Fraud |
| **Definition:** | How far agents' services to customers are compromised by failures of liquidity management |
| **Metric:** | Percentage of customers that experienced fraud by the agent in the last year |

## DIMENSION: AGENT DEMOGRAPHICS

**Sub-Dimension:** 1. Education

**Definition:** The level of education achieved by agents

**Metric:** Percentage of active agents that have completed secondary education

**Sub-Dimension:** 2. Gender

**Definition:** Agents' gender

**Metric:** a. Percentage of active agents that are male
b. Percentage of active agents that are female

**Sub-Dimension:** 3. Age

**Definition:** Agents' age

**Metric:** Mean age of agents

**Sub-Dimension:** 4. **Exclusivity**

**Definition:** How far an agent serves only one provider

**Metric:** a. Percentage of active agents that serve only one provider
b. Mean number of providers served by active, non-exclusive agents

**Sub-Dimension:** 5. **Dedication**

**Definition:** An agent that solely operate DFS businesses in their outlets

**Metric:** Percentage of active agents that are dedicated

**Sub-Dimension:** 6. DFS Outlet Staffing

**Definition:** Whether DFS transactions are conducted by the DFS business owner or his/her employee(s)

**Metric:** a. Percentage of active agents that are **owners** of the DFS business
b. Percentage of active agents that are **operators** of the DFS business

# APPENDIX 2: CATEGORISING PROVIDERS

For a definition of the terms in bold, refer to Appendix 4: Operational Definitions. Where possible, data sources are provided as hyperlinks for the different variables.

## MARKET CHARACTERISTICS

| | |
|---|---|
| **Variable:** | 1. Region |
| **Options:** | a. West Africa |
| | b. East Africa |
| | c. Central Africa |
| | d. Southern Africa |
| | e. South Asia |
| | f. South-East Asia |
| | g. Central America & The Caribbean |
| | h. South America |
| | i. Other |

| | |
|---|---|
| **Variable:** | 2. Demand: Population Size |
| **Options:** | a. Very High: More than 100 million |
| | b. High: More than 50 million, up to 100 million |
| | c. Medium: More than 10 million, up to 50 million |
| | d. Low: Up to 10 million |

| | |
|---|---|
| **Variable:** | 3. Demand: Mobile Phone Penetration |
| **Options:** | a. High: more than 1 cellular subscription per capita |
| | b. Medium: 0.5 to 1 cellular subscriptions per capita |
| | c. Low: fewer than 0.5 cellular subscriptions per capita |

| | |
|---|---|
| **Variable:** | 4. Demand: Smart Phone Ownership |
| **Options:** | a. High: more than 50% of population owns a smartphone |
| | b. Medium: 25% to 50% of population owns a smartphone |
| | c. Low: less than 25% of population owns a smartphone |

## MARKET CHARACTERISTICS (CONT'D)

| | |
|---|---|
| **Variable:** | 5. Demand: Financial Services Uptake (alternate source) |
| **Options:** | a. Mature Access to Financial Account (Non-Bank Financial Institutions, Bank, Mobile Money,): more than 50% of population<br>b. Emerging Access to Financial Account (Non-Bank Financial Institutions, Bank, Mobile Money,): 25% to 50% of population<br>c. Nascent Access to Financial Account (Non-Bank Financial Institutions, Bank, Mobile Money): less than 25% of population<br>d. Mature Access to Mobile Money Accounts (i.e. ever used): More than 25% of population<br>e. Emerging Access to Mobile Money Accounts (i.e. ever used):  5% to 25% of population<br>f. Nascent Access to Mobile Money Accounts (i.e. ever used): Less than 5% of population |

| | |
|---|---|
| **Variable:** | 6. Supply-Side Maturity: Level of Competition |
| **Options:** | a. Monopoly<br>b. Oligopoly<br>c. Monopolistic competition<br>d. Perfect competition |

| | |
|---|---|
| **Variable:** | 7. Regulation: E-Money Issuing Regulation |
| **Options:** | a. Yes<br>b. No |

| | |
|---|---|
| **Variable:** | 8. Regulation: Agent Banking Regulation |
| **Options:** | a. Yes<br>b. No |

| | |
|---|---|
| **Variable:** | 9. Mobile Money Services Regulation |
| **Options:** | a. Yes<br>b. No |

## MARKET CHARACTERISTICS (CONT'D)

| | |
|---|---|
| **Variable:** | 10. Infrastructure: Financial Infrastructure |
| **Options:** | a. Branches of Commercial Banks Per 100,000 adults: Less than 3.86; 3.86 to 10.19; 10.19 to 18.74; 18.74 to 30.88; more than 30.88 <br> b. Branches of All MFIs per 100,000 adults: Less than 0.49; 0.49 to 1.51; 1.51 to 4.64; 4.64 to 8.19; more than 8.19 <br> c. Branches of credit unions and financial cooperatives per 100,000 adults: Less than 0.89; 0.89 to 2.87; 2.87 to 7.95; 7.95 to 17.02; more than 17.02 <br> d. ATMs per 100,000 adults: Less than 6.50; 6.50 to 26.50; 26.50 to 46.24; 46.24 to 72.14; more than 72.14 |

| | |
|---|---|
| **Variable:** | 11. Infrastructure: ICT Infrastructure |
| **Options:** | a. High: More than 20 Fixed Broadband Connections Per 100 People <br> b. Medium: 5 to 19 Fixed Broadband Connections Per 100 People <br> c. Low: Up to 5 Fixed Broadband Connections Per 100 People <br> d. High: More than 25 Internet Users Per 100 People <br> e. Medium: 10 to 24 Internet Users Per 100 People <br> f. Low: Up to 10 Internet Users Per 100 People |

## PROVIDER CHARACTERISTICS

| | |
|---|---|
| **Variable:** | 1. Industry & Partnerships |
| **Options:** | a. Mobile Network Operator (MNO) <br> b. Bank <br> c. Third party <br> d. Hybrid <br> e. MNO supported by Bank <br> f. Bank supported by MNO <br> g. Bank supported by Third Party <br> h. Third Party supported by MNO |

## PROVIDER CHARACTERISTICS (CONT'D)

| | |
|---|---|
| **Variable:** | 2. Agent Deployment Model |
| **Options:** | a. Centralised New Channel Build |
| | b. Hub and Spoke from Own Outlets |
| | c. Piece Together with Smaller Master Agents |
| | d. Build on GSM Airtime Distributors |
| | e. Partner with Major FMCG or Retail Chains |
| | f. Outsource to Third Party Specialists |
| | g. Use Shared Agent Network |

| | |
|---|---|
| **Variable:** | 3. Agent Network Management Approach |
| **Options:** | a. Master Agent Management Hierarchy |
| | b. Direct Agent Management Hierarchy |
| | c. Hybrid Agent Management Hierarchy |

| | |
|---|---|
| **Variable:** | 4. Market Entry Position |
| **Options:** | a. First Mover |
| | b. Latest Entrant |

## VALUE PROPOSITION

| | |
|---|---|
| **Variable:** | 1. Target Customer: Readiness |
| **Options:** | a. Early Adopter |
| | b. Late Adopter |
| | c. Last Adopter |

| | |
|---|---|
| **Variable:** | 2. Target Customer: Gender |
| **Options:** | a. Male |
| | b. Female |

## VALUE PROPOSITION (CONT'D)

| | |
|---|---|
| **Variable:** | 3. Target Customer: Age |
| **Options:** | a. < 15<br>b. 15 - 21<br>c. 21 - 35<br>d. 36 - 50<br>e. 51 - 65<br>f. > 65 |

| | |
|---|---|
| **Variable:** | 4. Urban/Rural |
| **Options:** | a. Urban<br>b. Rural |

| | |
|---|---|
| **Variable:** | 5. Financial Literacy |
| **Options:** | a. Uses Formal Financial Services Only<br>b. Hybrid Use of Informal and Formal Financial Services<br>c. Uses Informal Financial Services Only |

| | |
|---|---|
| **Variable:** | 6. Anchor Product(s): P2P |
| **Options:** | a. P2P - Domestic Remittances<br>b. P2P - International Remittances<br>c. P2P - Lending |

| | |
|---|---|
| **Variable:** | 7. Anchor Product(s): P2B |
| **Options:** | a. P2B - Airtime<br>b. P2B - Billpay<br>c. P2B - Merchant Payment |

| | |
|---|---|
| **Variable:** | 8. Anchor Product(s): B2P |
| **Options:** | a. B2P - Disbursement<br>b. B2P - Lending<br>c. B2P - Salary |

## VALUE PROPOSITION (CONT'D)

**Variable:** 9. Anchor Product(s): B2B

**Options:**
a. B2B - Merchant Payment
b. B2B - Billpay
c. B2B - Disbursement

**Variable:** 10. Anchor Product(s): G2P

**Options:**
a. G2P - Disbursement
b. G2P - Salary
c. G2P - Social Payments
d. G2P - Tax Repayment

**Variable:** 11. Anchor Product(s): P2G

**Options:**
a. P2G - Tax Collection
b. P2G - Merchant Payment

**Variable:** 12. Transaction Methodology

**Options:**
a. Over the Counter (OTC)
b. Wallet
c. Mapped Bank Account

# APPENDIX 3: DETERMINANTS OF SUCCESS

For definition of the terms in bold, refer to Appendix 4: Operational Definitions. Where possible, data sources are provided as hyperlinks for the different variables.

## AGENTS' INPUTS

| | |
|---|---|
| **Category:** | 1. Services |
| **Sub-Category:** | a. Products<br>b. Account Registration |

| | |
|---|---|
| **Category:** | 2. Customer Development |
| **Sub-Category:** | a. Customer Service<br>b. Sales & Marketing<br>c. Agent Assisted Transactions<br>d. Physical Branding |

| | |
|---|---|
| **Category:** | 3. Investment |
| **Sub-Category:** | a. Equipment (Point of Sale (POS), Computer, Phone, etc.)<br>b. Float (Cash/E-float)<br>c. Other Setup Costs<br>d. Outlet Structure |

| | |
|---|---|
| **Category:** | 3. Compliance |
| **Sub-Category:** | a. **Know Your Customer (KYC)**<br>b. Transparency (tariff sheets, agent ID number)<br>c. Transaction Processing<br>d. Participation in Crime<br>e. Additional Provider-Specific Compliance |

| | |
|---|---|
| **Category:** | 4. Risk Management |
| **Sub-Category:** | a. Fraud Management<br>b. Theft Management<br>c. Rebalancing |

| | |
|---|---|
| **Category:** | 3. Compliance |
| **Sub-Category:** | a. Outlet<br>b. Staffing<br>c. Liquidity Management<br>d. Tills<br>e. Operating Hours<br>f. Dedication |

## PROVIDER'S INPUTS

| | |
|---|---|
| **Category:** | 1. Agent Recruitment |
| **Sub-Category:** | a. Scoping<br>b. Recruitment Pitching<br>c. Candidate Selection and Verification |

| | |
|---|---|
| **Category:** | 2. On-Boarding |
| **Sub-Category:** | a. Initial Training<br>b. Equipment Provision<br>c. Physical Branding<br>d. Provider Merchandise |

| | |
|---|---|
| **Category:** | 3. On-going Support |
| **Sub-Category:** | a. Support Avenues<br>b. Monitoring<br>c. Support Visits<br>d. Refresher Training<br>e. Dedicated Call Centre/ Counter for Bank Agents<br>f. Support Areas<br>g. Rebalancing (for liquidity management)<br>h. Product Awareness<br>i. Technical Challenges<br>j. Marketing Collateral (i.e. brochures, posters, etc.)<br>k. Grievance Redressal<br>l. Compliance |

| | |
|---|---|
| **Category:** | 4. Terms of Business |
| **Sub-Category:** | a. Service Level Agreements (SLAs)<br>b. Exclusivity Agreements<br>c. Loyalty Rewards |

## ENABLING ENVIRONMENT

**Category:** 1. Demand

**Sub-Category:**
a. Population Size
b. Market Demographics
c. Mobile Phone Penetration
d. Financial Services Uptake

**Category:** 2. Supply-Side Maturity

**Sub-Category:**
a. Level of Competition
b. Partnership Potential

**Category:** 3. Regulation

**Sub-Category:**
a. E-Money Issuing Regulation
b. Agent Banking Regulation
c. Mobile Money Services Regulation

**Category:** 4. Infrastructure

**Sub-Category:**
a. Physical Infrastructure
b. Financial Infrastructure
c. ICT Infrastructure

**Category:** 5. Risk Environment

**Sub-Category:**
a. National Risk Environment
b. Political Risk
c. Economic Risk
d. Business Risk
e. Natural Disaster Risk
f. Risks Facing Agents
g. Theft & Robbery
h. Fraud

## PROVIDER FOOTING

**Category:**    1. Resources

**Sub-Category:**    a. Financial resources devoted to DFS
b. Human capital devoted to DFS
c. Infrastructure

**Category:**    2. Corporate Governance

**Sub-Category:**    a. Management Commitment to DFS
b. DFS Board Representation

**Category:**    3. Strategic Alignment

**Sub-Category:**    a. Mission, Vision and Objectives for DFS
b. Strategic Communication of DFS Objectives
c. DFS Related KPIs for Key Personnel

**Category:**    4. System and Processes

**Sub-Category:**    a. Technological Capability
b. Organizational Set of Standard Procedures

| | |
|---|---|
| **Active Agents—30 days** | An active agent is defined as an agent who has conducted at least one transaction in the last 30 days. This includes all DFS transactions regardless of transaction type, for example cash-in, money transfer or enrolment/accounts opening services. |
| **Agent Churn** | Agents who have discontinued operations and are no longer are in possession of an agent till over the past year.<br><br>Projected agent churn refers to agents who do not believe they will be serving as an agent within a year's time. |
| **Dedication/Non** | A dedicated agent is one who conducts solely digital financial services. A non-dedicated agent is one who conducts other business from the shop, in addition to DFS. |
| **Exclusive/Non** | An exclusive agent is one who serves only one DFS service provider.<br><br>A non-exclusive agent is one who serves more than DFS service provider. |
| **GNI per capita** | Gross National Income per capita is the sum of income from value added within a country plus interest or dividends from abroad divided by adult population.<br><br>ANA uses GNI per capita to compare agents' earnings from the agency business to average earnings from other economic activities. |
| **Know Your Customer (KYC)** | Rules related to AML/CFT which requires providers to carry out procedures to identify a customer. |
| **Monopolistic Competition** | This market characterizes an industry in which many firms offer products or services that are similar, but not perfect substitutes. Barriers to entry and exit in the industry are low, and the decisions of any one firm do not directly affect those of its competitors. All firms have the same, relatively low degree of market power; they are all price makers. In the long run, demand is highly elastic, meaning that it is sensitive to price changes. In the short run, economic profit is positive, but it approaches zero in the long run. |
| **Operator** | An employee who runs the daily agency business operations on behalf of the entrepreneur and earns a salary. |

| | |
|---|---|
| **Owner** | The entrepreneur who invests in an agency business (agent shop) and earns a commission from the provider based on the DFS business turnover. This person can choose to run agency operations or hire operators. |
| **Perfect Competition** | Perfect competition is a market structure in which the following five criteria are met: 1) All firms sell an identical product; 2) All firms are price takers—they cannot control the market price of their product; 3) All firms have a relatively small market share; 4) Buyers have complete information about the product being sold and the prices charged by each firm, and 5) The industry is characterized by freedom of entry and exit. Perfect competition is sometimes referred to as "pure competition". |
| **Provider requirements** | Provider requirements include requirements mandated by the regulator (e.g. displaying tariff sheets, asking customer to show ID) as well as any requirements mandated by provider (e.g. minimum float deposit, mandatory branding) |
| **Rural** | Definitions of "rural" vary across ANA surveys. Generally, sub-districts or locations outside the major districts usually few kilometres from the major towns are considered "rural".<br>This approach is adopted in East Africa and Zambia. In West Africa, where agent networks are not as extensive, district centres are classified as "rural". In Asia, official national census classifications are used. |
| **Service Downtime** | Instances when the technological platform that facilitates digital transactions cannot be reached.<br>Service downtime can impede agent and customer transactions on the network and undermines perceived reliability of the service. |
| **Tills** | The device used to carry out agent transactions, either using a mobile phone or a POS machine. |
| **Urban** | Definitions of "urban" vary across Agent Network Accelerator (ANA) surveys. Generally, regional, provincial and district headquarters/ centres are considered "urban". This approach is adopted in African countries. In Asia, official national census classifications are used. "Urban" locations are further categorised into Capital/Metro which covers the capital city of the country and Other Urban which covers major districts. |