



# India's Agent Problem

Strategic Insights # 1

6 February, 2020

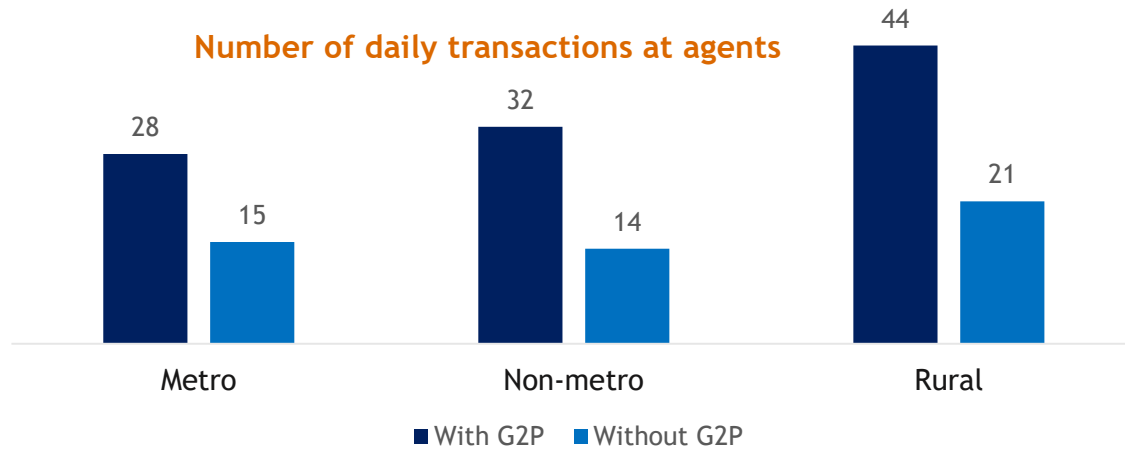


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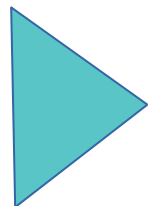
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# DBT does increase agent transaction rates but agents remain under-used and under-paid but ...

**80 to 120%** increase in transactions resulting from G2P transfers



Source: [MicroSave ANA India Survey, 2017](#)



India needs to take radical steps:

1. to improve agent profitability
2. to improve customer service and increase trust in agents.

**88%** of Indians have never used agents

Driven by:

1. Supply side issues (access, liquidity etc.)
2. Demand side challenges (attitudes, perceptions and behavioral norms)

Source: [MicroSave and CDG Krishna District Survey, 2018](#)

**45 to 85%** less profit for Indian agents vs. South Asia.

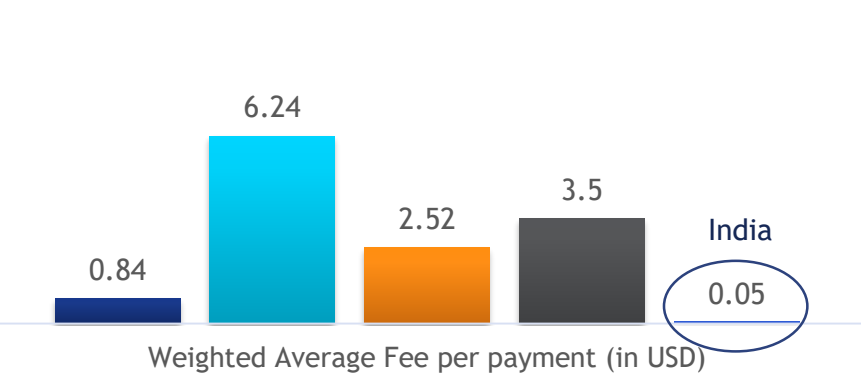
Driven by front-end hardware investments required by banks, this affects their willingness to invest in the business and customer care.

Source: [MicroSave ANA India Survey, 2017](#)

# Increasing the profitability and use of agents requires changes to DBT, and to the broader agent ecosystem

## 1. Increase commissions for G2P schemes

Fee per payment for G2P schemes



■ Brazil ■ Columbia ■ Mexico ■ South Africa ■ India @ 1% commission

Source: [MicroSave analysis, 2015](#)

Weighted average fee per payment, even at a transaction fee at the Nandan Committee’s recommended 3.14% commission, is only \$0.15 for India.

## 2. Differentiate between sales and service agents



**1. Sales agents**, usually exclusive and dedicated. Responsible for selling products, on-boarding customers, and conducting larger value transactions.



**2. Basic service agents**, usually non-exclusive and non-dedicated. Responsible for conducting typically smaller cash-in and cash-out (CICO) transactions.

This differentiation also allows service agents to reduce their investment in hardware.

See: [The Agent Profitability Conundrum in India - Time for Differentiated Agents?](#)

## 3. Broaden the role and product mix of sales agents



Ultimately, all providers should all share a universal agent network - thus increasing agent revenue and broadening the network and consumer choice.

See: [A Strategic Approach for Next-Generation DFS Agent Networks](#)

## 4. Encourage and enhance female agents



Despite demand from women for female agents, and recognition that they provide superior customer service, only 8% of agents in India are female.

See: [Where Are Women Agents in Indian DFS?](#)

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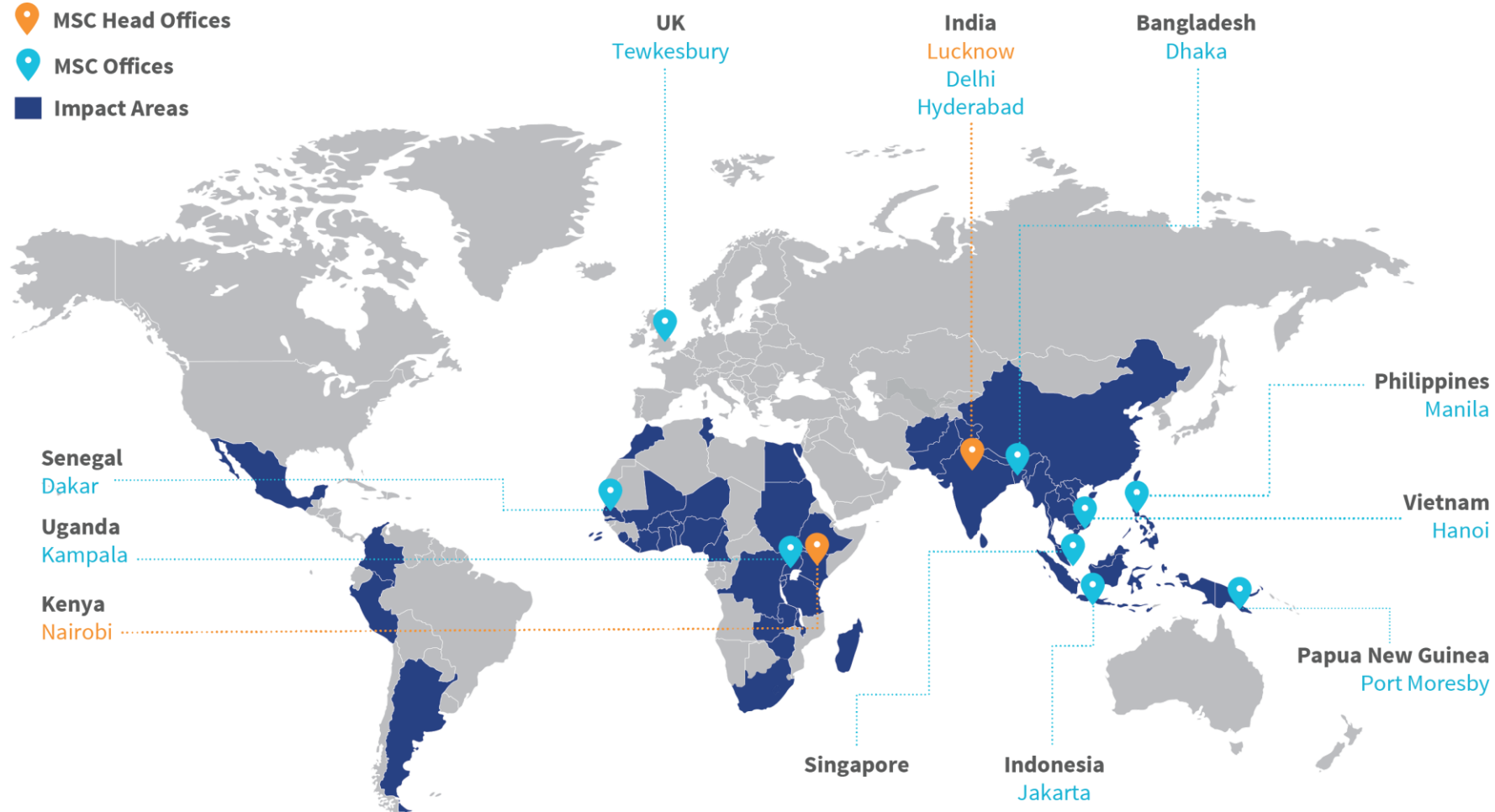
## Our impact so far

<b>300+ Clients</b>	<b>&gt;750 Publications</b>
Assisted development of digital G2P services used by <b>700 million+</b> people	Implemented <b>&gt;750 DFS projects</b>
Developed <b>250+ FI products</b> and channels now used by <b>50 million+ people</b>	<b>Trained 7,700+</b> leading FI specialists globally

## Some of our partners and clients



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