

Cash-in and cash-out (CICO) agent use cases: Opportunities for diversification

Analysis from a four-country study: India, Kenya,
Bangladesh, and Indonesia

July 2023

CICO agents in these four countries (and indeed several others) will likely face a sustainability challenge in the next few years



In December 2022, India witnessed an intriguing phenomenon. CICO agent numbers decreased by **35% to 2.1 million**, mostly on account of private sector banks¹. This points to a sustainability challenge for agents in India.



Kenya has a unique, competitive landscape with **over 0.4 million BC agents**^{3,4}. Higher competition has led to higher concentration and duplication of similar products and services issued by individual agents. Notably, **79% of BC agents in Kenya mobile money agents**⁴. For most of these agents, revenue from BC business makes up less than half their income and their commissions have either decreased or remained constant over the years⁵. Increasing user- initiated DFS transactions pose a risk to the sustainability of mobile and bank agents⁶. Providers must diversify use cases for agents to increase their revenue and ensure services are delivered responsibly and affordably to customers.



In 2022, a total of **1.5 million** MFS agents conducted transactions worth ~USD 94 billion, which is a year-on-year growth of **30%**⁷. The 21,000 banking agents further add to this disparity, which leads to a high risk of unsustainability. Around 95% of MFS transactions in Bangladesh are CICO and P2P transactions. As a result, MFS agents operate on minimal margins and struggle to generate sustainable profits in the future.

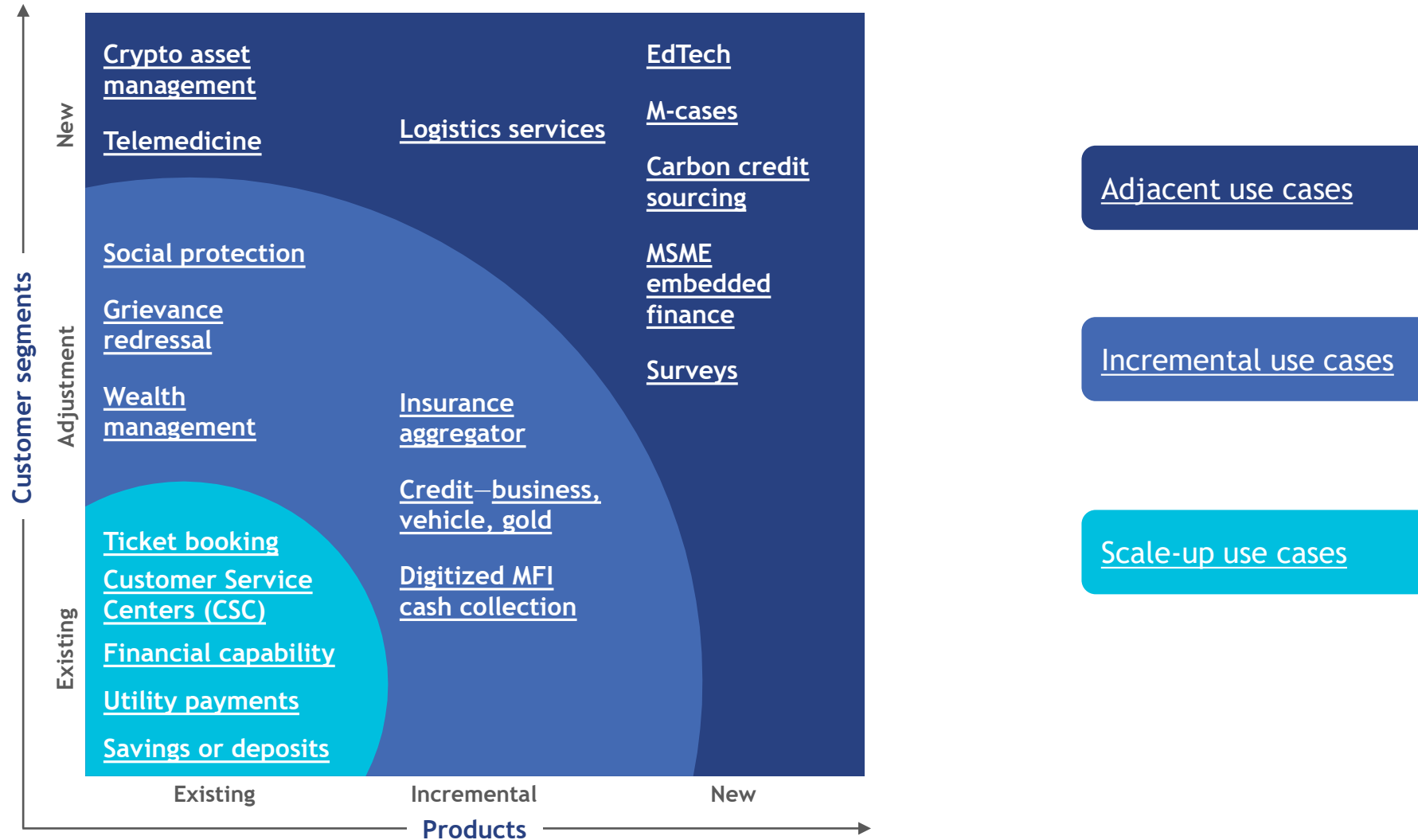


Indonesia has more than **1.5 million banking agents**⁸ (~CAGR of 27% over the past five years) and more than **2 million FinTech**⁸ agents. However, the number of economically sustainable agents is low—only around 33% of the banking agents and 10% of FinTech agents are sustainable, and many are dormant⁹. The dormancy is due to the fact that banking agents continue to rely primarily on money transfer and cash-withdrawal services, while FinTech agents offer high-volume and low-margin use cases, such as bill payments and top-ups.









Sources - ¹RBI, ²Predominant CICO models in India, ³CBK Annual Supervision Report, ⁴CAK Q3 Sector Statistics Report 22/23, ⁵Mobile Money Agents: sustainability in digital era, ⁶DFS use among Digital Kenyans, ⁷Bangladesh Bank, ⁸Antara News OJK webinar—Revised regulations on the use of agent-network managers by Laku Pandai licensed banks (6 July 2022), ⁹CGAP - CICO cross-country analysis - Indonesia

A mix of varied and dynamic use cases shows the way to opportunities that can drive agent sustainability

Providers must diversify agent services across various use cases (slides 12-13) to ensure agent sustainability.













We analyzed successful use cases across different categories in each of these four countries (1/2)

Country	Partners	Category—use case	Details	Key insights
		Adjacent use case: EdTech	EnglishBolo, an English learning app, wanted to expand its services to segments that do not have access to digital payment mechanisms.	<ul style="list-style-type: none"> Partnership with Eko provided EnglishBolo access to an expanded population that could pay Eko agents in cash. The use of the digital savviness, soft skills, and agility of new-age agents to reach last-mile customers for an EdTech proved beneficial.
		Incremental use case: Logistics services	Vakrangee provides the largest network of last-mile retail outlets to deliver real-time BFSI services, ATM, e-governance, e-commerce, and logistics to the unserved rural, semi-urban, and urban markets.	<ul style="list-style-type: none"> The assisted digital convenience stores are called “Vakrangee Kendra” that serve as a “one-stop shop” for customers to avail of various services and products. BC agents’ agility and digital savviness helped them to provide logistics and delivery services.
		Scale-up use case: Financial capability	MarketForce 360 bridges the information gap and enables consumer brands to optimize goods delivery, while Pezesha enables micro-merchants to access working capital.	<ul style="list-style-type: none"> The partnership seeks to bridge the gap between merchants and distributors through real-time access to affordable inventory credit options. Both partners will provide value-added services, such as financial literacy and digital tools, to help retailers streamline their records and build digital transactions for better credit scoring.
		Incremental use case: E-wallet top-ups (utility payments)	BC agents are key e-wallet top-up providers for low-income segments, such as ride-hailing drivers and gig-platform workers.	<ul style="list-style-type: none"> The low penetration of mobile banking users was among the factors that increased the use of banking agents for e-wallet top-ups. Providers tapped into agent skills and financial sustainability since e-wallet top-up has become a frequently used transaction method in agent banking.

Various unsuccessful use cases have also been identified, which failed for specified reasons.

We analyzed successful use cases across different categories in each of these four countries (2/2)

Country	Partners	Category—use case	Details	Key insights
	 a BRAC Bank company	Scale-up use case: Ticket booking	Customers can buy tickets from home through bKash for emergency travel	<ul style="list-style-type: none"> During the lockdown, bKash's ticket service brought great relief and convenience for the customers who needed to travel during the emergency. Its success rides on the situational context developed by COVID-19. The app has an assisted feature for P2P or utility bills. MFS agents can help the customers if the customers cannot do it themselves.
		Incremental use case: Logistics services	Many <u>banking agents in Bangladesh</u> provided e-commerce services to offset the losses during the COVID-19 pandemic.	<ul style="list-style-type: none"> External constraints of the COVID-19 pandemic induced the uptake of other services by MFS agents. MFS agents' agility and digital savviness helped them provide logistics and delivery services in collaboration with e-commerce sites such as ekShop.
	  	Incremental use case: Credit (business, vehicle, gold)	In 2021, several state-owned banks, particularly BRI, Mandiri, and BNI reported that their agents have disbursed microcredit worth USD 526 million.	<ul style="list-style-type: none"> Banks, such as BRI, started to use agent networks to source microcredit, through referral programs targeted at the micro-segments. The bank agents' mobility successfully provided credit to customers through the agency model.
		Incremental use case: E-wallet top-ups (utility payments)	BC agents are key e-wallet top-up providers for low-income segments, such as ride-hailing drivers and gig-platform workers.	<ul style="list-style-type: none"> The low penetration of mobile banking users was a factor that increased the use of banking agents for e-wallet top-ups. Providers tapped into agent's skills and financial sustainability since e-wallet top-ups had become one of the most frequent transactions in agent banking.

Various unsuccessful use cases have also been identified, which failed for specified reasons.

Enabling ecosystem use cases: Seven factors outlined below can enable providers and agents to drive sustainable use cases

Skills (technical and soft)

Skills refer to agents' ability to perform well with adequate technical knowledge of financial services and soft skills to make successful sales.

Mobility

Mobility is agents' ability to travel distances regularly. Some agents stationed at their kiosks are better equipped to sell specific use cases than agents who are always on the move and vice versa. Use cases will differ based on their mobility levels.

Agent willingness

Willingness implies agents' interest in expanding the number of use cases they provide. Providers will need to evaluate agents willingness for each use case.



Enabling ecosystem

Agent network managers and financial institutions provide ecosystem support, easy access to use case information, training and marketing support, grievance support, and support on use case logistics, etc.

Digital savviness

Agents can use digital technologies and adapt to the changing digital landscape.

Financial sustainability

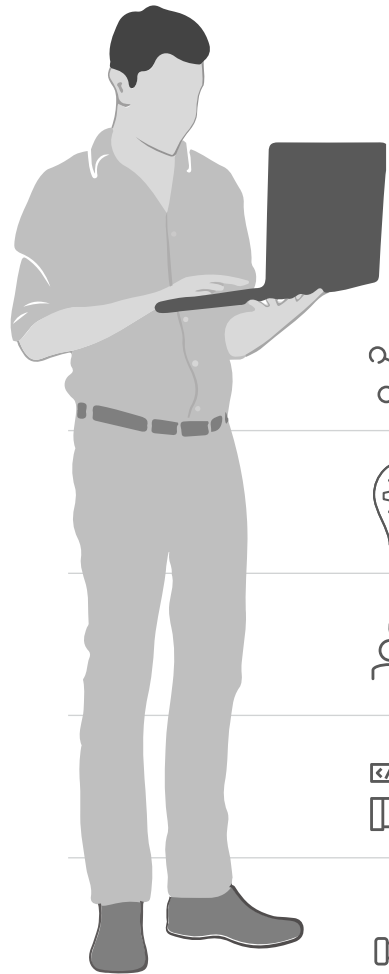
The current commission and investment required on use cases, operational costs, and liquidity influence agents when they select a use case. Use cases become more integral for agents with less financial sustainability

Target customers

Agents' ability to identify and convert potential customers, assess their needs, and ensure regular engagement is more suitable for specific use cases that require long-term engagement, such as wealth management.



Mobility levels and the ability to target customers are integral for banking agents to expand their use cases



Banking agents



Mobility



Skills (technical and soft skills)



Target customers



Digital savviness



Financial sustainability



Low



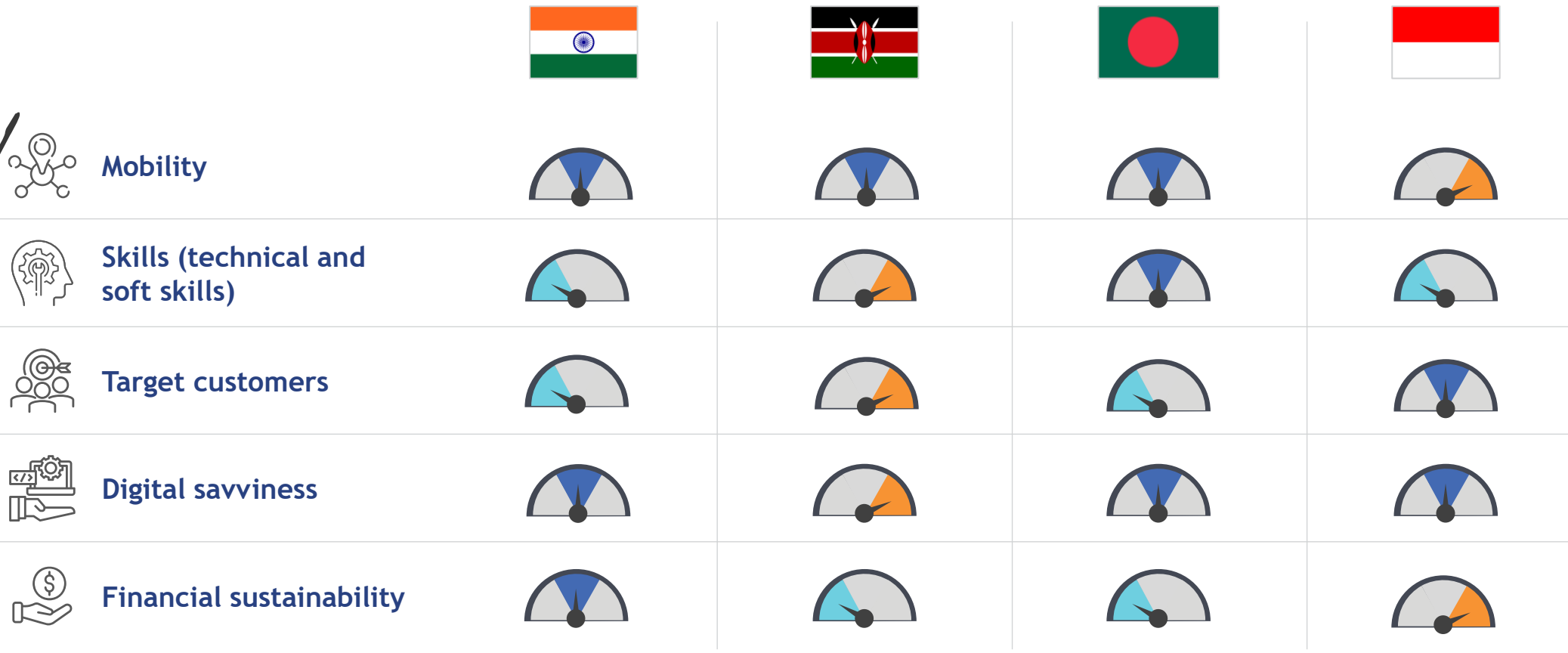
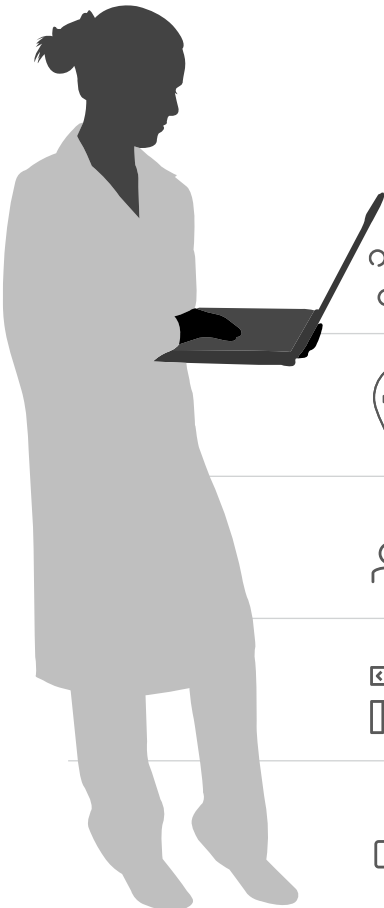
Medium



High

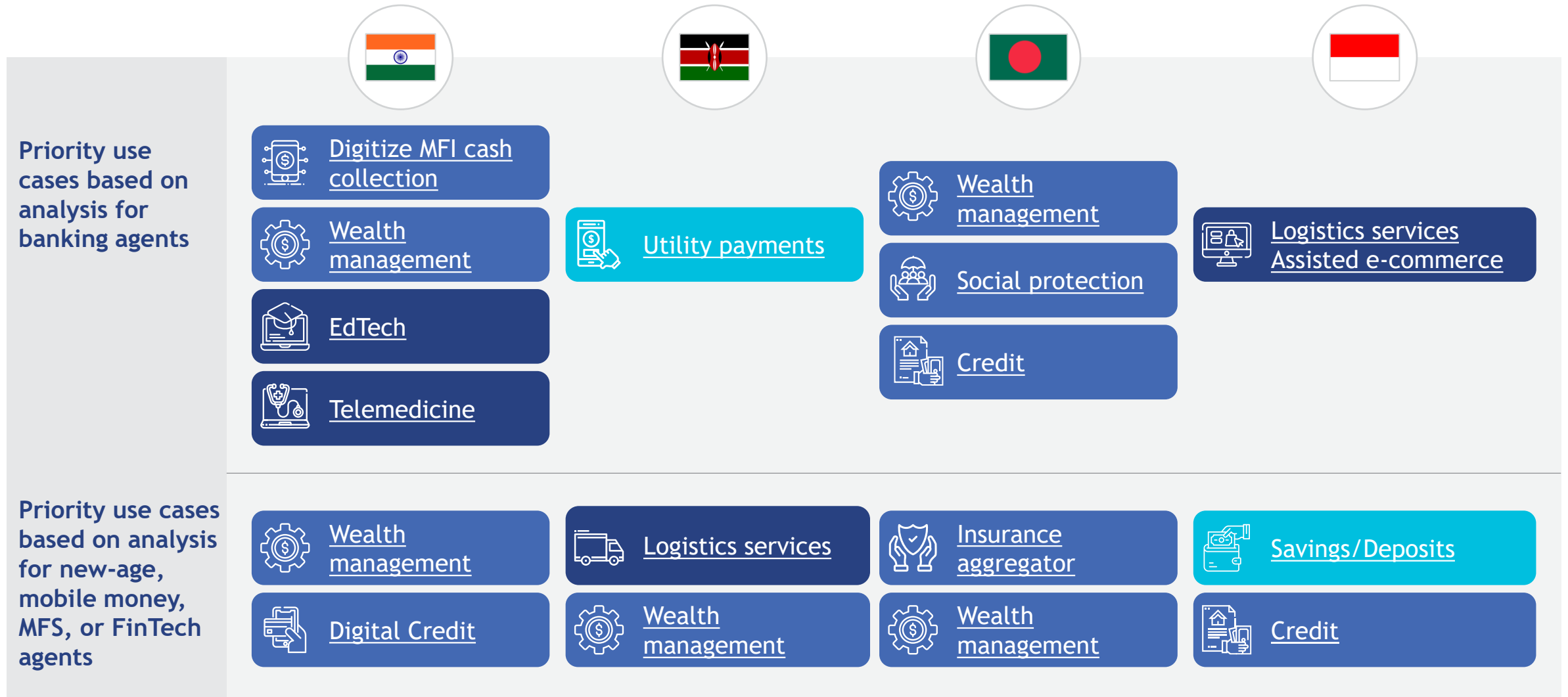
Evaluation of non-banking agents across the identified factors revealed they are better placed to offer incremental and adjacent use cases due to their high levels of digital savviness and soft skills

New-age, payment bank¹, mobile money, MFS, or FinTech agents



¹Payment bank agents in this study have been classified as 'non-banking' agents for ease of understanding.

We identified new use cases for all agent segments to bring sustainability to CICO agents, based on evaluations across the identified factors



Scale-up use cases Incremental use cases Adjacent use cases

Annexure



Annex A: Use case categories have been understood as the following

Scale-up use cases

- The CICO agent ecosystem has offered use cases, such as “financial capability,” “utility payments,” “customer service centers (CSC),” and “ticket booking” for some time. While these use cases potentially generate significant revenue for agents, insufficient provider support has hindered their widespread adoption.
- Diversification to these use cases helps providers immensely as it does not require extensive research, has a predefined customer base, and uses the providers’ existing capabilities. Therefore, providers can easily and effectively adopt them.

Incremental use cases

- Incremental use cases would require qualitative and quantitative research by the provider. This would allow them to offer tailored products, such as social protection, grievance resolution, and wealth management, to improve relevance and uptake.
- Providers can therefore, explore innovative solutions for high-commission use cases to create new opportunities for growth and expansion. Such use cases include logistics, insurance aggregation, and digital credit products.

Adjacent use cases

- Businesses have significant opportunities to explore new customer segments and innovative use cases, such as EdTech, telemedicine, and MSME-embedded finance.
- CICO agents can expand their reach and grow their market share if they understand better the latent needs of these customers and the incentives that drive them.
- Entrepreneurs have opportunities to step up and provide new solutions in emerging fields, such as cryptocurrency trade and carbon credit trade. These are potentially innovative and revolutionary use cases.

Annex B: Examples of agent use cases (1/2)

S. No.	Agent use case	Description
1	Customer Service Centers (CSC)	A <u>CSC</u> is an IT-enabled front-end delivery point for the government. An agent can provide private and social sector services to rural citizens of India in an integrated and seamless manner.
2	Ticket booking	Agents can book train, bus, and flight tickets for customers. This is a demand-driven use case, specifically in geographies where a majority of the population migrates for income-generating opportunities. Example: In Indonesia, <u>BRILink</u> agents can help customers book a ferry ticket.
3	Utility payment	Agents can also act as utility payment centers for electricity, water, mobile phone, and gas bill payments. Example: In Indonesia, any agency business, such as <u>BRILink</u> agents, <u>BNI46</u> agents, <u>Bukalapak Mitra</u> agents, and <u>Mitra Tokopedia</u> agents, offers these kinds of transactions.
4	Financial capability	Agents can build customers' knowledge, skill, attitude, and practice levels through training sessions and other forms of engagement to help them access and use financial services. To this effect, MSC and FIA have built a <u>toolbox for CICO agents</u> .
5	Savings or deposits	Customers can use CICO agent points for savings and deposits into their bank accounts. Example: APB <u>Bharosa Account</u> .
6	Credit	Agents can generate leads, do preliminary assessments and referrals, create credit groups, manage repayment, and counsel customers for various micro-credit products—vehicle, education, business, and gold loans. Example: <u>Dvara KGFS</u> in India.
7	Social protection	Agents can guide the target segment on insurance and pension products most suited to them. They can provide services, such as subscribing customers, e-KYC, and withdrawal and claim support. Example: <u>Inua Jamii Social Protection Program</u> in Kenya; <u>UDC</u> in Bangladesh.
8	Wealth management	Agents can offer wealth management services. This includes onboarding customers, creation of a DEMAT account, e-KYC, portfolio monitoring, and counseling services on new products or platforms suited to wealth management. Platforms: <u>Zerodha</u> and <u>Kuvera</u> in India.
9	Digitize MFI cash collection	With more than <u>80 million disbursements</u> and <u>1,000 million repayments</u> , <u>transactions</u> occur every year in cash mode. The digitization of MFI cash will ensure a steady footfall and income for agents as they serve LMI households in transferring money. At the same time, it will mitigate the risk of carrying cash for customers and improve operational efficiency for the MFI.

Scale-up use cases

Incremental use cases

Adjacent use cases

Annex B: Examples of agent use cases (2/2)




S. No.	Agent use case	Description
10	Grievance resolution	Agents can register tokenized grievances on government programs, which are complicated or have not been picked up as promised, and register a private agency's specific product when it launches in the market. These measures would allow agents to track and incentivize grievance resolution. Example: ICICI Lombard's grievance resolution portal .
11	Insurance aggregator	Agents can serve as insurance aggregators—insurance intermediaries with an insurance broker's license who operate an online platform. They can provide price comparisons and facilitate insurance purchases on the insurance companies' behalf. Such platforms are hosted on a website or as a smart device application. In India, IRDAI has a list of insurance aggregators.
12	Logistics	Agents can generate leads for e-commerce goods from rural households and last-mile home-delivery services and sell products on credit, such as electronics, solar energy systems, smartphones, etc. Examples: M-Kopa in Kenya, Vakrangee in India, Copia in Kenya , ekShop in Bangladesh, and Mandirilink in Indonesia.
13	Carbon credit sourcing	Agents understand opportunities for carbon sourcing from smallholder farmers in their localities and can use it to relay information back to the provider. Example: Nurture farm in India.
14	Crypto asset management	Agents can help conduct blockchain financial transactions, such as TITO (token in, token out) and Crypto P2P. Provider example: WazirX .
15	Surveys	Agents can find employment from private research organizations, such as Nielsen , which require local staff with local context and language skills to conduct quantitative surveys in rural areas.
16	Telemedicine	Agents can use the computers and laptops at their outlets to permit customers to access telehealth or telemedicine services. Provider example: Apollo Telehealth .
17	EdTechs	Agents can be used to register children for online learning modules and competitive exam classes and adults for technical education programs. Example: EnglishBolo and Eko collaboration .
18	MSME embedded finance	Embedded finance combines sophisticated tech infrastructure, the know-how of financial services distribution at scale, and financial institutions' capital to increase credit access for MSMEs. FinTechs and FSPs can use the vast agent banking networks to close the credit gap MSMEs face. Example: FundFina .
19	M-cases	Innovation driven by the amalgamation of industries has already begun with m-agri, m-health, m-water, and m-power. But it is yet to scale. CICO agents can serve as a bridge between MNOs and digital-based startups to provide services to LMI customers. Example: An AgriTech that uses agent networks in Africa .

Scale-up use cases

Incremental use cases

Adjacent use cases

Annex C: Failed use cases point towards the need to follow an ecosystem approach by the providers

Use case and country	Details of the project	Key reasons for failure	Lessons
 <p>A partnership between a payments bank and WealthTech in India (investment products)</p>	<p>A payments bank in India partnered with a WealthTech company for a pilot to distribute investment products through agents.</p>	<p>The agents' lack of product understanding and customers' limited awareness led to the pilot being shelved after six months.</p>	<p>An understanding of customer awareness and the agent's capability is a crucial link for a successful use case.</p>
 <p>M-Akiba in Kenya (government bonds)</p>	<p>Launched in 2017, M-Akiba is a Kenyan government bond sold through mobile phones. It was launched to much fanfare.</p>	<p>The product failed due to factors, such as poor understanding of the product, confusion in the purchase process, poor timing, and agents' focus on registration.</p>	<p>Simplification of the product uptake process, piloting of product design before implementation, and analysis of system readiness are essential for success.</p>
 <p>Bukalapak and Grab in Indonesia (e-commerce services)</p>	<p>Non-bank entities, such as Bukalapak and Grab, have tested B2B and B2C e-commerce services delivered via their agent networks. However, the overall uptake of such services has remained relatively limited.</p>	<p>A limited supplier ecosystem for B2B services and a lack of assisted models for B2C services have resulted in low uptake.</p>	<p>The reasons for the limited uptake of this use case point toward a lag in systemic analysis and a limited supplier ecosystem.</p>

Annex D: The landscape in India is complex, with each agent model experiencing unique risks and challenges as they provide services



Banking agents—stationary and roving

- ▶ Banking agents are part of a high-touch model that involves increased investment and operational costs, which lengthens the breakeven time.
- ▶ They can offer a limited product suite due to restrictions imposed by the bank.
- ▶ They offer customers convenience through the provision of banking at the doorstep for SHG women.



Banking agents—BC Sakhi

- ▶ BC Sakhi agents provide convenience through the provision of banking at the doorstep for SHG women.
- ▶ Innate fear due to limited exposure to technology results in loss of earnings.
- ▶ Low training support fails to build their capabilities and thus hurts their operations.



Non-banking agents—New-age BC agents

- ▶ New-age BC agents have expanded aggressively with easy onboarding through FoS (on-ground sales staff), such as new-age BCNMs. High competition across PBs and new-age BCNMs.
- ▶ They are over-dependent on distributors for liquidity and other support and suffer from high attrition when the distributor leaves.
- ▶ These agents have a limited focus on quality customer service.



Non-banking agents—payments bank agents¹

- ▶ Payments bank agents are part of an agile model with BC-centric operations that involves easy onboarding, low setup costs, and digital training.
- ▶ These agents suffer from inadequate support and a lack of monitoring visits from the network manager.
- ▶ Low entry barriers lead to a risk of high attrition and dormancy.
- ▶ Biometric authentication failures often occur on fingerprint devices.



Non-banking agents—Gramin Dak Sevaks¹

- ▶ Non-banking agents depend on the DoP and lack the motivation to provide DFS through IPPB.
- ▶ The extensive experience and lineage of DoP build high customer trust in the model with doorstep services.
- ▶ Non-banking agents have limited tech knowledge and capabilities to offer banking services.

Source - Predominant CICO models in India



Annex E1: A combination of simple and sophisticated financial use cases can help build agent trust and improve banking agents' financial sustainability

Banking agents



Insights

- ▶ The bank agents' structural setup, personal preferences, and brand image require them to stay limited to financial use cases.
- ▶ MFI cash collection digitization can provide agents with adequate float.
- ▶ Micro-deposits designed as social security or pension products will help them strengthen customer relationships and build trust.

Priority use cases (Analysis based on agent index and insights)
Investments, pension, MFI cash collection digitization

Agent index

Parameters	Level of proficiency	
Mobility		• They are mostly stationed at kiosks because they operate as extensions of banks.
Skills - soft and technical		• They are IIBF certified but still lack the necessary skills to engage customers.
Digital savviness		• Limited exposure to digital devices makes their learning curve steep.
Target customers		• Bank branding enables them to target customers more efficiently.
Financial sustainability		• They take around 8-9 months to achieve breakeven ¹ .

¹ Source - [The rise of new-age BCNMs: Transformation of BC networks in India](#)

BC Sakhi



Insights

- ▶ Low motivation levels and technical and sales skills deter BC Sakhi from moving beyond CICO to other financial service products.
- ▶ Personal connections with the local women can help them provide services of utility bill payments and EdTech subscriptions (specifically since women are traditionally more involved in children's education).
- ▶ Private agencies that seek to conduct surveys in villages can also partner with these women to help conduct online surveys after adequate training (such as Internet Sathi).

Priority use cases (Analysis based on agent index and insights)
Utility payments, EdTechs, online surveys

Agent index

Parameters	Level of proficiency	
Mobility		• Family responsibilities and social norms limit their mobility.
Skills - soft and technical		• They lack financial skills due to lack of exposure but have good soft skills.
Digital savviness		• Limited exposure to digital devices makes their learning curve steep.
Target customers		• Most of them are comfortable with catering to SHG women exclusively.
Financial sustainability		• BC Sakhi have <u>lower earnings</u> than other agents.



Annex E2: Increasing financial use cases will improve agent stickiness and financial sustainability among non-banking agents

Payments bank agents¹



Insights

- ▶ Payments bank agents have high motivation and skills to sell complex, high-value products, which makes them suited to sell wealth management and digital credit products.
- ▶ BCNMs and banks have a specific focus on micro-credit and MSME credit products.
- ▶ Long-term use cases, such as long-term wealth management, may help contain attrition among these agents.

Priority use cases (Analysis based on agent index and insights)
Wealth management, digital credit

Agent index

Parameters	Level of proficiency	
Mobility		• Most agents run a shop along with the BC business, which restricts them to their locations.
Skills - soft and technical		• They are available throughout the day but lack financial knowledge on products and customers lack trust in them.
Digital savviness		• They are young, agile, and motivated individuals with higher digital usage levels.
Target customers		• They are entrepreneurs who can target the right customers for the right product.
Financial sustainability		• They take 2-3 months to reach breakeven ² .

Gramin Dak Sevaks¹



Insights

- ▶ Non-banking agents have low motivation and limited skills to sell complex financial products and suffer poor network connectivity, which limits their income.
- ▶ Their biggest strengths are their ability to offer doorstep services to underserved customer segments and high sustainability.
- ▶ Providers need to focus on logistics (e-commerce, q-commerce, specifically medicines) sales and connect deprived segments to specialized medical expertise. This can help bridge the health access gap while driving agent income.

Priority use cases (Analysis based on agent index and insights)
Logistics, demand-based telecommunication

Agent index

Parameters	Level of proficiency	
Mobility		• They are required to provide doorstep banking facilities to all their customers.
Skills - soft and technical		• They lack necessary skills to sell financial products.
Digital savviness		• Their digital skills are developed as more providers introduce more digitalized processes.
Target customers		• They find it difficult to pitch financial products to the right customers.
Financial sustainability		• <i>Gramin Dak Sevaks</i> have consistent income with zero costs, but their monthly incomes are low (USD 25-27).

¹Payment bank agents in this study have been classified as 'non-banking' agents for ease of understanding

² Source - [The rise of new-age BCNMs: Transformation of BC networks in India](#)



Annex E3: Diversity in business portfolio needed in a highly saturated and competitive agent market in Kenya

Mobile money agents



Insights

- A saturated mobile money market means that the customer base has now matured to adopt a diverse range of financial products and services through their agent banking network. This includes e-commerce and distribution.

Priority use cases (Analysis based on agent index and insights)

Logistics

Agent index

Parameters	Level of proficiency	
Mobility		<ul style="list-style-type: none"> Regulation requires them to be at least semi-permanent. Most agents are at least secondary school educated and have the necessary skills to help customers transact.
Skills - soft and technical		<ul style="list-style-type: none"> Over the years, agents have developed a good understanding of using a variety of interfaces and devices seamlessly.
Digital savviness		<ul style="list-style-type: none"> Mobile money agents are more likely to be in have businesses/outlets that suit where their targeted customers frequent daily activity e.g. near a bus stop, or an informal eatery.
Target customers		
Financial sustainability		<ul style="list-style-type: none"> The frequency of transactions is higher, but transaction sizes are lower. The agents also face high competition and increased operating costs.

Banking agents



Insights

- Formal financial institutions offer more advanced, well-regulated, and higher-impact financial services for individuals and small enterprises. These include payment services that current bank agency deployments fail to serve effectively, which leads to poor user experience.
- Banking agents in Kenya require services that can support their current businesses and help manage their financial investments and cash flow.

Priority use cases (Analysis based on agent index and insights)

Utility payments, loan collections, financial capability

Agent index

Parameters	Level of proficiency	
Mobility		<ul style="list-style-type: none"> The regulation requires them to be at least semi-permanent.
Skills - soft and technical		<ul style="list-style-type: none"> Most agents are at least secondary school educated and have the skills needed to help customers transact.
Digital savviness		<ul style="list-style-type: none"> Banking agents primarily use POS machines for CICO transactions but still possess decent knowledge of using digital devices.
Target customers		<ul style="list-style-type: none"> Bank branding enables them to target customers more efficiently.
Financial sustainability		<ul style="list-style-type: none"> The frequency of transactions is lower, but transaction sizes are higher. They also face high competition and increased operating costs.

Annex E4: Careful expansion of agent portfolio in Indonesia can help increase agent sustainability



Banking agents



Insights

- Banking agents mostly offer core banking services, which include deposits, withdrawals, and money transfers. They are also a key channel for social assistance payments.
- Banks have also started to use their agents to source micro-credit and time deposits via a referral program.²
- Onboarding an agent in Indonesia is cheaper than installing an ATM or building a bank branch, particularly in rural areas. These agents prove more cost-effective for FSPs.

Priority use cases (Analysis based on agent index and insights)

Logistics, assisted e-commerce

Agent index

Parameters	Level of proficiency	
Mobility		• Most banking agents operate out of their shops or kiosks.
Skills - soft and technical		• They receive training and offer more complex banking products, such as loans.
Digital savviness		• Most banking agents operate Point of sale machines.
Target customers		• Given their higher reach in rural areas, bank agents tend to have a larger client base.
Financial sustainability		• Offer high-margin, high-volume services such as cash withdrawals and remittances.

FinTech agents



Insights

- FinTech agents' financial sustainability remains low. Estimates indicate that only 10% of agents are economically sustainable³ in Indonesia.
- FinTech companies have started to provide services, such as stock purchases, one-stop financial services, e-money wallets, and SME lending, etc., in rural areas. Payfazz is a tech platform that digitizes the agent network.
- Key services offered by FinTech agents include top-ups, bill payments, and e-commerce to a limited extent.

Priority use cases (Analysis based on agent index and insights)

Money transfer, digital credit facilitation

Agent index

Parameters	Level of proficiency	
Mobility		• Most FinTech agents are from the community and do not operate out of fixed premises.
Skills - soft and technical		• Most agents have to train themselves through pre-defined content and can offer only basic products.
Digital savviness		• They operate complex mobile apps to conduct transactions.
Target customers		• They are large in number with limited use cases to offer. Therefore, they have a small customer base.
Financial sustainability		• They offer low-margin, highly-competitive services and have lower breakeven volumes.

1 <https://sikapiuangmu.ojk.go.id/FrontEnd/CMS/Article/10471> | 2 <https://keuangan.kontan.co.id/news/bank-pelat-merah-optimalkan-penyaluran-kredit-lewat-agen-laku-pandai>

3 <https://www.microsave.net/2021/01/08/cash-in-cash-out-cross-country-analysis-indonesia/> | 4 181213_PB_Aligning-regulations-to-enhance-digital-financial-inclusion-in-Indonesia.pdf (microsave.net)



Annex E5: Banking and MFS agents in Bangladesh can be better utilized to provide use cases, such as non-financial and financial products respectively, to customers

Banking agents



Insights

- Banking agents maintain relationships with a wide variety of existing and potential customers in their neighborhoods. Therefore, they are well-poised to cross-sell financial and potentially non-financial products. They can also potentially provide insurance and wealth management.
- Banking agents, however, struggle to identify the right customers to acquire.
- Banking agents have disbursed social safety net allowances.
- They have the opportunity to become MFI agents as well.

Priority use cases (Analysis based on agent index and insights)
Social protection payments, credit sourcing, wealth management

Agent index

Parameters	Level of proficiency	
Mobility		• Agent points limit them but they provide door-to-door services if needed.
Skills - soft and technical		• They are well-versed in soft and technical skills due to routine training.
Digital savviness		• They are digitally savvy due to routine training.
Target customers		• They target customers through drives or camps.
Financial sustainability		• Initial investment to become banking agent is high, which consequently takes them longer to achieve breakeven.

MFS agents



Insights

- MFS agents are non-exclusive and non-dedicated. Many agents have other businesses, such as airtime top-ups or grocery or stationary shops.
- MFS agents are more prone to financial shocks than banking agents. Their ticket sizes are much smaller, and they conduct rapid, lower-value transactions.
- MFS agents are more keen to provide a wide array of digital services, especially after the pandemic. Now they provide safety net allowance, digital savings, and digital credit.

Priority use cases (Analysis based on agent index and insights)
Insurance aggregation, social protection

Agent index

Parameters	Level of proficiency	
Mobility		• Most agents run a shop alongside the MFS service with dedicated staff, which allows them mobility.
Skills - soft and technical		• They are mostly available throughout the day, enjoy customers' trust, and have good financial knowledge.
Digital savviness		• They are motivated individuals with higher digital usage levels and adaptability.
Target customers		• They lack clarity on the suitability of products and services for their customers.
Financial sustainability		• They can reach breakeven in 8-12 months, based on location.



Annex F1: Examples of successful and unsuccessful use cases in India

1. Successful use cases - refer [slide](#)



EdTech

Englishbolo is an English learning app. It wanted to extend its services to those who lacked access to digital payment mechanisms and did not trust them. Partnering with Eko enabled Englishbolo to use 150,000 agent points to accept cash payments from customers.¹



Assisted online shopping, pharmacy, and travel services

Vakrangee currently has ~19,230+ Vakrangee Kendras spread across 33 States and union territories. More than 80% of these outlets are in Tier 4 to 6 towns. Zero franchise fees, attractive ROI with a quick payback of CAPEX, and a zero inventory model helped Vakrangee distribute assisted digital services through its agents.²

2. Unsuccessful use cases

Payments bank -
Wealth tech partnership



Investment products

A payments bank partnered with a WealthTech company for a pilot to distribute investment products through agents. But the agents' lack of product understanding and customers' limited awareness resulted in the pilot being shelved after six months³.



Rural credit

FINO constantly encourages its agents to provide additional products, such as credit. But low customer awareness and limited specialized skills among agents made this a challenging product to sell in rural areas.⁴

1) [CGAP Publication](#)
2) [Vakrangee](#)
3) MSC qualitative research findings
4) MSC qualitative research findings - Traditional agents

Annex F2: Examples of successful and unsuccessful use cases in Kenya



1. Successful use cases - refer [slide](#)



Merchant payments

Safaricom launched Lipa Na M-Pesa in 2016. It reported 36,000 merchant point-of-sale devices in the first year. By 2019, M-Pesa had 109,000 active Lipa Na M-Pesa merchants. Its broad reach is its unique value proposition for merchants and users. It is also the reason why it succeeded. In 2019, 425 million transactions worth KES 1,625 billion were conducted by customers¹



Retail e-commerce/marketplace

MarketForce 360 bridges the information gap in last-mile distribution. This enables consumer brands to optimize how they deliver essential goods and services to retailers and consumers. Pezesh is a digital capital enabler platform that connects quality SMEs and merchants with access to working capital and other financial services from their marketplace.

¹ Lipa Na M-Pesa

³ M-Kesho story

2. Unsuccessful use cases



Saving and investing

M-Akiba is a Kenyan government bond sold through mobile phones. It was launched in 2017 to much fanfare, but it proved unsuccessful due to various factors. These factors included customers' poor understanding of the product, confusing purchase process, poor timing, and agents' focus on registration.



Product cannibalization

Hailed as a breakthrough innovation, M-KESHO encouraged M-PESA users to push their savings into an interest-bearing account with Equity. But not long after its launch, Safaricom and Equity stopped promoting the service. A slew of relationship issues and problems in the underlying product design led both companies to prioritize their respective products over M-KESHO³.

Annex F3: Examples of successful and unsuccessful use cases in Indonesia



1. Successful use cases - refer [slide](#)



Microcredit

Banks, such as BRI,¹ started to use agent networks to source microcredit through referral programs that target micro-segments. In 2021, several state-owned banks, particularly BRI, Mandiri, and BNI, reported that their agents disbursed microcredit worth USD 526 million.²



E-wallets topups

Agents have emerged as a key channel for e-wallet topups, especially for low-income segments. This includes ride-hailing drivers and other gig-platform workers who lack access and capacity to use mobile banking. The drivers often rely on the agents to top up their wallets to receive online orders. They also use agents for cash withdrawals.

2. Unsuccessful use cases



E-commerce services

Non-banks, such as Bukalapak and Grab, have tested B2B and B2C e-commerce services delivered via their agent networks. However, the overall uptake of such services has been fairly limited,³ especially outside the Java island. The low uptake resulted from a limited supplier ecosystem for B2B services coupled with a lack of assisted models for B2C services.



Bank account opening

While a few banking agents⁴ offer account opening services, the account opening experience remains cumbersome and time-taking. The lack of digitization and e-KYC services leads to manual processes. While Agents could prove crucial to accelerate financial access, their role in account acquisition remains limited so far.

*Only 12.000 Bukalapak agents offer the e-commerce service and 80% of agents are located within Java

¹ <https://promo.bri.co.id/main/promo/detail/AjukanKreditUltraMikroJadiLebihDekatdanAmanmelaluiAgenBRILink> | ² <https://keuangan.kontan.co.id/news/bank-pelat-merah-optimalkan-penyaluran-kredit-lewat-agen-laku-pandai>

³ <https://www.liputan6.com/saham/read/4724346/pakai-fitur-bukasend-mitra-bukalapak-berpotensi-cuan-hingga-rp-14-juta> | ⁴ <https://www.microsave.net/2017/12/08/a-first-look-at-indonesias-emerging-agent-network/>

⁵ Tak Perlu Repot Ke Bank Karena Ada Agen LAKU PANDA! :: SIKAPI :: (ojk.go.id)

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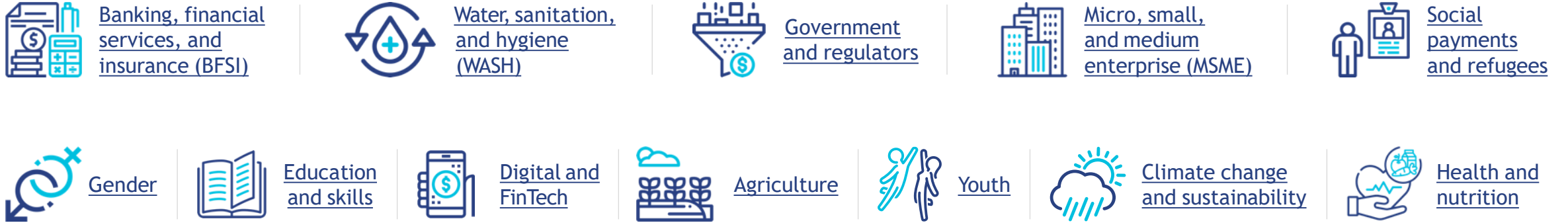
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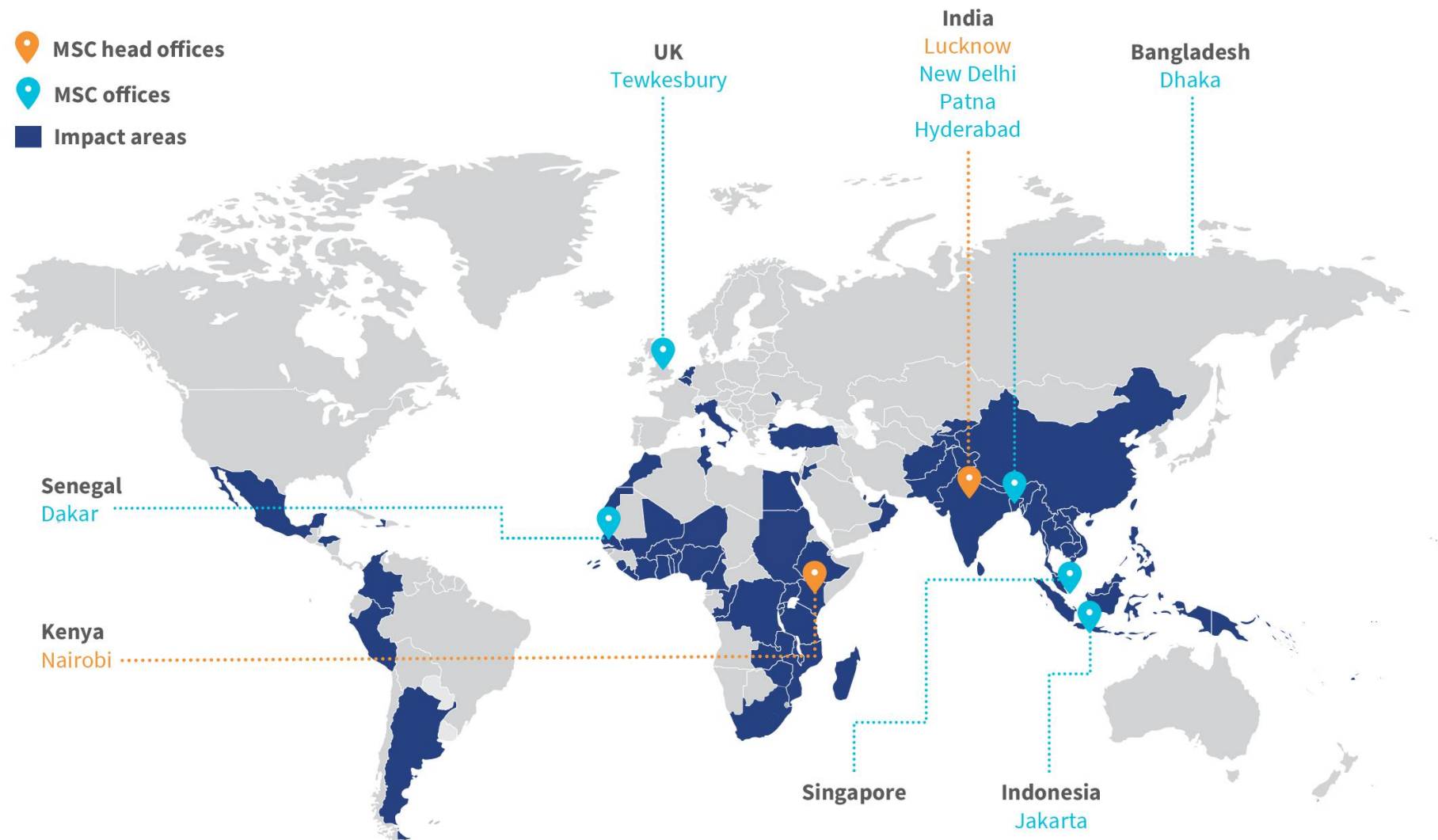
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