Putting agents to use

Insights from a multicountry research on customer's usage of CICO agents

August 2024

MSC
MicroSave Consulting

Executive summary

MSC conducted a study in Bangladesh, India, and Kenya to unpack a customer's journey with agents. The study primarily sought to investigate the drivers of customer retention and attrition at agent points. We found that almost half of the customers (~48%) stopped using the agent-based services altogether, and ~20% started to use other channels, such as ATMs and mobile applications.
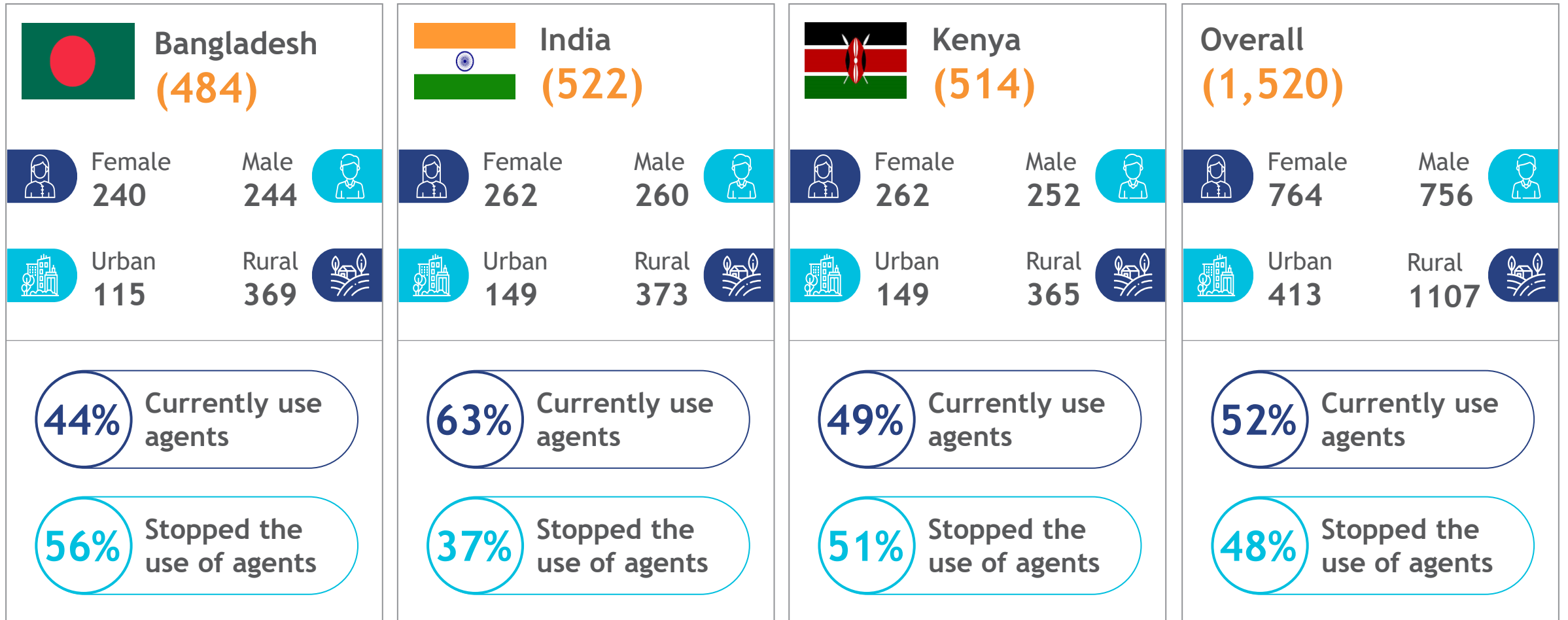
Our analysis highlights convenience and trust as critical factors that enhance the use of CICO (cash-in and cash-out) agents. Proximity, quick service, and customer support enhance convenience, while familiarity, strong branding, and a dependable financial service provider build trust in the agent. Suboptimal customer service affects customer experience and determines the uptake and usage of agent services. This also builds on MSC's previous studies (1, 2, 3, 4), which have documented several attributes that customers prefer in an agent.

CICO agents have considerably enhanced access to financial services for customers in unserved and underserved geographies, especially for low-income households. In our study, customers with a monthly household income of less than USD 135 use agent services more than those who earn more than USD 135. A CGAP study suggests this is likely because the lower-income group, which often comprises less-educated wage laborers, relies more on agents for daily transactions.

The dynamic CICO agent businesses need to consider these factors to develop sustainable CICO agent networks. In this context, service providers can develop and enhance CICO networks further through enhanced access to agents, improved customer support, strengthened fraud prevention, improved agent reliability, and strategic customer grievance resolution mechanisms.

MSC

MSC interviewed 1,520 customers* in Bangladesh, India, and Kenya who had used a CICO agent at least once

Bangladesh (484)

Female	Male
240	244

Urban	Rural
115	369

44% Currently use agents

56% Stopped the use of agents

India (522)

Female	Male
262	260

Urban	Rural
149	373

63% Currently use agents

37% Stopped the use of agents

Kenya (514)

Female	Male
262	252

Urban	Rural
149	365

49% Currently use agents

51% Stopped the use of agents

Overall (1,520)

Female	Male
764	756

Urban	Rural
413	1107

52% Currently use agents
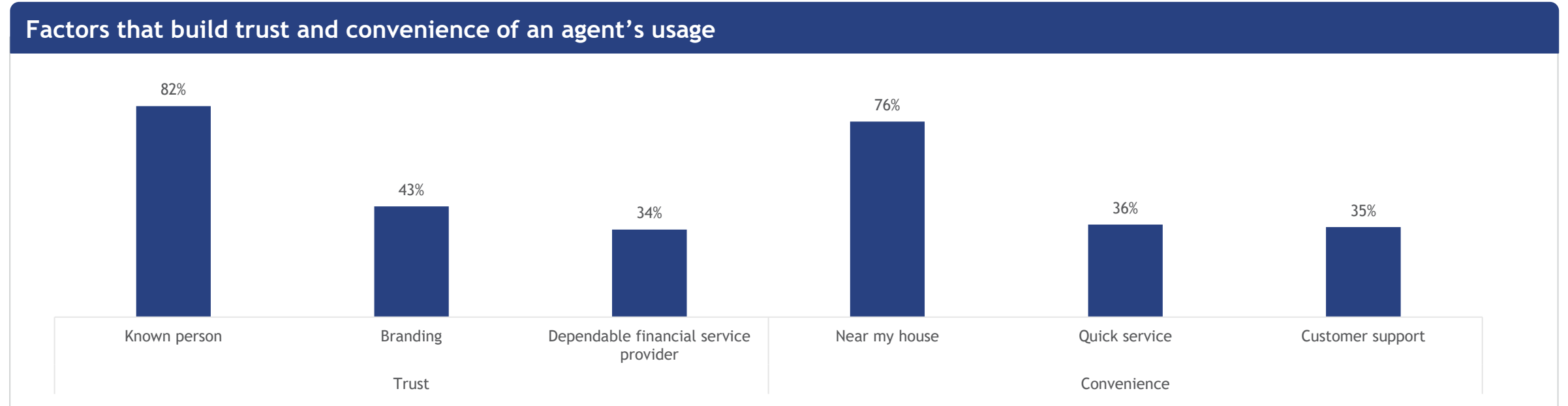
48% Stopped the use of agents

*The study was designed for 1,800 low- and moderate-income (LMI) customers in Bangladesh, India, and Kenya who either use or have used CICO agents in their lifetime. These 1,800 customers were chosen randomly from all the districts or counties of the three countries to ensure representation across the country. Further, we sought to have equal representation (50:50) of both genders and a 60:40 ratio of the rural and urban population. However, after the data cleaning exercise, we could analyze the data of only 1,520 customers, which is represented above.

MSC

Key findings from the survey

52% of customers have continued to use an agent (1/2)

Customers' use of an agent depends on two factors: Trust and convenience.

Factors that build trust and convenience of an agent's usage

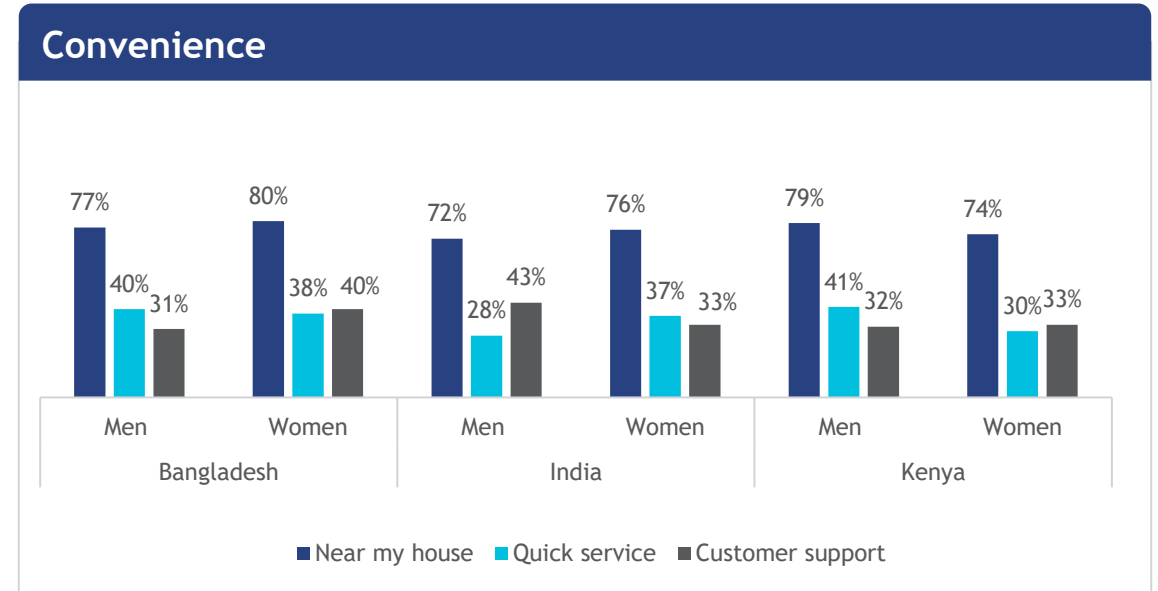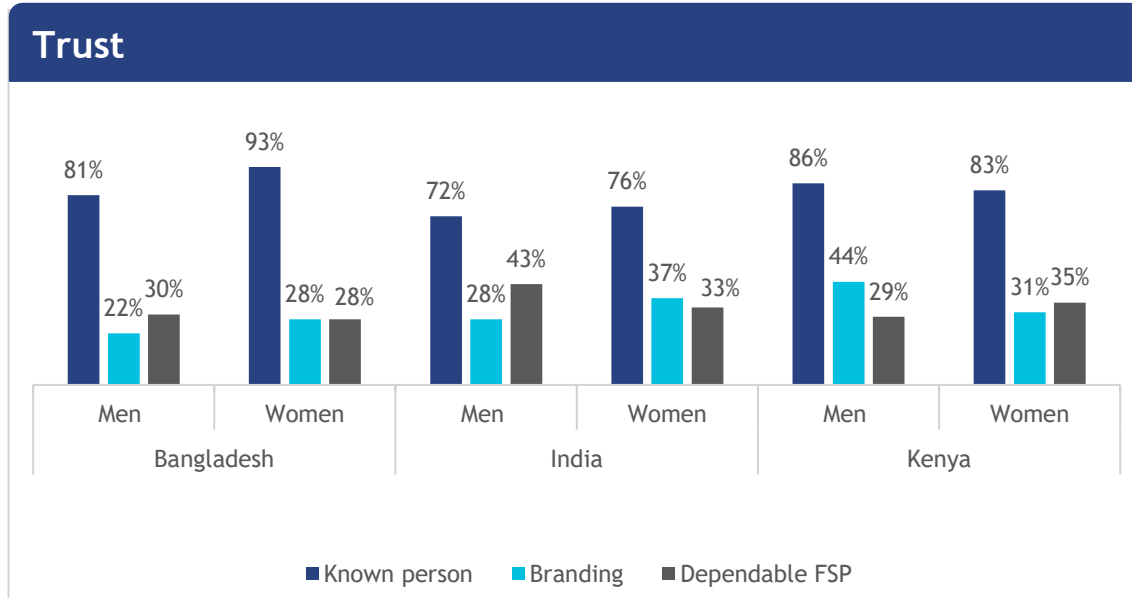|					
82%	43%	34%	76%	36%	35%
Known person	Branding	Dependable financial service provider	Near my house	Quick service	Customer support
Trust			Convenience		

Insights

- Some attributes that help build customer **trust** are the agent being a known person, offering services from a reputable financial service provider (FSP), and having a well-branded shop.
- Proximity to the customer's residence, quick service, and the availability of customer support contribute crucially to **convenience**.
- As per MSC's survey, the agent being a "known person" (82%) and the agent's proximity (76%) are the key factors that drive the continued use of agents among customers across the three countries.

MSC

52% of customers have continued to use an agent (2/2)

Female customers are more likely than male customers to use an agent because of the support provided at the agent point.

Trust

Bangladesh
- Men: Known person 81%, Branding 22%, Dependable FSP 30%
- Women: Known person 93%, Branding 28%, Dependable FSP 28%

India
- Men: Known person 72%, Branding 28%, Dependable FSP 43%
- Women: Known person 76%, Branding 37%, Dependable FSP 33%

Kenya
- Men: Known person 86%, Branding 44%, Dependable FSP 29%
- Women: Known person 83%, Branding 31%, Dependable FSP 35%

Legend: Known person ■ Branding ■ Dependable FSP ■

Convenience

Bangladesh
- Men: Near my house 77%, Quick service 40%, Customer support 31%
- Women: Near my house 80%, Quick service 38%, Customer support 40%

India
- Men: Near my house 72%, Quick service 28%, Customer support 43%
- Women: Near my house 76%, Quick service 37%, Customer support 33%

Kenya
- Men: Near my house 79%, Quick service 41%, Customer support 32%
- Women: Near my house 74%, Quick service 30%, Customer support 33%

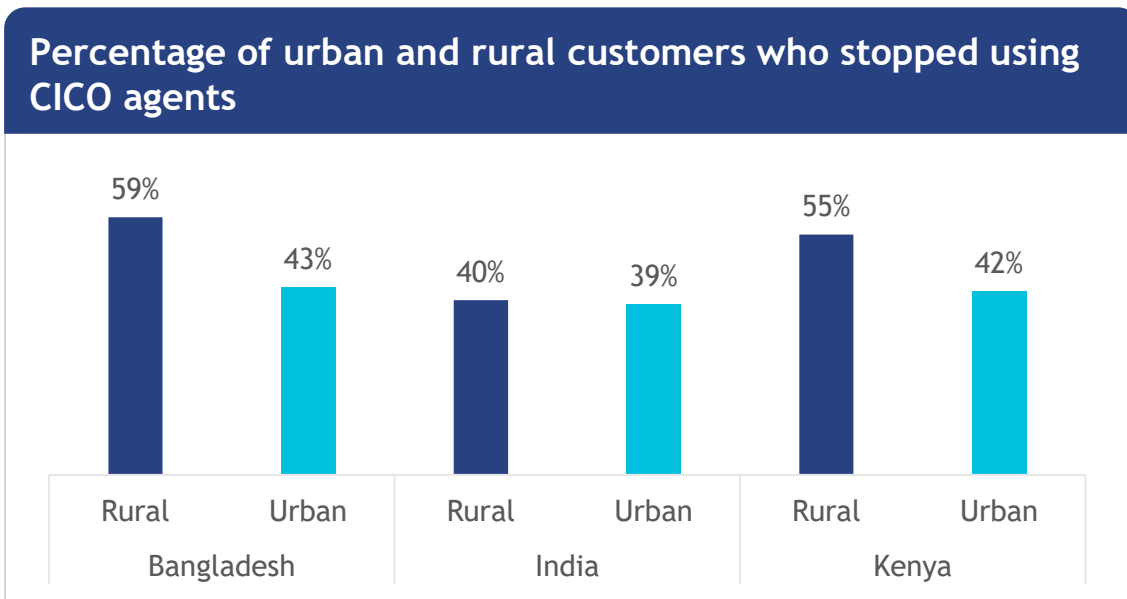Legend: Near my house ■ Quick service ■ Customer support ■

Insights

- We observed certain gender differences across many attributes attached to these factors. The availability of customer support (~40%) at the agent point contributes more to female customers' continued use of agents for financial transactions than for male customers across these three countries.

- These results align with CGAP's "outcome model," which indicates that an agent's accessibility, quality, and reliability are critical components of an effective agent network for end users.

MSC

48% of customers have stopped using an agent (1/2)

Rural customers in Bangladesh and Kenya are more likely to stop using CICO agents because they lack convenient access to these agents.
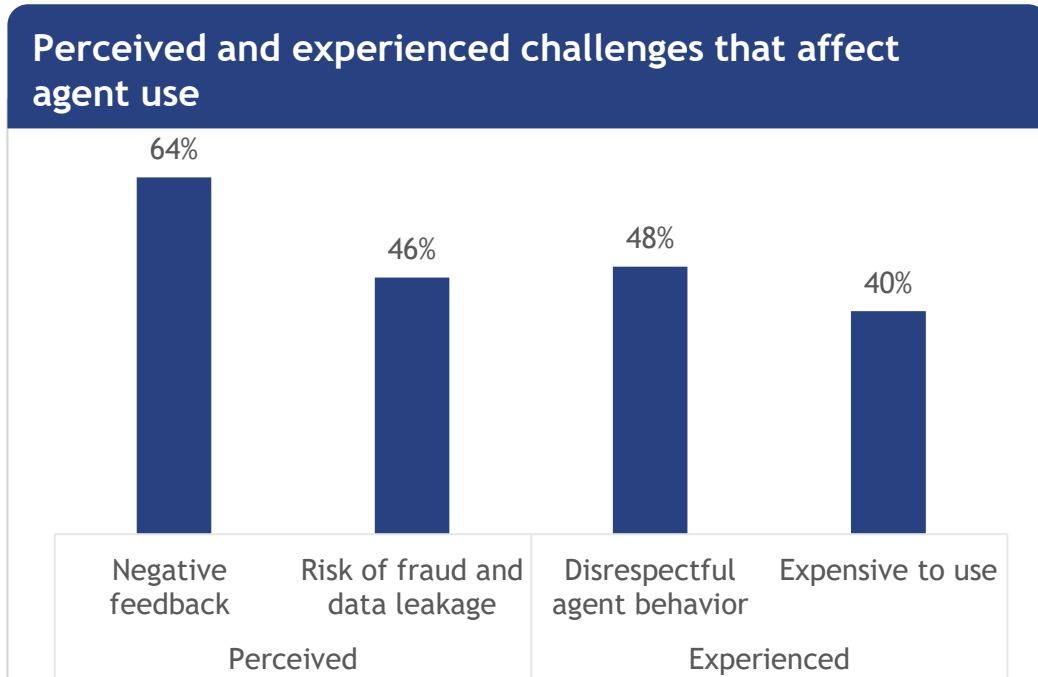
Percentage of customers who stopped using CICO agents

Bangladesh 56%
India 37%
Kenya 51%

Percentage of urban and rural customers who stopped using CICO agents

Bangladesh: Rural 59%, Urban 43%
India: Rural 40%, Urban 39%
Kenya: Rural 55%, Urban 42%

Insights

- Our survey revealed that more than half of customers in Bangladesh (56%) and Kenya (51%) have stopped using CICO agents. The lockdowns imposed during COVID-19 in Bangladesh and Kenya had severely impacted the CICO agents' incomes*. Since then, both countries have seen a rapid uptake of self-initiated digital transactions, which has reduced their dependence on CICO agents.

- The situation in India is different, as fewer number of customers (37%) have stopped using CICO agents. This highlights the essential financial needs of LMI customers that assisted channels like CICO agents can meet.

- Our data also revealed that rural residents in Bangladesh and Kenya are more likely to stop using CICO agents than their urban counterparts. This can be attributed to the lack of convenient access to CICO agents in rural areas and the distances customers must travel to reach agent points.

*There are mixed evidences on this, for example, CICO transactions at MFS agents in Bangladesh have increased, whereas transactions in India and Kenya are yet to return to pre-Covid levels.

MSC

A customer's experience with an agent or their perception of the agent influences their decision to stop transacting at an agent point.

Perceived and experienced challenges that affect agent use

Chart values:
- Negative feedback (Perceived): 64%
- Risk of fraud and data leakage (Perceived): 46%
- Disrespectful agent behavior (Experienced): 48%
- Expensive to use (Experienced): 40%

Please note:

Negative feedback refers to poor reviews of an agent that customers receive from their friends and family.

Disrespectful agent behavior is a customer's negative experience during their interactions with the agent, wherein the agent is dismissive and disrespectful.

Insights

- Negative feedback about the agent (64%) or the perceived risk of fraud and data leakage (46%) from the agent erodes customers' trust in agents. MSC's previous research has highlighted that many customers avoid using agents due to concerns about data confidentiality within the community as it affects their convenience and trust in agent services.

- Similarly, disrespectful agent behavior (48%) and the high cost* (40%) of availing services at agent points lead to poor customer experiences. Several studies have suggested that agents tend to levy unauthorized fees, which drives customers away, especially in Bangladesh and India. However, the cost of agent usage in Kenya is relatively higher than ATMs and bank branches, which discourages agent use.

- These factors have driven customers to stop using agents.

- However, we did not observe any statistically significant gender differences in the decision to stop using CICO agents based on these factors.

*Customers also stop using CICO agents due to a lack of relevant use cases, which makes agent usage more expensive. Click here for more information on this.

MSC

Providers must increase convenience and trust in agents to reduce the customer attrition rate

Convenience: The use of policy and technology enhances access to agents, improves customer support, and reduces the cost of agent usage by discouraging overcharging

Key insights

Convenience of access to agents: Per our study, 56% of customers in Bangladesh still lack the convenience of access to an agent due to a lack of proximity to the agent's outlet. India has around 2 million CICO agents— but MSC estimates that about a third of these are inactive. Yet, the study revealed that 37% of customers in India have stopped CICO agent usage due to inadequate access to agent points. In Kenya, agents remain more concentrated in urban and semi-urban areas than rural areas, which affects customers' convenience to use an agent in underserved regions.

Experience: MSC's study revealed that quick service (36%) and customer support (35%) at the agent point improve customers' convenience of agent usage.

Cost associated with agent usage: 40% of customers reported that they find agents expensive.

Recommendations

- **Policy regulations:** Countries, such as Kenya, can follow Bangladesh and India's example and develop guidelines on the number of CICO agents required in urban and rural areas.

- **Integration of technology:** The proximity to CICO agent points enhances convenience, which increases the frequency and variety of uses for these agents (see here for more details). Geospatial mapping can close this gap in proximity as it improves the structure of agent allocation based on the area's population density and the distance to the nearest bank branch or BC agent point. The closure of this gap will also require strategies to motivate providers to report the geo-location data of agents, which can point toward the actual spread of agent networks in underserved locations. Geospatial mapping can also facilitate the development of apps like Jan Dhan Darshak, enabling customers to easily locate nearby agent outlets and improving convenience. It is crucial to include safeguards to protect agents' data and privacy when building these apps.

- **Agent segments:** Different distribution channels or the diversification of distribution models can offer several benefits around product features, customer preferences, and different social contexts. Therefore, different models of agent networks, such as roving agents, female agents, and sales and service agents, can enhance access and usage. They make it easier for customers to engage with agents and increase the range of services available at agent points.

- Agent monitoring, improved incentive structures, and suitable commissions can be used to limit unauthorized charges on the customer and enhance the convenience of agent usage.

- The training programs need to specifically address agents' soft skills, especially in ways to deal with female customers, as female customers rely more on the customer support that agents can provide.

MSC

Trust: Improved agent reliability, strengthened fraud prevention measures, and strategic customer grievance resolution mechanisms have enhanced CICO agent networks

Key insights

Factors that erode trust in agents: Our study found that customers have stopped CICO agent use because of negative feedback about the agent (64%) and the risk of fraud and data leakage (46%). The research also revealed that customers who have continued CICO agent usage deeply value the agent's assistance in case of grievances. This highlights the need for enhanced customer service at the agent level.

Factors that build trust: Customers continue to use agents if the agent is known to them (82%), provides services of a dependable FSP (34%), and has suitable branding (43%) at the agent outlet.

Recommendations

- MNOs (mobile network operators) and ANMs (agent network managers) can invest in extra resources to support top compliant agents with constant communication, dedicated customer care line support, and feedback to agents.

- Simplify transaction processes for user-friendly experiences to boost satisfaction for both agents and customers. Conduct awareness campaigns to educate low- and moderate-income consumers on common fraud techniques. This combined strategy of simplification and education seeks to ensure safety and foster trust in the system through minimized fraud incidents.

- Improved quality of CICO networks, which includes agent behavior and fraud prevention measures, is essential to maintain customer trust and usage. Providers must address these issues to ensure the viability and sustainability of CICO networks.

- Providers should develop a comprehensive incentive program for agents that rewards personalized and excellent customer service. This could include recognition programs alongside continuous training to improve customer engagement skills.

- Agents should be enabled as an important lever in GRM processes. They should be provided with an agent support chatbot or toll-free number that responds to agent queries with a 24-hour turnaround time. Additionally, providers can allow agents to earn commissions when they resolve complex customer escalations.

- Providers can develop a communication toolbox on data protection for agents to upskill them on ways to identify and mitigate data protection challenges.

MSC

Limited use cases is an additional driver of discontinued use of agents
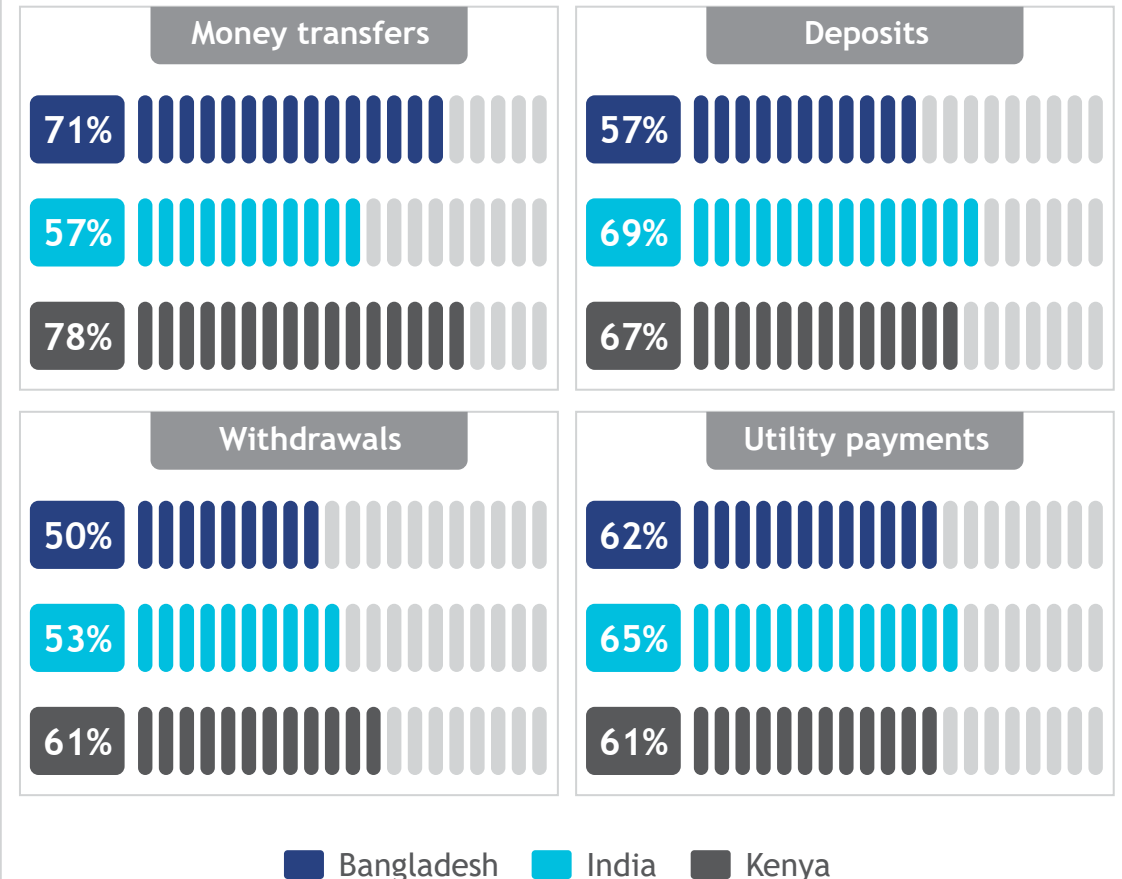
Key insights

- Across all three countries, CICO agents offer four prominent use cases: money transfers, deposits, withdrawals, and utility payments.

- While money transfer is a common use case across all three countries, India has a pronounced focus on deposits. Within these use cases, Kenya leads in money transfers (79%), followed by Bangladesh (71%). On the other hand, India takes the lead in deposits (69%) and utility payments (65%).

- Payments for utilities, such as electricity and phone bills, through CICO agents, are a prominent use case in the three countries. The widespread use of CICO agents for utility payments demonstrates their potential to serve as one-stop financial hubs and simplify daily transactions for customers.
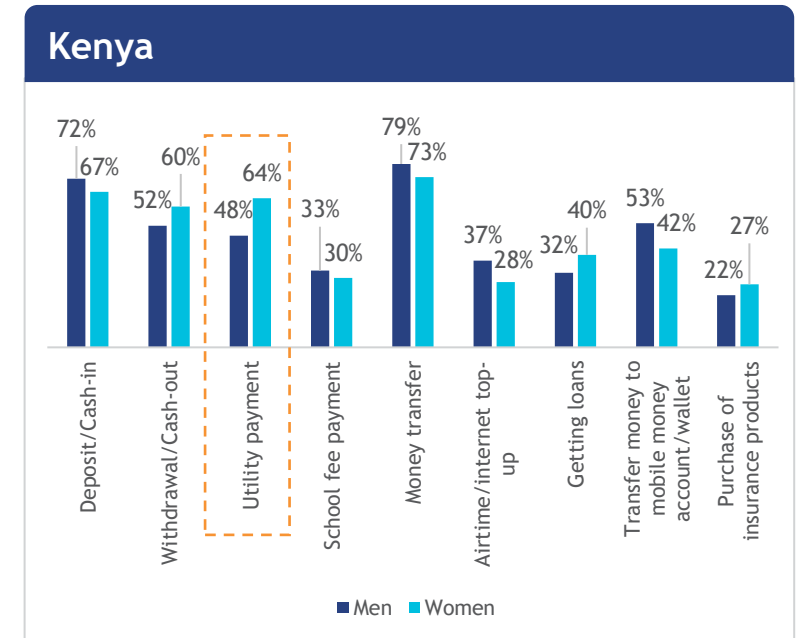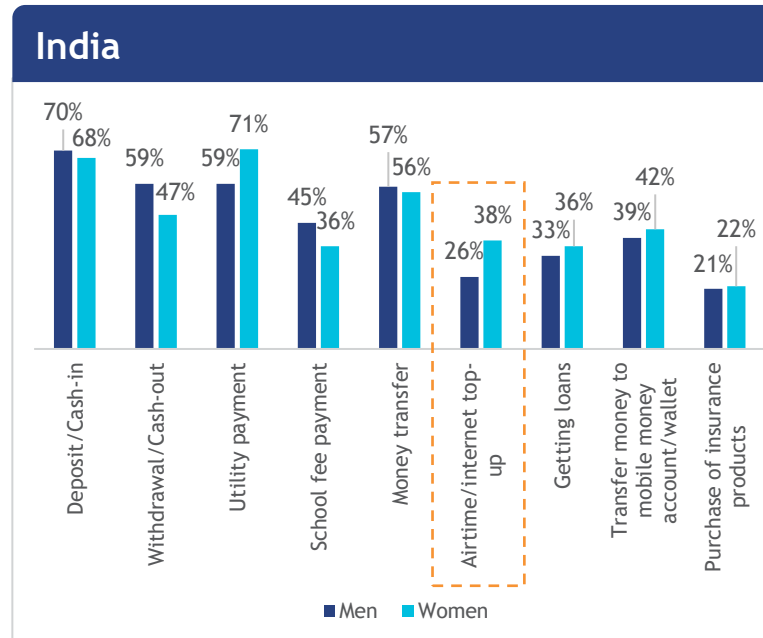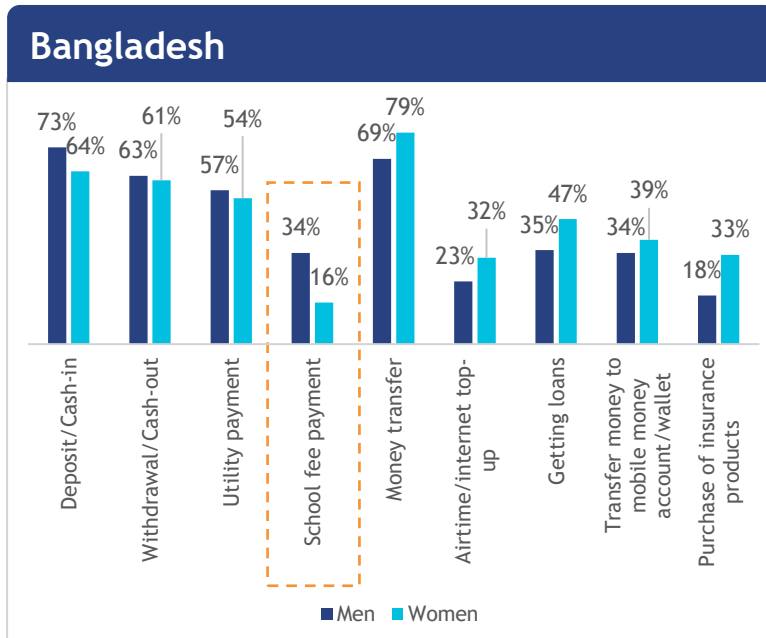
Recommendations

- Despite the popularity of traditional services, CICO agents need to evolve and offer more than just money transfers, deposits, and withdrawals. The current service offerings may not be sufficient to sustain agent viability in the long term. Providers should explore new service avenues, such as logistic services in Kenya and wealth management in India and Bangladesh, to ensure sustainability for CICO agents.

- The expansion of the range of services, such as the inclusion of government payments or insurance, could integrate CICO agents into the community's financial habits. Ultimately agents could evolve to offer a "universal" range of both financial and non-financial products and services.

Use cases of customers who currently use agents

Money transfers

| 71% |
| 57% |
| 78% |

Deposits

| 57% |
| 69% |
| 67% |

Withdrawals

| 50% |
| 53% |
| 61% |

Utility payments

| 62% |
| 65% |
| 61% |

Legend: ■ Bangladesh ■ India ■ Kenya

*Customers in Kenya deposit money to their wallets so that they can transfer the money ahead.

MSC

Gender differences were also observed in the services used through CICO agents

Bangladesh

Men / Women values:
- Deposit/Cash-in: 73% / 64%
- Withdrawal/Cash-out: 63% / 61%
- Utility payment: 57% / 54%
- School fee payment: 34% / 16%
- Money transfer: 69% / 79%
- Airtime/internet top-up: 23% / 32%
- Getting loans: 35% / 47%
- Transfer money to mobile money account/wallet: 34% / 39%
- Purchase of insurance products: 18% / 33%

■ Men ■ Women

India

Men / Women values:
- Deposit/Cash-in: 70% / 68%
- Withdrawal/Cash-out: 59% / 47%
- Utility payment: 59% / 71%
- School fee payment: 45% / 36%
- Money transfer: 57% / 56%
- Airtime/internet top-up: 26% / 38%
- Getting loans: 33% / 36%
- Transfer money to mobile money account/wallet: 39% / 42%
- Purchase of insurance products: 21% / 22%

■ Men ■ Women

Kenya

Men / Women values:
- Deposit/Cash-in: 72% / 67%
- Withdrawal/Cash-out: 52% / 60%
- Utility payment: 48% / 64%
- School fee payment: 33% / 30%
- Money transfer: 79% / 73%
- Airtime/internet top-up: 37% / 28%
- Getting loans: 32% / 40%
- Transfer money to mobile money account/wallet: 53% / 42%
- Purchase of insurance products: 22% / 27%

■ Men ■ Women

Key insights

- The top four use cases at agent points have minimal gender differences between them.

- However, beyond the four prominent use cases, gender differences were significant for a few products. For instance, more men use CICO agents to pay school fees in Bangladesh. On the other hand, more women use CICO agents for utility payments in Kenya and for internet top-ups in India.

Recommendations

- Several studies have shown that women, especially low-income women, have more complex and differential financial needs than men. Therefore, we need to understand and analyze women's needs and contexts to improve outcomes for them and expand CICO agent networks.

- There is a clear need to diversify the use cases at CICO agent outlets to incorporate a gender perspective and better address women's needs.

MSC

Lead authors

Nikhita Jindal | Surbhi Sood

Samveet Sahoo | Edward Obiko

Vineet Anand

Contributing authors

Anil Gupta | Anisha Malhotra

Gregory E. Ilukwe | Neha Mallick
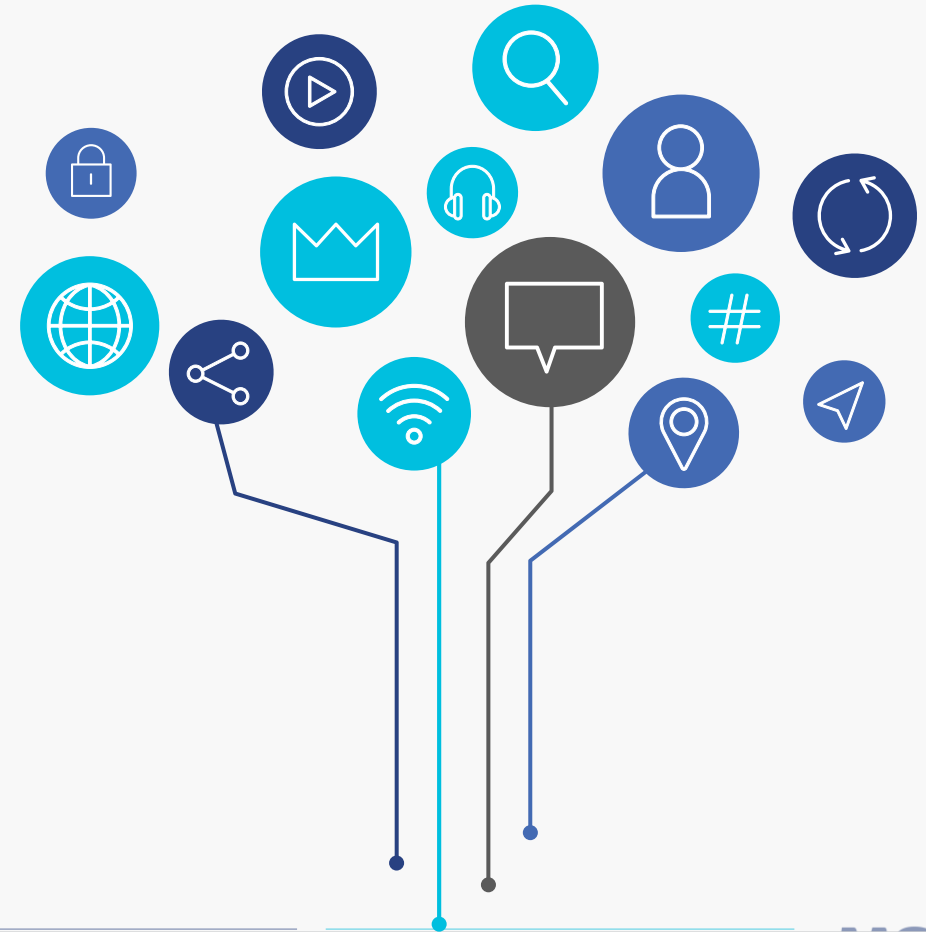
Shahrukh Ahmad | Shrutkirti K. Dhumal

Graphic designers

Kamiya Satija

Nikhil Sati

Copy editors

Rahul Ganguly | Vaishali Ashoka Patra |

Padma Angmo

MSC

Annexes

Attributes defined for "trust" and "convenience"

Factors that build "trust" in CICO agents

Known person:
The agent is someone who is familiar to the user, which can enhance reliability and comfort in transactions.

Branding:
The agent represents a financial service provider with a reputable and credible brand, which reinforces the user's confidence in the services provided.

Dependable financial service provider:
The agent offers services through a financial institution known for its reliability and operational consistency.

Factors that provide "convenience" to use CICO agents

Proximity or closeness to the user's house:
The agent is located nearby, which makes it easy and quick for users to access their services.

Quick service
The agent provides fast and efficient service, which minimizes wait times and makes transactions swift.
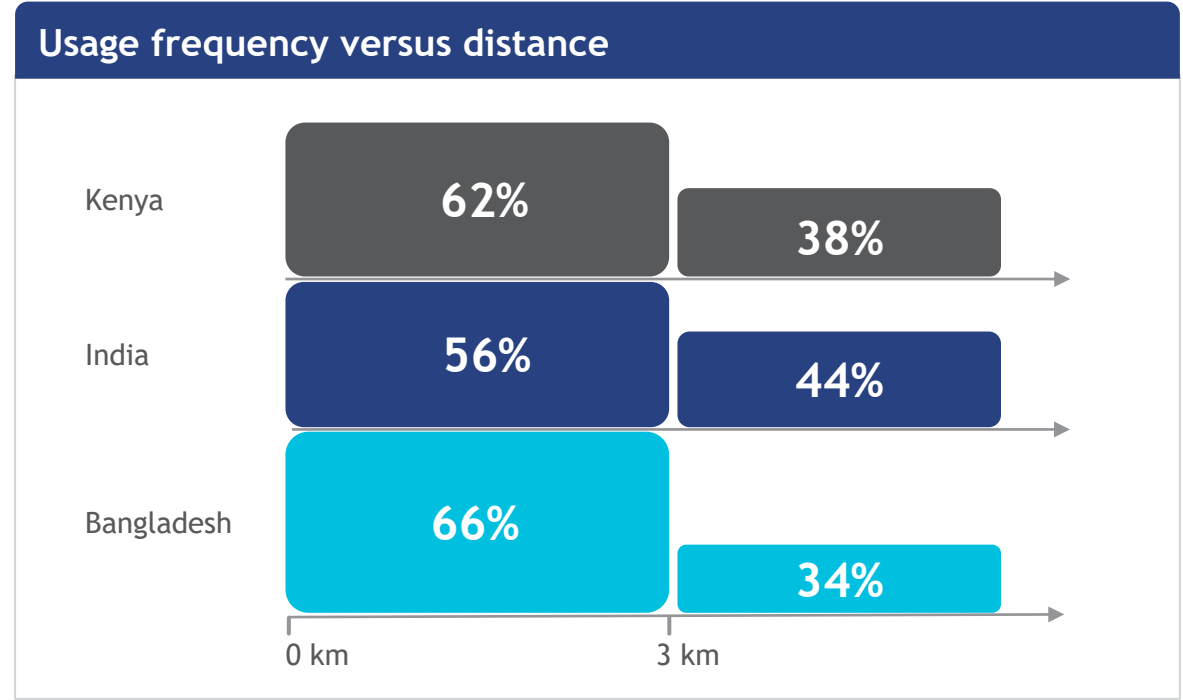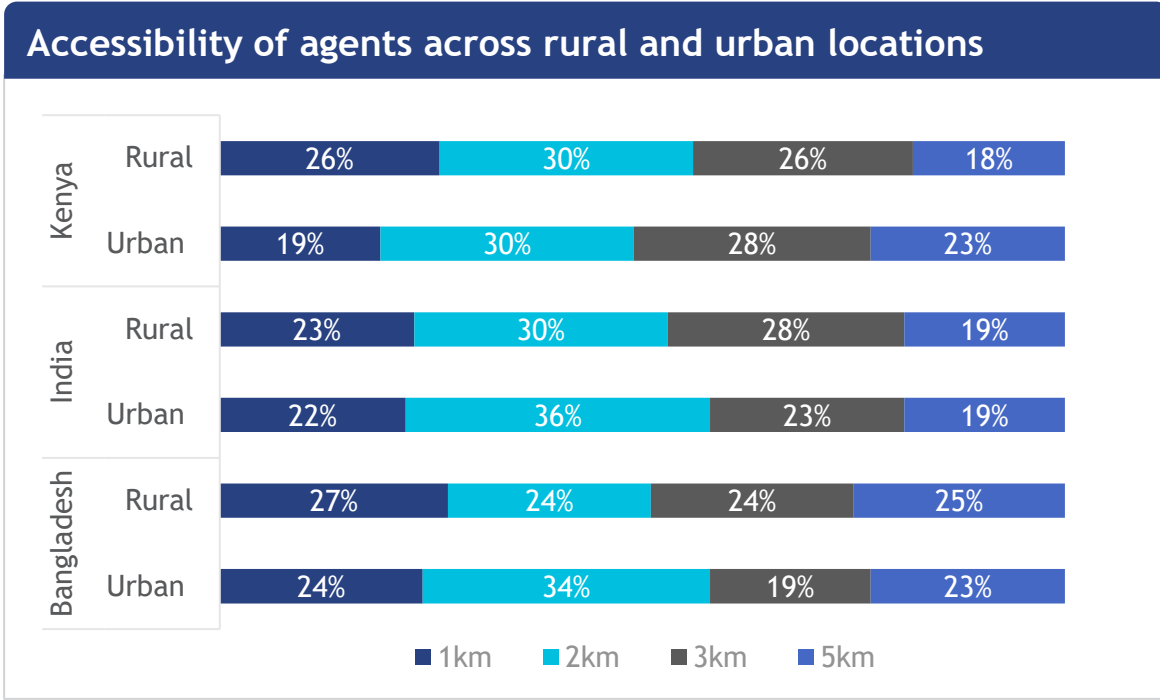
Customer support:
The agent offers helpful and accessible customer support and addresses user needs and concerns promptly.

*These attributes have been inspired from MSC's previous studies and have been remodelled for the present context of CICO agent network usage.

MSC

The proximity to agents determines the frequency and types of use cases for which agents are used

Accessibility of agents across rural and urban locations

Kenya

	1km	2km	3km	5km
Rural	26%	30%	26%	18%
Urban	19%	30%	28%	23%

India

	1km	2km	3km	5km
Rural	23%	30%	28%	19%
Urban	22%	36%	23%	19%

Bangladesh

	1km	2km	3km	5km
Rural	27%	24%	24%	25%
Urban	24%	34%	19%	23%

■ 1km ■ 2km ■ 3km ■ 5km

Usage frequency versus distance

	0 km — 3 km	beyond 3 km
Kenya	62%	38%
India	56%	44%
Bangladesh	66%	34%

0 km   3 km

Insights

- Approximately 80% of customers in the three countries have an agent within a 5 km radius. However, the underline agent must be within a 2-km radius for CICO usage to be convenient. This is observed in the CICO usage frequency among the customers, wherein approximately 60% of customers use CICO agents more than once a month if they are within a 3 km radius. As soon as the CICO agent is placed beyond a 3 km radius, CICO usage drops significantly.

- Comparatively, Bangladesh (32%) and Kenya (24%) have witnessed a steeper decline in the frequency of CICO usage based on distance compared to India (12%). The aftereffects of COVID-19 restrictions have impacted the frequency of CICO agent usage. These include reduced transactions at agent outlets and increased risks of fraud in these countries.

MSC

Sectors we work in

Banking, financial services, and insurance (BFSI)

Water, sanitation, and hygiene (WASH)

Government and regulators

Micro, small, and medium enterprise (MSME)

Social payments and refugees

Youth

Gender equality and social inclusion (GESI)

Education and skills

Digital and FinTech

Agriculture and food systems

Climate change and sustainability

Health and nutrition

Multi-faceted expertise

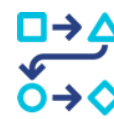**Advisory that helps you succeed in a rapidly evolving market**

Policy and strategy

Products and channels

Research, evaluation, and analytics

Organizational transformation

Digital technology and channels

Catalytic finance

Design thinking and innovation

Marketing and communication

Training

Government regulations and policy

Data Insight

Customer protection and engagement for responsible finance

MSC

MSC is recognized as the world's local expert in economic, social and financial inclusion

International financial, social and economic inclusion consulting firm with **25+** years of experience

>300 staff in **10** offices around the world

Projects in **~68** developing countries

Our impact so far

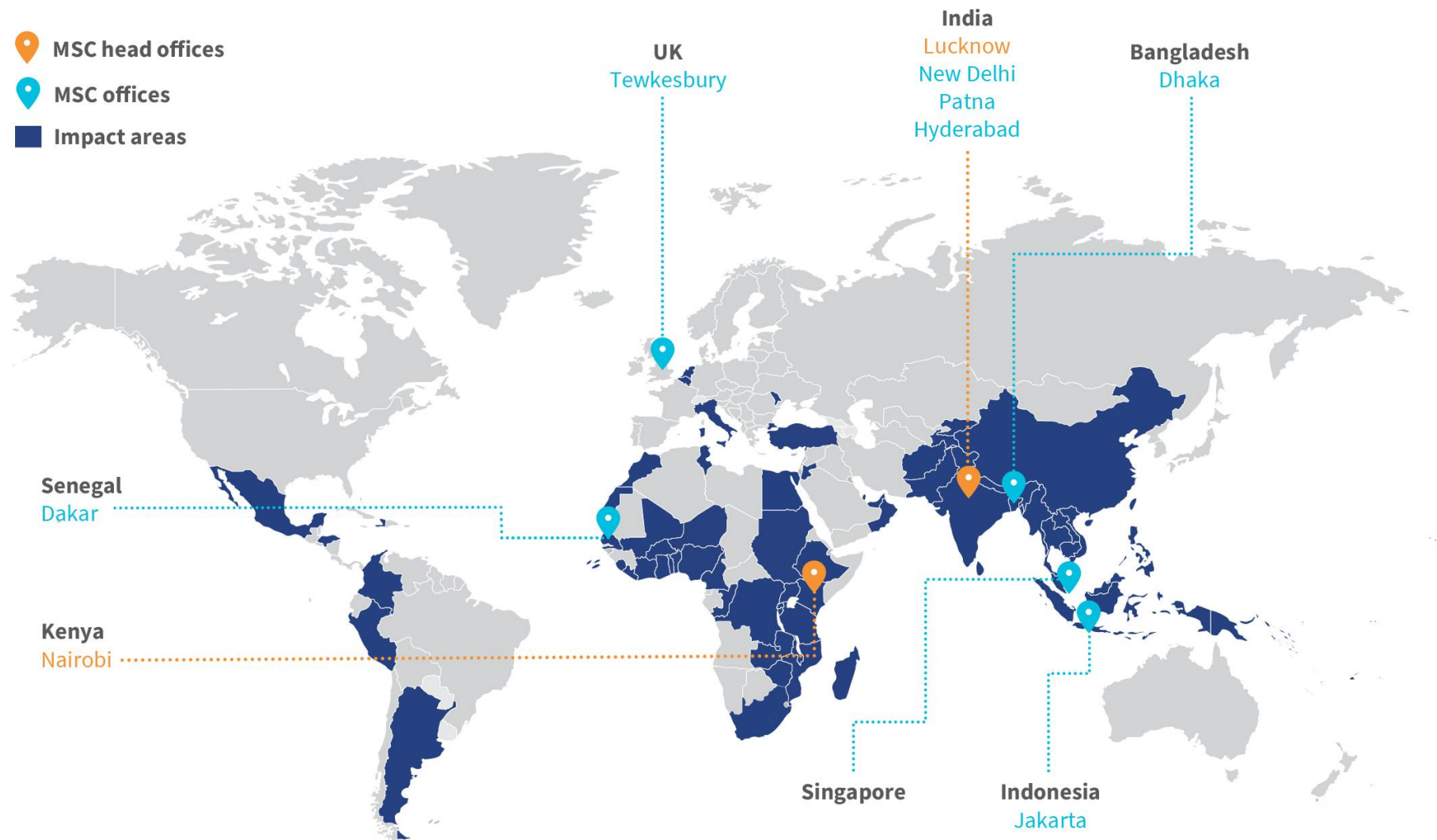|	
>550 clients	**>1,400 publications**
Assisted development of digital G2P services used by **>875 million people**	Implemented **>950 DFS projects**
Developed **>300 FI products** and channels now used by **>1.7 billion people**	**Trained >11,100** leading FI specialists globally

Some of our partners and clients

BILL & MELINDA GATES foundation | MetLife Foundation | mastercard foundation | IFC International Finance Corporation WORLD BANK GROUP

UNCDF | USAID FROM THE AMERICAN PEOPLE | WORLD BANK GROUP | CGAP

OMIDYAR NETWORK | ADB ASIAN DEVELOPMENT BANK | NPCI National Payments Corporation of India | NITI Aayog

dfcuBANK ...with pleasure | EQUITY | FamilyBank With you, for life | FirstBank Since 1894

Safaricom | Centenary Bank | m-pesa | MTN Mobile Money

Center for Global Development | airtel | vodafone | moov no limit

UKaid from the British people | Michael & Susan Dell FOUNDATION | OJK OTORITAS JASA KEUANGAN | Ecobank The Pan African Bank

CESAG | BURO Bangladesh | SCBF | avpn

CIFAR ALLIANCE | Bank Asia FOR A BETTER TOMORROW | BRAC BANK

MSC

MSC head offices

MSC offices

Impact areas

UK
Tewkesbury

India
Lucknow
New Delhi
Patna
Hyderabad

Bangladesh
Dhaka

Senegal
Dakar

Kenya
Nairobi

Singapore

Indonesia
Jakarta

MSC corporate brochure | Email: info@microsave.net | Website: www.microsave.net

MSC
MicroSave Consulting