



Agents at the Last Mile
Unlocking Rural CICO Agent
Networks for Financial Inclusion

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Agenda

01 Agent Networks and Sustainable Development

02 CGAPs research on Agent Networks at The Last Mile

03 Panel Discussion

04 Q&A

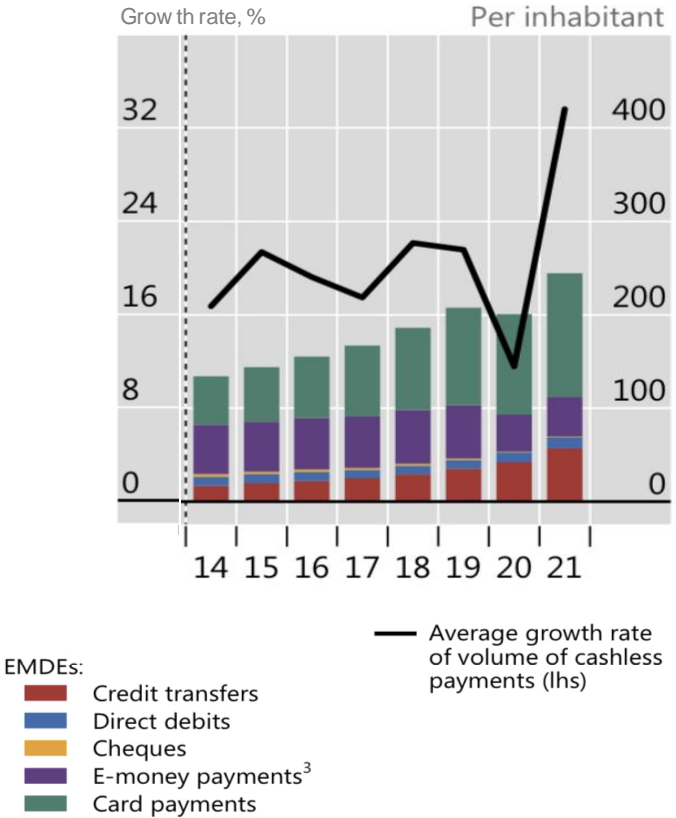
The importance of agent networks on development

Adam Yussif, 2017 CGAP Photo Contest

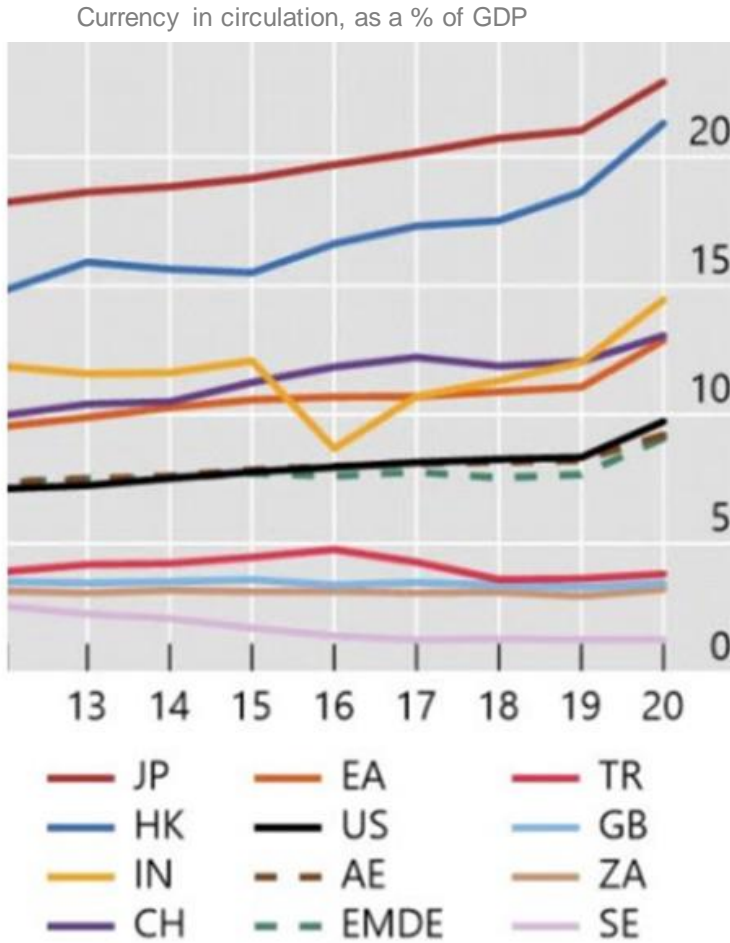
Low-income customers need CICO agents to do digital transactions because most of their income is received in cash

In most emerging markets, cash use is growing along with DFS transactions.

The share of cashless payments has increased...



... but the use of cash does not decline



With 60% of the global workforce employed in informal economic sectors that pay in cash, enabling CICO agent networks allows most low-income customers in developing countries to use DFS.

¹ Data prior to 2014 may have been subject to changes in reporting methodology. Therefore, data are shown only from 2014 onwards. Only countries are included for which the Red Book statistics contain data about cashless payments. The AE and EMDE aggregates are unweighted averages across countries. In this graph, advanced economies (AEs) include AU, BE, CA, CH, DE, ES, FR, GB, IT, JP, NL, SE and US; and emerging market and developing economies (EMDEs) include AR, BR, CN, ID, IN, KR, MX, SA, SG, TR and ZA. ² The average growth rate is calculated using growth rates based on the value in local currencies, adjusted by CPI inflation. ³ The distinction between card and e-money payments is not available for CA, CN, GB, MX, SA and ZA. For these countries, e-money payments might be included in card payments.

Source: BIS (2022). [The pandemic, cash and retail payment behavior: insights from the future of payments database](#)

However, there are persistent **gender** and **rural gaps** in CICO network coverage that leave most of the world's financially underserved and excluded people from financial services ecosystems.



CGAPs research on Agent Networks

Nicolas Réméné, 2020 C4D

CGAP's 4-year journey to identify solutions to rural agents

Global principles for effective cash-in/
cash-out agent networks in rural areas

Typical regional market journeys
for rural CICO agent networks

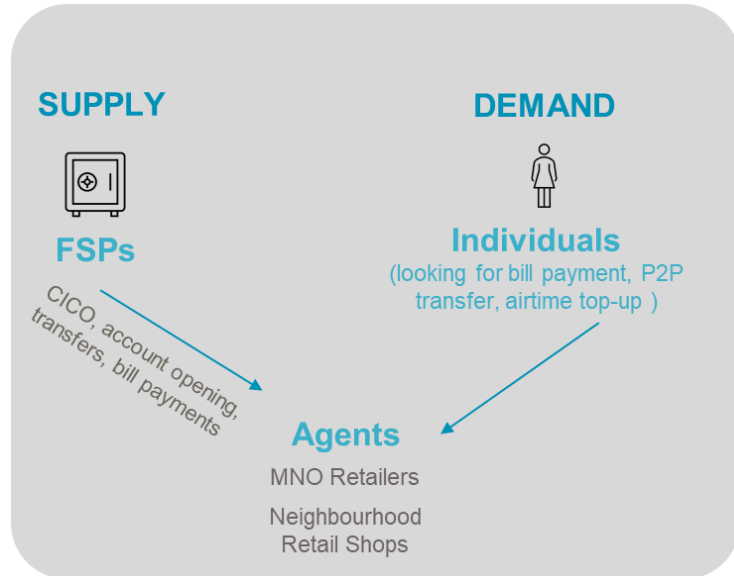
Key country-level actions to
unlock rural CICO agent networks



Solutions at a glance: aggregation of services

Innovative business models by **Agent Network Managers (ANMs)**, have transformed the agents' business

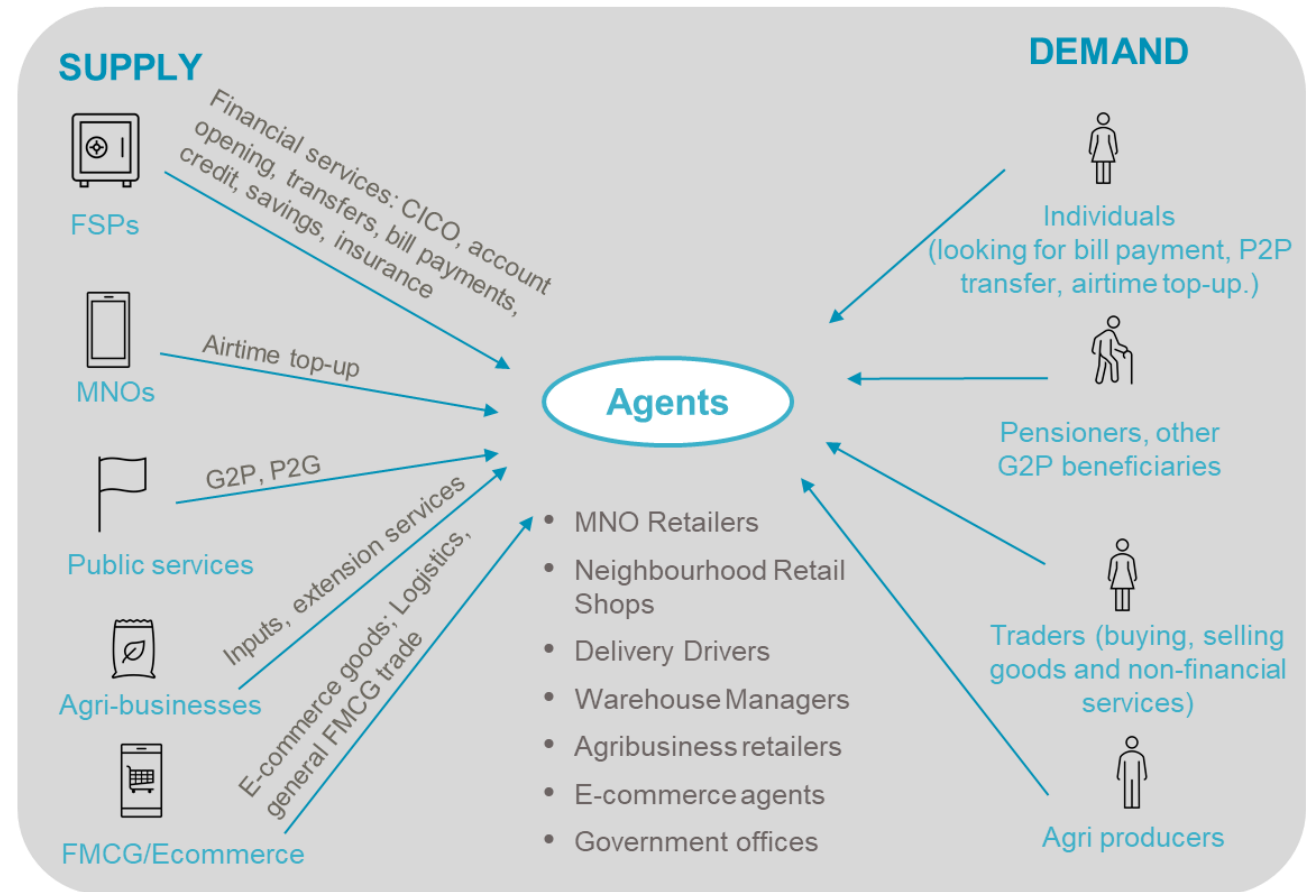
From this:



The speed and diversity of service aggregation observed has been greater among bank-led models in East and South Asia, and Latin America relative to MNO-led models in Sub-Saharan Africa.

Service aggregation through diverse agent profiles is key to increase average transactions per customer, agent revenue, and viability.

To this:





5 key actions to unlock agent networks in rural areas

Anas Kamal 2018 CGAP Photo Contest

5 key actions that unlock rural agent networks and more effectively deliver the benefits of DFS

1 **DFS providers** to build a vision for rural expansion by understanding the business potential and required investments



2 **Regulators** to get lower-tier know-your-agent (KYA) requirements right



3 **DFS providers and policymakers** to find adequate investment schemes for training rural agents and building a rural salesforce



4 **DFS providers** to define a roadmap for outsourcing rural agent management

5

All stakeholders to capture the potential of women agents by solving skill and asset gaps and designing around gender restrictive norms

1

DFS providers to build a vision for rural expansion by understanding the business potential and required investments

Main Barriers

- There are important differences in the **needs and preferences** between **rural agents and customers**, and their urban counterparts.
- Providers often **underestimate** changes in their **product strategy** and **delivery channels** necessary for last-mile expansion.
- **Unrealistic expectations** lead to costly, **unanticipated investments** and, in many cases, to the **cancellation** of the initiatives.

Key Actions

DFS providers should conduct **rural market assessments** - of customers and agents - to **inform and validate** the initial business plan for a viable rural DFS expansion.

From branches to agents: Bancolombia's journey towards serving the Last Mile



Easy and Instant Loan



India Post Payments Bank agents pave the way for digital lending in rural areas

2 Regulators to get lower-tier know-your-agent (KYA) requirements right

Main Barriers

- Often, KYA requirements are based on due diligence and documentation that typical urban agents can comply with.
 - When KYA requirements fail to incorporate the realities of rural entrepreneurs, few will qualify to become agents despite not representing any increased risks - greatly limiting DFS providers' ability to go rural.
-

Key Actions

- Regulators should use a risk-based approach sensitive to the realities of rural agents, while maintaining local markets' risk at acceptable levels.
- Regulators can also work with DFS providers to create provisions and M&E compensating for risks that cannot be reduced or eliminated.

Brazil
Colombia
Ghana
Morocco
Pakistan

Simplified KYA regulations that led to wider financial inclusion

Empowering rural women in India to become agents through simplified KYA requirements



3

DFS providers and policymakers to plan adequate investments for training rural agents and building a salesforce

Main Barrier

- The most **critical and costly** activity relates to **training** agents and developing a **salesforce** team.
- This is critical to building **customer trust** and **rural demand** for DFS.
- This often creates significant challenges for DFS providers that can **halt rural expansion** initiatives.

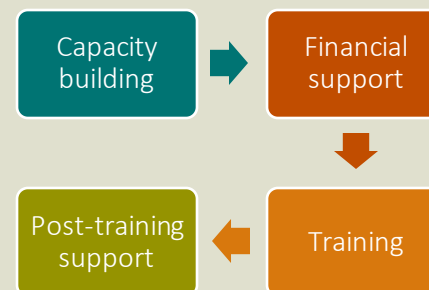
Key Action

- Given the **high potential** of rural agent networks for **financial inclusion**, there is a strong case for **public-private collaboration** to achieve this objective.
- The public sector can **subsidize** or **co-invest** in these activities to help providers cover **initial training costs** and **build demand** to go rural.

Rural Taobao, China's Public-Private collaboration transformed agent networks at the last mile



India's Government-sponsored Bank Sakhis training program



4 DFS providers to define a roadmap for outsourcing rural agent management

Main Barrier

- **Recruiting and managing** agents' costs **increase** significantly as rural areas become **more remote**.
- Providers commonly face **challenges** in finding their optimal rural agent **outsourcing strategy** and **operationalizing** it.
- The two most **common reasons** are being unable to make agents **viable** and not **finding the correct partner**.

Key Actions

- **Outsourcing to ANMs** is a process that should not be rushed or forced - DFS providers will find **different models** more fitting to their strategy and customer base.
- DFS providers must go through a learning curve to develop the teams and adapt processes to expand rurally.
- They should **seek long-term partnerships** with firms with a **robust local presence** and where there is room for **growth for both businesses**.

Bancolombia's diverse agent network management strategies for rural expansion

Onboarders	Agreggators	Retailers	Robusts
<ul style="list-style-type: none">• Exclusive• Managed by Bancolombia	<ul style="list-style-type: none">• Non-exclusive• Managed by ANMs	<ul style="list-style-type: none">• Non-exclusive• Managed by super markets	<ul style="list-style-type: none">• Exclusive• Managed by ANMs

Bukalapak and Komida explore a new partnership to extend DFS into rural Indonesia



5

All stakeholders to capture the potential of women agents by solving skill and asset gaps and designing around gender norms

Main Barriers

Women agents can perform equally or better than male agents when provided with adequate support. However, women agents tend to face gender-induced barriers that hinder their potential:

- Gaps in hard and soft skills and business acumen.
- Lack of working capital and assets.
- Restriction on time, mobility, and who they can interact with.

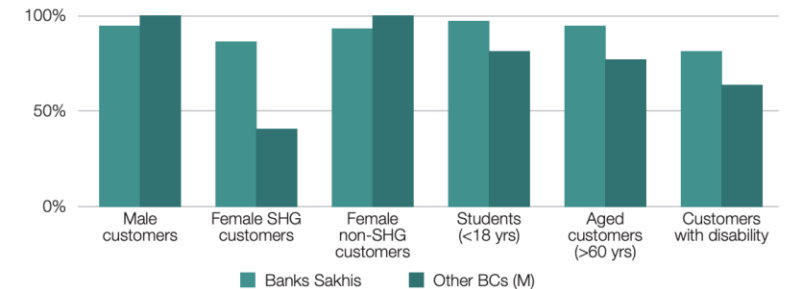
Key Actions

- **DFS providers** need to **assess the benefits and costs** of onboarding women agents as part of the analysis of all the other Key Actions.
- **Policymakers** can **subsidize women's training** to reduce pre-existing skills gaps and help DFS providers to cover training costs.
- **Policymakers** can **invest in programs** that support women in dimensions where **gender-restrictive norms** put them at a disadvantage.
- **Regulation** should **identify and address gender regulatory constraints** that hinder women's participation in CICO networks as customers and agents.

Exploring the Potential of Women Agents: A Study of the Bank Sakhis in India



Percentage of Bank Sakhis vs. other agents, also known as Business Correspondents (BCs), serving different customer segments



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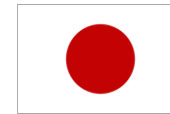
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