

Reaching customers at the last mile through agent networks

The Challenge

Rural development is central to reducing poverty because nearly 80 percent of people experiencing poverty [live in rural areas](#). It is widely accepted that financial services for people who are poor and excluded are key enablers in achieving rural development goals. However, increasing access to and usage of financial services in rural areas is challenging and expensive as these areas are remote, sparsely populated, and poorly connected by ICT infrastructure. Digital financial services (DFS) can help lower these costs for providers, making it more viable for them to reach and serve rural customers experiencing poverty at scale. However, for DFS to be used by rural customers, a network of human touchpoints, known as Cash-in/ Cash-out (CICO) agent networks, is needed—especially in rural areas where cash still dominates all income and expense transactions.

CGAP's Role

Over the past five years, CGAP researched innovations, practices, policies, and regulations that enable greater reach and quality of rural agents. We did this through local assessments and industry pilots in Colombia, Côte d'Ivoire, India, Indonesia, Morocco, and Pakistan.

In **India**, CGAP joined forces with the World Bank to identify recommendations for banking policies and practices that would further increase the participation of, and benefits to, women as rural agents.

In **Indonesia**, CGAP also partnered with the World Bank to deliver technical support to Otoritas Jasa Keuangan (OJK), the national banking regulator, to help assess improvements in their agent regulation to enable DFS providers to reach rural areas.

CGAP worked with DFS providers in **Côte d'Ivoire** to assess opportunities to expand rural agent networks, and we recommended cost-effective ways to better incentivize agents.

In **Colombia**, CGAP partnered with the government's financial inclusion agency, Banca de las Oportunidades (BDO), to conduct the first-ever study of agent geo-positioning at the national level and identify the precise areas that were unserved, despite having the right conditions for agent operations.

CGAP also conducted an assessment for **Morocco's** central bank, Bank Al-Maghrib (BAM), to suggest regulatory enhancements that would enable the expansion of a nascent agent network.

CGAP's Impact

CGAP's work in multiple countries led to the adoption and implementation of research findings by government agencies, policy makers, and financial service providers to enable the expansion of rural agent networks. CGAP's broader guidance continues to be used beyond the pilot countries.

In **India**, our recommendations are helping to enable DFS providers to deliver on the government's goal of increasing the percentage of women agents to 30 percent. The Business Correspondents Federation of India adopted and continues to advocate for CGAP's recommendations, fostering ongoing uptake by financial service providers.

In **Indonesia**, informed by CGAP's key recommendations, OJK published a revised regulation for banks, allowing them to contract private third-party agent network managers (ANMs)—a more economical and efficient solution to deploy agents in rural areas. This reform allowed providers to start testing these new and more cost-effective ANM models on the ground with CGAP guidance.

Côte d'Ivoire's national agency for financial inclusion under the Ministry of Finance, APIF, formally incorporated CGAP's recommendations to develop new rural agent incentive schemes in its 2024 work plan, and is working with key public and private stakeholders to implement these recommendations.

Colombia's BDO adopted, published, and disseminated insights from the CGAP-supported agent geo-positioning analysis, which is informing how to target public policies better to onboard financially excluded customers. These insights also inform the industry on where they can keep expanding their agent network's coverage.

Considering CGAP's analysis of the realities of rural agents, **Morocco's** BAM modified regulations to reduce the barriers to onboard these agents and to allow rural customers to use low-tier accounts. Additionally, lead providers tested new and simplified agent onboarding methods enabled by regulation with CGAP guidance.

This influence was made possible by [CGAP's members](#): more than 30 leading development organizations.