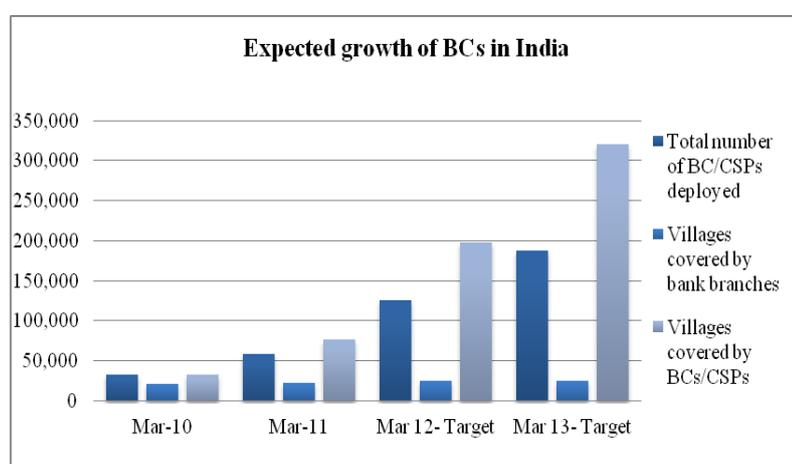


The State of Business Correspondence: Agent Networks in India

Ann-Byrd Platt and Akhand Tiwari¹

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By the end of March 2012, the Reserve Bank of India (RBI) hopes to achieve two milestones in its push for full financial inclusion: bank agents in close every rural Indian village with a population of more than 2,000, and the introduction of “ultra-small branches” in these villages to encourage closer ties between retail banks and their local agents.² The role of these agents and their Business Correspondent Network Managers (BCNMs) is critical to the long-term success of India’s financial inclusion initiatives. *MicroSave*’s recent focus on agent finances and a new Rapid Agent Assessment methodology is particularly pertinent right now.



The Current Situation

India’s financial inclusion efforts are in a difficult transition period at present. Despite the RBI’s commendable efforts to move financial inclusion aggressively forward (the targeted increase is for 300,000 villages next year), almost no one immediately involved with these efforts is happy with the current state of affairs. Very few agents break even, much less make a profit, as “customer service points” (CSPs) for banks. They endure erratic commissions and late payments, technology delays that cost them

money and customer trust, little support for marketing and advertising, and even less contact with the banks they are representing. The recent RBI ultra-small branch initiative noted above may help—especially since *MicroSave* research shows that many agents sign up for this job at least in part for the prestigious association with the public sector banks..

The agents’ managers, the BCNMs, do not currently enjoy a close cooperation with the banks either. They must also struggle to keep up with agent inactivity—as high as 73%—and churn (many new agents quit after nine months or sooner);³ unreliable servers and connectivity, particularly in rural areas; liquidity management, insurance, and security risks for both cash-in and cash-out agents; and late bank payment of agent commissions. (How the ultra-small branches will affect their agent-management role moving forward is an open question. Many may now assume more responsibility as technology service providers.)⁴ Perhaps the worst indictment of financial inclusion so far is that the intended beneficiaries—very poor people without access to full banking services—are also too often unsatisfied. They do not wish to be treated as “tiny”, worthy of only “no frills”. They want passbooks, ATM cards, and real-time balance information, just like any other bank customer.⁵ Many actually prefer dealing with local agents they know.⁶ Travel time

¹ Authors thank all *MicroSave* staff who implemented Rapid Agent Assessment and Agent Journal tools across the country in diverse geographies and conditions.

² For more information, please see RBI/2011-12/425, DBOD.No.BL.BC. 82/22.01.009/2011-12, March 02, 2012; and F.No. 21/13/2009-FI, Government of India, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Sansad Marg, New Delhi, 9 February, 2012.

³ *MicroSave* has completed RAA reports for A Little World, AISECT, Bartronics, Beam, Integra, Drihstee, Geosansar, Itzcash, Nokia Money, Sub-K, USE, and Vodafone-HDFC’s M-Paisa. *MicroSave* will soon complete RAA reports on Atyati, Commonwealth Inclusive Growth Services Ltd., HCL, Integra, Janalakshmi, Oxigen and SEED.

⁴ http://articles.economictimes.indiatimes.com/2012-03-15/news/31197113_1_bc-companies-banks-e-payment

⁵ See Platt, R. et al. “No Thrills – Dormancy in No Frills Accounts”, *MicroSave*, 2011

and queues are shorter than bank branch service,⁷ and agents tend to be more patient with illiterate and elderly customers. However, almost daily server downtime, plus the agent turnover in many areas, do not inspire trust. And without trust there is no banking.

Toward A Better Solution

With all these issues in mind, *MicroSave* devised a [Rapid Agent Assessment \(RAA\)](#) tool to help all parties involved understand the specifics of the underlying problems and how best to address them. It has been tempting in some circles to imagine that agents and BCs are simply not trying hard enough. They are too easily discouraged and too quick to complain when easy profits are not forthcoming. The RAA studies, and their accompanying Agent Journals (AJs),⁸ tell a rather different story. Please see below for **RAA Research Findings**.

First, a brief word about the RAA methodology. In the 13 RAA studies,⁹ plus the three AJs, from August 2011 to February 2012, *MicroSave* interviewed 560 individuals, including agents and their customers, network managers, and bank staff, in 29 districts covering urban, semi-urban, and rural areas. This process continues as *MicroSave* conducts more RAAs on new entrants and repeat RAAs on the larger BCNMs. (For a more detailed understanding of the BC network managers included in this Summary Overview, please see the chart on page 7).

“Rapid” means three to five days of four to six staff on-site to delve into the quantitative and qualitative aspects of:

- commission structure and pricing
- cash management and e-float
- capital and operating costs
- organisational structures
- product features
- processes and coordination
- technology

This assessment tool also notes the benefits and drawbacks in the study topics above and provides recommendations where appropriate. The March 2nd, 2011 RBI circular, allowing interoperability between banks for BC services, will add to and change the list above, particularly with regard to government disbursements. Two related *MicroSave* case studies delve further into the practical application for agents and their customers in G2P situations. One involves Eko mobile money transfers to accredited community health activists who serve the state, district and primary health centres.¹⁰ The second focuses on FINO and the U.P. Forest Corporation’s improved point-of-sale card payment and accounting system for the collection of tendu leaves for Indian cigarettes in Uttar Pradesh.¹¹ Both studies demonstrated truly remarkable improvements in the efficiency, integrity and accuracy of these payment systems, and highlighted the real potential mobile money has to revolutionise G2P in India.

⁶ See [Tiwari A., et al. “Optimising Agent Networks in Gujarat, *MicroSave*, 2011](#) and [Lahiri A., et al., “Optimising Agent Networks in Uttar Pradesh”, *MicroSave*, 2011](#)

⁷ See [Tiwari, A., et al. “The Answer Is “Yes” – Cost and Willingness to Pay In India”, *MicroSave*, 2011](#)

⁸ Forthcoming on www.MicroSave.net

⁹ One BCMN, Nokia Money, recently announced on March 12th, 2012 it will shut down its mobile banking service and focus instead on handset sales and development.

¹⁰ Pending publication: Mehta et al. “Review of MMT Payments to Accredited Social Health Activists (ASHAs) in Sheikhpura, Bihar”.

¹¹ See [Kumar, M., et al. “FINO Tendu Patta Collectors Case Study, Lalitpur, Uttar Pradesh”, *MicroSave*, 2011.](#)

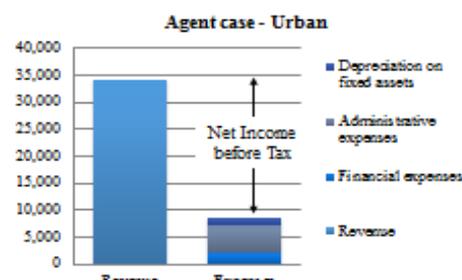
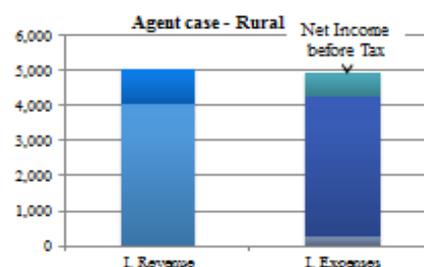
RAA Research Findings

The studies reveal the following:

- **Very few agents make a profit** as a customer service point for banks. Urban agents who offer remittances in migrant neighbourhoods with shops that attract constant traffic can clear almost Rs.10,000 in monthly profits. But these instances are rare (only 2-3%). The more normal situation for urban agents is close to break-even with little hope of achieving their net-income expectations of Rs.20,000-30,000 per month from their CSP business.

Agent economics

Agent Detail	Case 1 Rural	Case 2 Urban
Place	Account opening and government payments	Remittance (Deposit into Bank account)
Products	5 months	5 months
Duration	50 - 60	35
Volume of business (per day)	30,000	70,000 to 350,000
Value of business (per day)	100	45% of the charges levied by the Bank
Average number of accounts opened per month	10	0.45%
Commission for account opening	2,000	
Commission for withdrawal		
Claimed income		
I. Monthly income based on commission	5,050	34,087.50
Working capital investment	30,000	200,000
A. Financial Expenses		
Interest on working capital	300	2,000
B. Administrative Expenses	4,000	5,300
Rent	700	Own building
Interest	800	800
Salary	2,000	3,500
Electricity	200	500
Stationery	300	500
C. Depreciation on Fixed Assets		
Furniture and computer	666.67	1,250
II. Total Expenses	4,966.67	8,550.00
Net Profit/Loss	83.33	25,537.50



- o **E-float**, or the “deposit guarantee” balances agents must maintain in their own accounts to finance electronic money transfers, requires significant (and often expensive) working capital. Daily outlays at the start of business vary from Rs.2,000 to Rs.200,000 in a shop with high-volume remittances.
- o **Commissions** vary considerably per agent (from Rs.300-500 at the low end to Rs.20,000-30,000) but the one constant seems to be long delays in payment. Banks and BCNMs are often both at fault.

“Isme retailer ke liye kuch nahi hai. Company margin to degi nahi” (There is no future for retailer because the company will not give us enough margin) – A BC agent in Delhi

- **Urban vs. rural agent income.** Business correspondent network managers (BCNMs) offer their services in 76,801 villages and 3,653 urban locations.¹² The urban agent working for a BCNM generally earns more than his rural counterpart. The Bank of India pays its BCNMs Rs.4,500 per urban agent and only Rs.3,000 per rural CSP – and expects all but Rs.500 of these amounts to be paid as a base salary to the agents. Commission income is also notably better in cities. Urban CSPs can complete more transactions with more customers—resulting in up to 300 times more profit in high-volume shops—and attracting new business is significantly easier than it is for village agents. Expenses are lower in commercial areas outside cities, but the difference is less marked than might be expected.

“Hum logon ke parivar me Rs.5,000-7,000 ka kharch aata hai, isme agar hum jee jaan sab laga bhi den to Rs.1,800-2,000 se jyada kisi bhi keemat se nahi kama sakte”. (My family expenses come to Rs.5,000-7,000 per month. If I do this business whole heartedly also, it is impossible to earn more than Rs.1,800-Rs.2,000.) - Agent, Dinapur,

Remittances, the most lucrative agent business, further underscore the unfair differences in income. An urban CSP can charge the full 2% on a Rs.5,000 transfer and make Rs.100, whereas many rural agents never see comparable returns because remittance recipients typically must collect

¹² <http://www.livemint.com/2012/03/05001550/Stage-set-for-introduction-of.html>

the money transfer at a local bank branch, bypassing their services altogether. Those rural agents who are allowed to manage a remittance cash-out will earn Rs.22.50 on the same transaction.¹³ Despite lower fees, rural agents still assume the same costs for e-float requirements and security risks. Their liquidity management costs for the often large remittances requiring cash-out services are also much higher.

Yet it is these same rural areas that will need hundreds of thousands more CSPs in the coming months to fulfil government's ambitious directives for financial inclusion. Candidates could be forgiven, however, for choosing to work only in cities, if at all.

- **More options for enterprising agents.** The economic reality outlined above notwithstanding, this is a varied landscape for business opportunities and a potentially encouraging one. Yes, internal remittances are the predominant money-maker and will doubtless continue to attract new followers. (Eko and ALW lead, with FINO and Oxigen close behind. Sooner or later, all BCNMs will join in.)
 - o But **G2P specialists** for MGNREGA,¹⁴ Social Security Pension (SSP), *Rashtriya Swasthya Bima Yojana*,¹⁵ ASHA, Tendu Patta (see *MicroSave* case studies mentioned above), and other government disbursements help buoy rural BCs (AISECT, FINO, Eko). This line of business seems set to increase significantly.¹⁶ The mobile prepaid payment services (Beam, the former Nokia Money, Vodafone-HDFC M-Paisa and Airtel Money) and prepaid cash cards (ItzCash) are moving aggressively beyond just mobile recharge and utility payments to include rail and air tickets, DTH-TV recharge and cinema tickets.¹⁷ Even insurance is increasingly popular as a third-party offering (Geosansar for LIC, Bajaj Allianz and SBI Life).
 - o **No Frills Accounts (NFAs) and savings are faring less well** in this diverse marketplace. Agent commissions on NFA transactions are too low to encourage activity; only one-fifth of

In a related assessment of 11 leading BCNMs,* *MicroSave* research findings include:

- **The major constraints** limiting BC business, according to BCNMs, are low profit margins, capital financing, the restricted product offering, low customer awareness, and technology.
- **Their suggestion for banks:** broader product offering (for example, combined savings-insurance, bill payment, MFI loan payments, overdraft protection, other small lines of credit), increased commissions and faster payment, and more marketing support.
- BCNMs also want more clarity from banks on **commission payment schedules**. Agents are confused and BCNMs often cannot help.
- They also mention **financing support** for their capital needs, better bank staff understanding of financial inclusion, and financial education.
- BCNMs want more bank involvement in **agent training**, particularly for grievance resolution. (Currently BCNMs manage all training and efficient, effective systems for customers' complaints need more bank attention.)
- Three large BCNMs mention more than **40% agent churn**. Five note that more than half their customers' accounts are dormant.

* The BCNM Forum members' "State of the Business" survey conducted by *MicroSave* February 2012.

¹³ For a more comprehensive understanding of internal remittances in India, please see footnotes 18 and 19, plus *MicroSave*'s research papers http://www.microsave.org/research_paper/understanding-remittance-networks-in-punjab-and-uttar-pradesh

¹⁴ Mahatma Gandhi National Rural Employment Guarantee Act

¹⁵ *Rashtriya Swasthya Bima Yojana* is a government health insurance scheme covering poor households for hospitalisation expenses up to Rs.30,000 and already has more than 25 million cards already distributed and 2.5 million hospitalisation cases already settled.

¹⁶ See *MicroSave* Policy Brief 1 "Electronic and Mobile Banking in India: Gearing-up for Growth"

¹⁷ These RAA and AJ studies focus primarily on low-income customers without the means to buy airline tickets or other expensive purchases. Nevertheless, banking and its attendant services, when done well, are always aspirational. Today's middle-class targets for many of Oxigen, Beam and ItzCash current services can and hopefully will extend to less affluent audiences over time.

NFA customers use their accounts to make regular deposits and increase savings.¹⁸ The majority are only opened to receive MGNREGA and other government disbursements—and some government programmes want the benefits delivered in cash into the hands of the recipient (not simply deposited into accounts).

- **Business models** range from limited closed loop (Beam, ItzCash) to blended (Oxigen, the former Nokia Money) to the open loop (FINO, Eko, ALW).¹⁹ One factor that matters greatly to agents beset with chronic server problems and poor connectivity is whether the BCNM is the technical service provider (TSP) or just an agent network manager using third-party services. The former offers some hope for improvement since the TSP presumably cares about reliable service and competitive edge. Remittance transfers for this study come in two flavours. They can follow State Bank of India (SBI's) *Tatkal* model which charges a flat fee per transaction and funnels all withdrawals through local branches or ATMs and often leaves rural agents bereft of revenues. Or the NEFT model²⁰ which allows multiple banks—and agents—to be involved and permits higher transfer limits (and thus higher percentage fees for the CSPs).²¹
- **Mobile managers gaining favour.** Agents enjoy the energetic marketing support and channel incentives MNOs are willing to provide, and their customers love little bonuses like no-fee airtime recharge with a mobile money transfer or other financial transactions. Banks are perceived as aloof and disengaged from both agent and customer needs. The dearth of bank referrals and marketing materials is a chronic problem for most agents. Branchless banking in India is a “bank-led” model which means that although network operators and handset manufacturers are welcome to partner with banks for payments and even NFAs, they cannot award or collect interest, nor can they guarantee deposits. So those with deep pockets like Vodafone are winning customers, and many agents, in other ways.
- **Technology, front-end and back-end, remains problematic.** Of the 13 BCNMs in this RAA Summary, plus the three in the accompanying Agent Journals, front-end technology is divided between a POS (point of sale) card interface with biometric ID for authentication (FINO, ALW, Sanjivari, AISECT, USE, Integra); a desktop portal, also using biometric IDs (Geosansar, Drishtee, Beam, ItzCash); and a mobile interface (Eko, Vodafone M-Paisa, Sub-K). Oxigen covers all the bases using POS, web, and GPRS.²² The recent RBI announcements regarding interoperability for BCs and banks, plus a proposed network of micro-ATMs to facilitate government and other transfers, mean technology problems will almost certainly get worse before they get better.

“Customer awareness to tabhi kare na agar inka system sahi ho, paisa time se pahaunche”.
(Customer awareness should be created only after all the systems and processes have been fixed.) – CSP for three leading BCNMs in Delhi.
- **None of these front-end interfaces work perfectly** and the biometric fingerprinting poses particular problems for customers with worn or damaged finger pads. “False negatives” are a common frustration, especially in rural areas, and can incur annoying authentication

¹⁸ For more information on NFAs, dormancy, and willingness to pay for enhanced services, please see *MicroSave*'s extensive research on this subject http://www.microsave.org/research_paper/dormancy-in-no-frill-accounts and http://www.microsave.org/research_paper/cost-and-willingness-to-pay

¹⁹ For more information on business models (including remittances), please see *MicroSave*'s “[Graduating SBI Tatkal Customers](#)”, and Briefing Note 116: “[Building Business Models for Mobile Money](#)”.

²⁰ *Tatkal* is an SBI remittance service which requires an SBI account for branch, not CSP, withdrawals and limits senders to Rs.10,000. NEFT (National Electronic Fund Transfer) works with multiple banks and offers much higher limits (Rs.25,000-50,000). *MicroSave*'s research reports on Understanding Remittance Networks. http://microsave.org/research_paper/understanding-remittance-networks-in-punjab-and-uttar-pradesh, and [India Focus Notes 91 “Getting Remittances Right”](#) and [92 “Remitting The Indian Way”](#).

²¹ BCNM remittances work on a relatively modest percentage fee basis--1.0% to 2.0% of the transferred amount—versus 5.0% for postal money transfers and 20% or more via courier and informal channels.

²² Please see Annexure 2 for a comparison of these technologies from the RAAs conducted.

delays. However, some clients do prefer the finger print recognition system – it saves having to remember and key in PINs.

- **Back-end technologies** including bank servers and other external electronic data transmission probably cause more anxiety, however—both for agents and customers. When servers are down, agents must “borrow ahead” to cover the incoming deposits, or outgoing pay-outs, and their mounting e-balances. Depositors, in particular, worry about money that seems to disappear without crediting their balance first. Electricity and internet connectivity are often fitful in rural areas, adding another layer of unreliability and concern to money transfers, current balance information, and the banking services overall. The RBI interoperability sanction—BCs can now accept G2P and other payments from more than one bank and also enable inter-bank transfers—will require seamless coordination between all banks’ payment, reconciliation, authentication, and tracking systems. This is a daunting challenge—which Kenya’s renowned M-PESA and similar multi-bank interoperability schemes are still struggling to cope with efficiently.²³ The RBI’s ultra-small branches with regular weekly visits from branch reps may help with coordination, but the proposed BC-managed network of one million interoperable micro-ATMs can only further complicate future technology for agents and the BCs.

“Connection to bohot bya ase. Eta account khulibar bare thini- chari bar eyat aoa lage”. (The connection is not good, I have come three or four times just get my account opened) - Customer

- **Commissions are even more problematic.** Irregular and late commission payments are an even greater source of contention for most agents than faulty technology. Commission fees also fluctuate, almost invariably in a downward direction. Commissions typically start high to recruit new agents and then diminish. Because payment schedules are erratic, these shifts are not always obvious. And the changes are not always instigated by the BCNM (who generally enjoys a 20%, sometimes 30%, cut on agents’ commissions). Early last year SBI wrought havoc among BCs and agents alike with a commission cut and the elimination of a “premium” account which enjoyed higher fees.

- **Why commissions matter.** Geosansar CSPs are paid a fixed monthly salary, plus quarterly performance incentives from Rs.2,000-7,000. Bank of India BCNMs distribute base pay for their agents and then award additional commissions. All others in this study (except FINO, which pays its agents a salary of Rs.700) derive their agent income from commissions only. Closed wallet agents (Oxigen, Bean, ItzCash) rely on bill payments and mobile recharges. CSPs who sponsor savings and other bank accounts count on commissions from opening new accounts (Rs.150-13,000), deposits/withdrawals (Rs.60-2,000), remittances (Rs.150-34,500), and G2P transfers vary from 0-2% of the transfer amount, depending on the state.²⁴ We already know there are differentials in commission incomes (see *Urban vs. rural agent income* above). Some agents do well, particularly with remittances, but their fixed costs and working capital needs for daily e-balances are correspondingly high.²⁵ If commissions were paid on time and in full, or even within a month and in part, these burdens would ease. In too many cases, however, CSPs can wait six to seven months before they receive their commission income.

“Agar hum 2-3 ghanta BC ke kaam ki jagah par apna dukaan ka kaam Karen to 100-150 ka kaam ho jata, aur agar ye kaam Karte hain to 35 rupaye se jyada nahi kama pate”(I earn Rs.100-150 if I work for my shop instead of working for the BCNM where I earn Rs.35) - A BC agent in rural Varanasi

²³ For a detailed explanation of Kenyan bank and MFI interoperability, see *MicroSave*’s “[Analysis of Financial Institutions: Riding the M-PESA Rails](#)”

²⁴ <http://technology.cgap.org/2011/10/06/an-overview-of-the-g2p-payments-sector-in-india-opportunities-challenges-and-complexities-abound/>

²⁵ See *MicroSave*’s forthcoming Agent Journal study on www.MicroSave.net

- **Informal charges** for “express” or “guaranteed” services are rampant to help meet the monthly shortfall many agents experience. In this study and in previous ones, researchers noted numerous (and often unapologetic) examples of Rs.5-15 extra for routine transactions that are either already immediate (or already processed in batches with several hours delay) and already secure—or highly insecure. Similar supplementary fees are in place for utility bill payments.
 - **Accusations and excuses** are plentiful (and cost nothing). Network managers blame banks for assigning agent commissions a low priority. Banks blame BCNMs for mismanaging the funds and manipulating the commission structure after disbursement.²⁶ The launch of ultra-small branches may help improve this situation, at least in rural areas.
- **Agent churn** and general disenchantment is common after the first 4-6 months. This leads to high numbers ceasing to offer CSP services and going dormant within the first year, with most agent dormancy directly linked to the current commission predicament and unfair disparity in CSP profits. Since banks are legally required to replace departing agents who supervise NFAs and other accounts, and since ex-agent and dormancy numbers are rising—three BCNMs already note more than 40% attrition—the logical solution is to keep current agents happy. Again, a target of more than 300,000 BCs and CSPs deployed by this time next year, an increase of more than 60%, is probably over-optimistic unless substantive changes occur in the interim.

“Saara burden CSP ke kandhe pe dala hua hai. Jaise economics mein kehte hain, high risk high return. To humara commission ka share badhana chahiye” (All the burden is put on the CSP. As they say in economics, if you take high risk, then you get high return. Our share commission must be increased) – A BC agent in Delhi

Recommendations

The substantive changes required involve a rather long list, and many may prove unrealistic given the regulatory constraints in India and the difficulties inherent in all bank-led financial inclusion models. Nevertheless, extraordinary progress has occurred since branchless banking and BCs were first conceived in 2006. If agents believe that their situation is improving—in terms of bank recognition as well as profitability—far more comprehensive, and lasting, financial inclusion will be possible.²⁷

Standardisation. Perhaps the most urgent need is for standardisation—for rural versus agent profits, for commissions, for technology, for marketing and promotion of an expanded array of products and services, and for overall monitoring and support. The frustrations of a poorly administered commission payments system have been covered above. More careful regulation with well-publicised standards that all banks, BCNMs, and other participants follow would help ease the current situation. Only the Reserve Bank of India can impose effective standardisation—banks will not agree to this on their own—and the rise of an ultra-small branch network may prove more of a hindrance than a help in these efforts. Nevertheless, real progress will not happen without more inter-bank cooperation and uniformity.

Training also needs more rigorous standards for all to follow. Some agents receive adequate training in how to market and promote their new services, how to manage customer complaints effectively, how to deploy working capital most efficiently, and how to cope with web portals vs. POS card interfaces vs. IVR and USSD data strings. But most do not. Their BCNMs either do not offer such training, or agents cannot take time away from their other businesses, or the distance is too far and the cost is too high. This is a problem the banks may have to help resolve, if for no other reason than branch resolution of every minor customer grievance and every agent question is ultimately far more expensive than on-site tutorials at the CSP’s convenience. A sure way to improve business and agents’ confidence is to furnish them with the skills, knowledge, and promotional and marketing materials they need. And if everyone receives the same bank-managed training, time and costs will be lower for all parties involved.

²⁶ Ibid, footnote 4.

²⁷ For more detailed recommendations, and for more insights regarding bank and MNO BCs, please see *MicroSave India Focus Note 90* “[Taking Financial Inclusion To The Next Level](#)”

Marketing and advertising are mentioned above and also in the bullet on mobile managers. Branchless banking is not an easy sell initially. Most people would rather do business at a “real” bank. But the huge numbers in India who remain without access to full financial services often live too far from real banks and are not particularly welcome there once they finally arrive.²⁸ Again, if banks want this new system of CSP kiosks and ultra-small branches with occasional visits from branch representatives to work, they will have to help persuade hesitant customers that this alternative is not only secure and trustworthy, but in fact a preferable option for them. A small SBI bank sticker in an agent’s shop will not accomplish this.

KYA (Know Your Agents). Several BCNMs already do a good job of checking in with their agents on a regular basis and providing help as necessary. CSPs for Eko, Integra, Bartronics and Beam appear happy with their supervisors. Too many network managers, however, seem more intent on achieving their recruitment numbers and they ignore their faltering new CSPs. None offers the financial assistance and advice most agents need, especially at the outset. Too many BCNMs also misrepresent the potential rewards to agent recruits. Agent expectations often far exceed the exigencies and demands of the business and, with insufficient BC support, they lose interest and motivation.

“Iski life hi nahi hai aage. Unki taraf se koi retailers ko pucchne hi nahi aata. Humne to kaam band kar diya hai”. (This business has no life. No one cares about the retailers. I have stopped working.) – Estranged agent, Delhi.

Banks are equally guilty in this regard. Most agents have only limited, if any, contact with bank staff. And bank referrals, which boost every aspect of kiosk business, are too often vague or absent. Both agents and their customers want a wider array of products and services, including combined savings-insurance, overdraft protection, and other modest lines of credit. Here again banks appear not to be listening. More attention to agent and customer needs, more rigorous efforts to upgrade transmission technology, and a closer cooperation with branchless banking overall will do far more to extend and sustain financial inclusion than bigger and better numbers on the bar charts.

“Chaar mahine ho aye, ab tak koi shakal dikhane tak nahi aaya hai”. (It has been four months since BCNM staff registered me as an agent, and no one has visited me even once.) – A BC agent in Delhi

Conclusion

A better understanding of how best to achieve the recommendations listed above, and numerous others not included in these Rapid Agent Assessment studies, will emerge in time. Nothing involving money is ever simple. Add in close to half a billion people and a vast terrain with limited infrastructure and the results thus far are remarkable. To continue this momentum, however, we always need to know what agents are saying, and not saying, achieving and not achieving.²⁹ Financial inclusion cannot happen without them and it will happen with better and more lasting results if all levels in this effort—senior regulators, bank presidents, branch officers, network managers—pay more attention to the last and critical link to their customers.

²⁸ For more information, please see [Ramji, M., et al., “Savings Perceptions and Preferences in India: The Relative Risk to the Savings of the Poor” MicroSave, 2012.](#) Also, the reports on [Costs and Willingness to Pay for BC services](#) (and the ambivalence many poor people feel toward giving up full bank branch services).

²⁹ *Ibid.* 19

Annexure 1: BCNMs covered by RAA

BCNM	Platform	Products
Eko [#]	Mobile	SBI Tatkal*, No Frills Account
FINO [#]	POS/ Kiosk	Multibank Deposit using NEFT**, No Frills Account, Government Payments
Oxygen [#]	Kiosk	Multibank Deposit using NEFT, SBI Tatkal, No Frills Account, Mobile Wallet***
AISECT	Kiosk	Government Payments, No Frills Account, Money Transfer****
USE	Kiosk	No Frills Account, Money Transfer
Beam	Kiosk	Mobile Wallet
Nokia Money+	Mobile	No Frills Account, Money Transfer, Mobile Wallet, ATM Card
Sub-K	POS	No Frills Account
I25RMCS	POS	Government Payments, No Frills Account
Sanjivani	Kiosk	No Frills Account
M-Paisa	Mobile	No Frills Account, Money Transfer, Mobile Wallet
Drishtee	Kiosk	Government Payments, No Frills Account
Geosansar	Kiosk	SBI Tatkal**, Government Payments, No Frills Account, Money Transfer
Bartronics	POS	No Frills Account, Insurance
Itz	Kiosk	Mobile Wallet****
ALW	POS	SBI Tatkal, No Frills Account, Government Payments

*Tatkal is an SBI remittance service which requires an SBI account for branch, not CSP, withdrawals and limits senders to Rs.10,000

**NEFT (National Electronic Fund Transfer) works with multiple banks and offers much higher limits (Rs.25,000-50,000)

***Mobile Wallet is closed loop payment services offered such as bill payments, utility bill payments etc

****Money Transfer is P2P transfer of money from one NFA to other NFA.

[#]A detailed Agent Journal Study was conducted by *MicroSave* for these organisations.

+ As of 12 March 2012, Nokia Money discontinued its mobile banking service.

Annexure 2: High Level Technology Analysis

Technology Type	Cost [#] (Cost of device)	Transaction Time (Quickest deposit case evidenced)	Location [*]	Ease of use - agent	Authentication (of the customer for transaction purpose)	Ease of use - customer
Mobile – menu based e.g. Vodafone M-Paisa, ALW	Low (Rs.1,000-3,000)	Low (Quickest case: with in 1 minute)	Urban, Semi-urban	Needs some guidance/ training	Mobile pin, Biometric (e.g. finger print)	Customers can operate with some training
Desktop e.g. Oxygen, Geosansar	High (Rs.20,000-30,000)	Low (Quickest case: with in 1 minute)	Urban, Semi-urban	Requires computer operating skills	Biometric (e.g. finger print)	Only select customers with computer skills can operate
POS e.g. FINO, Integra	Medium (Rs.10,000-15,000)	High (Quickest case: within 2 minutes)	Urban, Semi-urban, Rural	Needs committed training	Biometric (e.g. finger print)	Requires an agent to do a transaction
Mobile USSD e.g. Eko	Low (Rs.1,000-3,000)	Low (Quickest case: with in 30 seconds)	Urban, Rural	Needs some guidance/ training	Mobile pin	Customers can operate with some training