Informal retailers and financial services: 
The emergence of agent typologies

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Parallel 9
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Making financial markets work for the poor
Overview

• The concept of agency
• Informal retailer agent networks: introducing 5 network typologies
• Outline of 7 network cases studies
• Main themes arising from the case studies
Financial services and the concept of agency

What is an agent?

An agent is a third party institution working on behalf of a financial institution to provide a nominated section of their service offering to the customers of the institution.

Why use agents?

To work with a partner that can provide greater geographic footprint, community connection and existing infrastructure, in order to:

(i) Deliver cost effective, valuable and convenient service offering to clients, and

(ii) Leverage the partnership benefits to open up the possibility of extended or new service offerings.

Source: FATF, 2011; CGAP, 2011
Evolution of financial services distribution

Traditional touch points:
- Branches
- Call centres
- Agents
- Brokers

Evolving indirect touch points:
- Information & communication technologies
  - Digital channels
  - Post offices
  - Agro distributors
  - Pharmacies
  - Gas stations
  - Retail outlets
  - Informal traders
  - MNOs
  - Post offices
  - Gas stations
  - Retail outlets
  - Informal traders
  - MNOs
Meet the agents
Informal retailer agent networks

Communication relationship

- Direct communication/relationship
- Indirect communication/relationship
Agent network typologies

- Financial Services Provider-Led (FSP)
- Mobile Network Operator-Led (MNO)
- Payment Systems Provider-Led (PSP)
- Fast Moving Consumer Goods (FMCG) Distributor-Led
- Government-Led
Case study examples of the typologies

Name: Yastas  
Origin: Gentera, Banking group  
Started: 2012  
No. of agents: 3,097 (1,442 BC agents)

Name: Red Qiubo  
Origin: Grupo Bimbo, Bakery FMCG manufacturer and distributor  
Started: 2013  
No. of agents: 75,000 (25,000 BC enabled)

Name: DD-Dedo  
Origin: Alpina Productos Alimenticios, Dairy FMCG distributor  
Started: 2007  
No. of agents: 12,000

Name: Standard Bank AccessPoints  
Origin: Standard Bank, Banking group  
Started: 2007  
No. of agents: 4,000

Name: M-Pesa  
Origin: Vodacom Tanzania, Mobile network operator  
Started: 2008  
No. of agents: 70,000 (approx. 35,000 informal retailers)

Name: Zoona  
Origin: Mobile Transactions International, Payment systems provider  
Started: 2009  
No. of agents: 700

Name: MTN Swaziland  
Origin: MTN Swaziland Ltd., Mobile network operator  
Started: 2011  
No. of agents: 560
## Common themes across provider types

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<tbody>
<tr>
<td><strong>Product offering</strong></td>
<td>Phased product roll-out (test and learn)</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Agent recruitment</strong></td>
<td>Identifying agent profile KPIs and targeting geographic location are key successful recruitment factors, especially where high information asymmetry exists</td>
<td>✓</td>
<td>✓</td>
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<td><strong>Agent management &amp; support</strong></td>
<td>Strong on-going support is needed to ensure quality service provision and reduce churn (training, relationship touch points and issues resolution)</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Revenue model</strong></td>
<td>Direct: commission based</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Revenue model</strong></td>
<td>Indirect: increased feet, increased basket size and ability to further leverage infrastructure investment</td>
<td>✓</td>
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<td><strong>Tech &amp; communication</strong></td>
<td>Unreliable network &amp; technology limit business</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td><strong>Marketing &amp; relationship to end customer</strong></td>
<td>Branding essential for awareness of network &amp; client ownership</td>
<td>✓</td>
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THANK YOU!

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