



# Assessment of Agent Networks in Nepal



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November 2014

Mobile Money for the Poor (MM4P) is a global programme funded by the UN Capital Development Fund (UNCDF), the Swedish International Development Cooperation Agency (Sida), the Australian Agency for International Development (AusAID) and the Bill & Melinda Gates Foundation.

Mobile phones have transformed lives in rich and poor countries alike. With a global population of over 7 billion people, there are now 3.5 billion phone subscriptions compared with 2 billion or so bank accounts. Across the 48 least developed countries designated by the United Nations, mobile phone penetration is at 42 percent while access to a bank account is at 14 percent on average.

MM4P provides support to branchless and mobile financial services in a select group of least developed countries where UNCDF currently operates to demonstrate how the correct mix of financial, technical and policy support can build robust branchless and mobile financial services ecosystems. The programme aims to develop scalable models that can be replicated in other challenging markets and hopes to work with partners that are committed to reaching the unbanked with appropriate, accessible and affordable services.



## *MicroSave*

*Market-led solutions for financial services*

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We trust that this report will be helpful in building a deeper understanding of a robust agent management system.

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List of acronyms

ATL	above the line (marketing)
AusAID	Australian Agency for International Development
BTL	below the line (marketing)
GPRS	general packet radio service
IVR	interactive voice response
MM4P	Mobile Money for the Poor
POS	point-of-sale device
Sida	Swedish International Development Cooperation Agency
SMS	short message service
UNCDF	UN Capital Development Fund

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## Executive summary

This report focuses on assessing the existing agent networks<sup>1</sup> in Nepal, so that the correct steps can be taken to popularise both access to and use of financial services through bank-led agent banking. After the release of electronic banking regulations<sup>2</sup> in 2012, many financial institutions began developing their agent networks. The research on which this report is based focused on understanding the state of these agent networks. The research covered the three ecological areas (i.e., *Terai*, Hill and Mountain) across the five development regions of Nepal (i.e., Eastern, Central, Western, Mid-Western and Far Western).

### *Key findings*

#### **Products and services**

The most popular products and services are account opening, cash-in/cash-out and remittances. This finding is primarily due to poor awareness among customers of other products and services. Further, the transaction volume of these services is very low—both in terms of value and the number of transactions.

#### **Liquidity management**

The terrain in Nepal makes it both difficult and costly for agents to travel and re-balance their account. Often, they try to avoid doing so for as long as they can. This situation leads to denials for services like remittances.

#### **Revenues and commission**

In general, there is very little understanding by agents of commission structure. Moreover, the commission paid by the providers is low, and the actual payments are irregular and badly timed. Most of the time, the payments are different from what agents estimate and expect.

#### **Technology platform performance**

Most agents report that they are comfortable with the user interface. However, server downtime is a common issue that occurs randomly and without any prior warning. Moreover, there is a lack of support for agents when they have a problem.

#### **Agent training**

There is minimal investment in agent training. As a result, most agents say that either they receive no training at all or receive no refresher training when processes or other key elements of the service change. This problem is common to all agent networks.

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1 'Agent network' refers to any form of distribution channel—small private shops or individuals—used to provide banking clients with basic functions of acquisition, cash-in (aka deposits) and cash-out (aka withdrawal). It may or may not include other kinds of banking functions, viz. bill payments, fund transfers and so on, and can vary from institution to institution. Agents are appointed by the bank or through the aggregator of a bank to undertake specific transactions.

2 Nepal Rastra Bank, [Information Technology Guidelines](#), August 2012.



### **Monitoring and support**

There is nearly no monitoring and support for agents, and they find it difficult to tell providers<sup>3</sup> about issues they face. There is some support when agent points are set up, but after that, agents are on their own. Agents estimate that problems are resolved in only 50 percent of cases, even though they follow up on their requests for assistance many times.

### **Marketing**

There is very little investment from providers in service marketing. Moreover, the marketing that is currently being done is not focused on having an impact or growing the number of customers.

### **Risk mitigation**

The awareness level for risk, risk response and consequent impact is very low. Based on experience in other developed markets, as operations increase, agents will be faced with new and diverse risk types for which they might not be prepared.

### **Conclusion**

At present, agent banking in Nepal is still in its nascent development phase. There needs to be greater impetus in terms of increased investment, more support for agents, improved business models, and better products and services. So far, interest by different providers in agent banking appears to be low because very little revenue is being generated through it. For agent banking to progress in Nepal, it would need to develop as a self-sustaining and profitable proposition for both providers and agents. Providers in Nepal will have to focus on both long-term changes and short-term goals that are easily achievable and that will build confidence in the system for customers and agents.

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<sup>3</sup> 'Providers' refer to financial institutions that are licensed by Nepal Rastra Bank to offer banking services through the use of agent networks.



# 1

## Introduction

Focus-group discussion in progress in Baitadi, Nepal (Photo by Garima Adhikari)

## 1.1 Context

Administratively, Nepal is divided into five development regions: Far-Western, Mid-Western, Western, Central and Eastern. The five development regions are further divided into 14 zones, 75 districts and 3,915 Village Development Committees. The population of Nepal, according to the 2011 census, is 26.6 million, with a population density of 209 persons per square kilometre.

Ecologically, Nepal is divided into three areas: *Terai*, Hill and Mountain. The *Terai* area covers the southern lowlands, which lie at the foothills of the Himalayas. The primary occupation of the people in this area is agriculture. According to the 2011 Nepal census, it is the most populous region with about half (50.2 percent) of the total population living there. Twenty districts fall within the *Terai* area. The Hill, or *Pahar*, area lies between the Mountain area and the *Terai* area and is characterised by low mountains and hills at altitudes between 700 and 4,000 metres above sea level. Like the rest of Nepal, the primary livelihood in the Hill area is agriculture; however, because of the higher altitude, the short agricultural season and the poor land quality there, households have to supplement agricultural income with other income-generating activities such as livestock rearing and seasonal migration. Forty-four of Nepal's 75 districts are contained in the Hill area, and 43 percent of the population lives there.

The unique geographical diversity and the fact that 70 percent of the population has no access to formal financial institutions<sup>4</sup> together indicate that there is a good opportunity for agent banking. After the release of electronic banking regulations<sup>5</sup> in 2012, many financial institutions began developing their agent networks. However, the total number of agents remains small, despite at least eight banks having rolled out their agent networks.

4 Prasanna Bahadur KC, '[For the first time](#),' 29 July 2014.

5 Nepal Rastra Bank, '[Information Technology Guidelines](#)' August 2012.

## 1.2 Purpose of the research

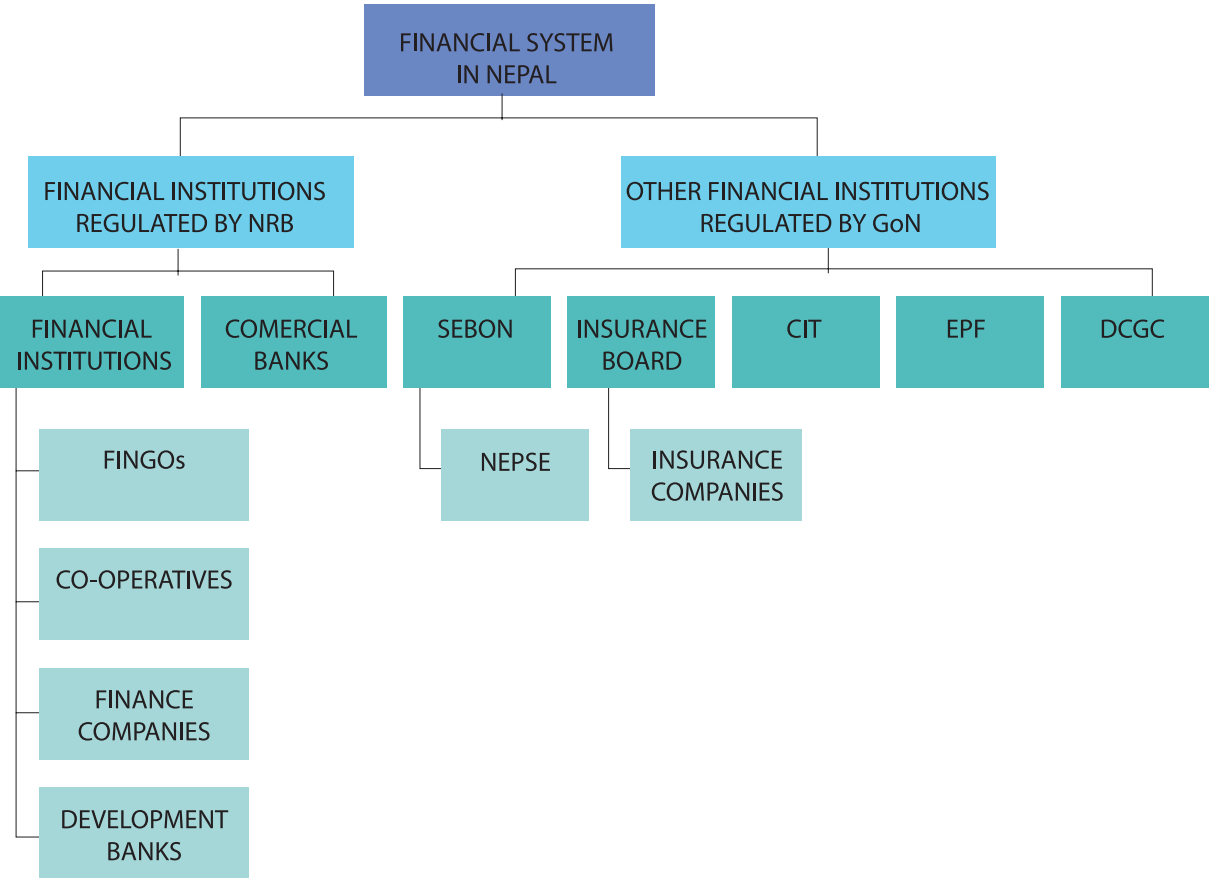
This research focused on assessing the existing agent networks in Nepal. The results will help to identify the necessary steps to popularise both access to and use of financial services through bank-led agent banking.

The primary research covered agents from six providers across the five development regions and the three ecological areas. The results of the research therefore represent the general trends and status of agent banking in Nepal as a whole. The research was a qualitative study in which agents were interviewed individually and clients were interviewed in focus groups. Those interviewed were selected from different areas, development regions and providers to make the sample broadly representative of all those in Nepal. See annex A for details on the providers covered and the methodology used.

## 1.3 Agent banking in Nepal

The financial system in Nepal consists of several forms and classes of banks and financial institutions that are licensed by Nepal Rastra Bank (see **figure I**).

Figure I  
Overview of Nepalese financial system



Acronyms: Center for Information Technology (CIT), Deposit and Credit Guarantee Corporation (DCGC), Employees Provident Fund (EPF), financial intermediary non-governmental organizations (FINGOs), Government of Nepal (GoN), Nepal Rastra Bank (NRB), Nepal Stock Exchange (NEPSE), Securities Board of Nepal (SEBON)

Commercial banks are categorized as Class A, development banks as Class B, finance companies as Class C and microcredit development banks as Class D. See **table 1** for the number of financial institutions in each class operating in the country.

Table 1  
Number of financial institutions by class

Class A	Class B	Class C	Class D
31	87	79	21

Source: Nepal Rastra Bank, [List of Banks and Non-bank Financial Institutions \(Licensed by NRB\)](#)<sup>5</sup> Mid-July 2011.

Despite a large number of regulated financial institutions in Nepal, a significant percentage of the population is still un-banked. To achieve greater financial inclusion, Nepal Rastra Bank has allowed Class A, B and C financial institutions to use electronic banking channels and to appoint agents to extend the reach of financial services to the financially excluded sections of the population and as alternative channels for the banked sections of the population. The model permitted by Nepal Rastra Bank is 'bank led,' implying that only banks can offer mobile financial services and appoint agents, while non-banks (institutions not licensed by Nepal Rastra Bank) cannot offer mobile financial services or appoint agents for financial transactions. Many Class A commercial banks have started their own agent networks by extending their service through agents. Nepal Rastra Bank has been keeping pace with regulations, issuing their 'Information Technology Guidelines'<sup>6</sup> in August 2012, with the objectives of strengthening banks' ability to check emerging cyber fraud, managing information technology prudently, and mitigating risks arising from the implementation of new technology.

6 Nepal Rastra Bank, [Information Technology Guidelines](#)<sup>6</sup> August 2012.



# 2

## Findings



The research covered different aspects of mobile financial services and agent banking, which are critical to the success of financial inclusion in Nepal, and included the following:

1. Products and services
2. Liquidity management
3. Revenues and commission
4. Technology platform performance
5. Agent training
6. Monitoring and support
7. Marketing
8. Risk mitigation

## 2.1 Products and services

Products and services are the building blocks for the success of any agent banking service. Customers are more likely to use products and services that fulfil their financial needs compared to products and services that must be used out of necessity in the absence of better alternatives.

This section of the report explores the following:

- Products and services offered
- Transaction volume
- Customer registration

The research findings reveal that most providers only offer basic financial products and services through their agent networks. More complex products and services are not offered through any of the existing agent networks. The status of these financial products and services are discussed in detail below.

**2.1.A Products and serviced offered:** At present, most providers offer account opening, cash-in/cash-out and remittance services through their agent networks. Some providers additionally offer electronic top-ups and third-party deposits. Two of the providers also offer bill payment and airtime top-up services.

Among these products and services, cash-in/cash-out is the most used, followed by airtime top-ups and bill payments. Remittance services are not very popular yet because of sparse agent networks.

**2.1.B Transaction volume:** Agents interviewed feel that, if the average transaction volume per day is in the range of NPR150,000 (US\$1,564), then they will be satisfied.<sup>7</sup> The agents arrived at this figure based on cost-benefit analysis (income they earn versus costs they incur) or based on the customer base they have (reflecting on the number and value of transactions). If the transaction volume is in the NPR150,000 range, the agents estimated that they will be able to earn NPR3,000–NPR4,000 (\$30–\$40) per month. An active agent conducts an average of 50 transactions per

7 Conversion rate NPR1.000=US\$0.0104 (Source: [www.oanda.com](http://www.oanda.com) 17 July 2014). This conversion rate was used throughout the report.

month, in addition to opening accounts. See **table 2** for data on two key types of transactions: cash-in and cash-out. The average monthly and yearly data show low levels of activity.

Table 2  
Cash-in and cash-out transactions

Details	2012	2013
Number of transactions	17,173	60,904
Total value of transactions	NPR87.4 million (\$911,000)	NPR627.8 million (\$6.5 million)
Average value of transactions per year	NPR5,090 (\$53)	NPR10,308 (\$107)
Average value of transactions per month	NPR424 (\$4)	NPR859 (\$9)

*Note:* Data from the agent networks of the six providers covered by this research were consolidated and analysed.

**2.1.C Customer registration:** Data from the agent networks reveal that 7,740 new customers were registered in 2012 and 25,431 in 2013, which represents growth of 229 percent. However, growth in absolute numbers is still very low in Nepal, where more than 70 percent of the population has no access to formal financial services.<sup>8</sup>

Customer registration takes place at the agent point. After initial registration of a customer, the agent collects the required documents (address, proof of identity and passport-size photograph; if the customer has a citizenship card, it suffices both as address and proof of identity)<sup>9</sup> and submits them to the link branch of the principal bank along with the application form. At that point, all the documents are verified at the bank branch and the customer’s account is activated. The time to activate an account varies from an hour to a maximum of 15 days, depending upon how fast the bank processes the documents and activates the account. The average time for document verification at a bank branch is 3 days.

On average, 20 customers are registered by an agent per month, although the actual number of registrations varies considerably depending upon the location and the availability of alternatives for customers. For all providers except two, a customer can deposit money in his/her account immediately after registration. Some of the providers also give the customer a smart card, which is sent by the central office of the bank. However, smart-card issuance is a time-consuming process, and customers have experienced delays in receiving their smart card ranging from a week to several months.

To popularise banking services and increase the use of products from the agents, providers will need to identify the right customer value propositions. Such value propositions could be based on convenience, fulfilment of financial needs, enhanced security of transactions, and ease of use, among others. Providers will need to identify, implement and promote one or two anchor products based on these value propositions that will stimulate uptake and use. To draw from another study

8 Prasanna Bahadur KC, ‘[For the first time](#),’ 29 July 2014.  
9 A citizenship card constitutes proof of national identity in Nepal.



conducted by *MicroSave* for UNCDF and its corresponding report, *Understanding the Demand for Financial Services in Nepal*, some of these anchor products can be government-to-person payments like salaries, micro-pensions, urban-rural remittances, etc. The deposit mobilisation study conducted by *MicroSave* for International Finance Corporation, *Deposit Assessment in Nepal*, also refers to savings and remittances as important financial needs that can be developed as anchor products.<sup>10</sup> Thereafter, providers can expand the range of services offered, thereby increasing the use of other products and services.

## 2.2 Liquidity management

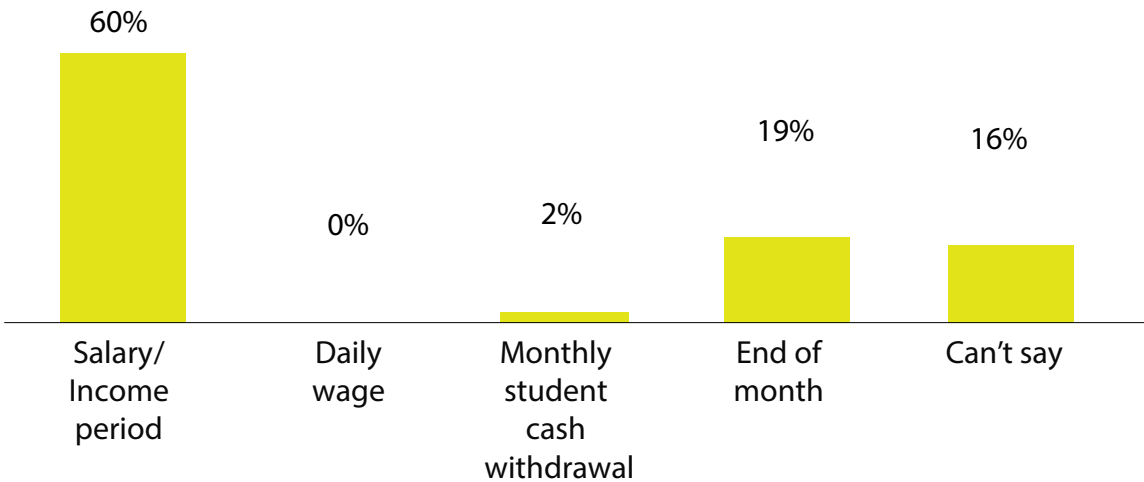
Liquidity management is essential for the success of agent banking. Therefore, it is important to estimate the peak liquidity requirements per day, month and year. It is also vital to understand how agents manage their liquidity requirements, what challenges they face and what improvements can be made. This section explores the following:

- Liquidity requirements
- Liquidity management

The results of the research show that agents are not facing any major issues with float management. However, there are some areas of concern mainly due to the remote locations where these agents are based.

**2.2.A Liquidity requirements:** Mobile financial services and agent banking require a constant exchange of physical cash and e-money. A shortage of either at an agent point can lead to service denial, thereby eroding client confidence. It is important, then, to understand the trends in the number and value of transactions and thus the requirements for cash and e-money. Research results show that, on a daily basis, more transactions are conducted in the morning when the market opens, indicating that the requirements for cash and e-money are higher in the morning. On a monthly basis, transactions peak around the days when salaries are paid (typically within the first 10 days of the month) and earners remit a certain part of their salary to their family in their village (see **figure II**). On a yearly basis, transactions peak around annual and seasonal festivals (see **figure III**).

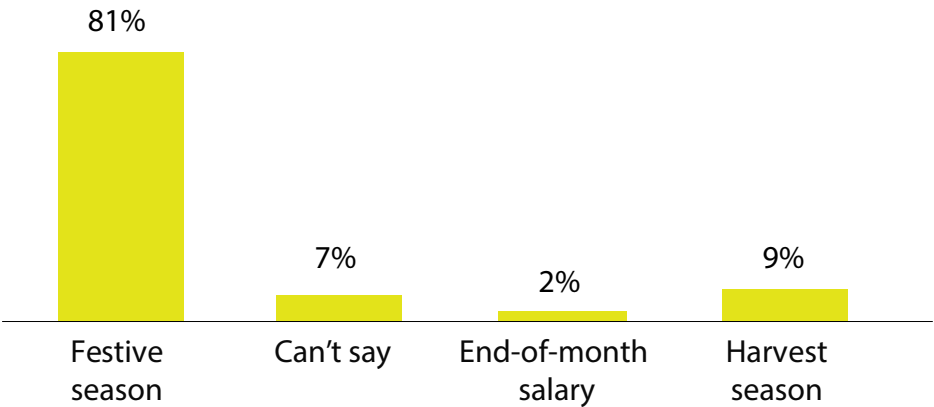
Figure II  
Monthly liquidity requirements



Note: Figures II and III are based on agent responses and share qualitative data.

10 *MicroSave*, *Deposit Assessment in Nepal*, May 2011.

Figure III  
Yearly liquidity requirements

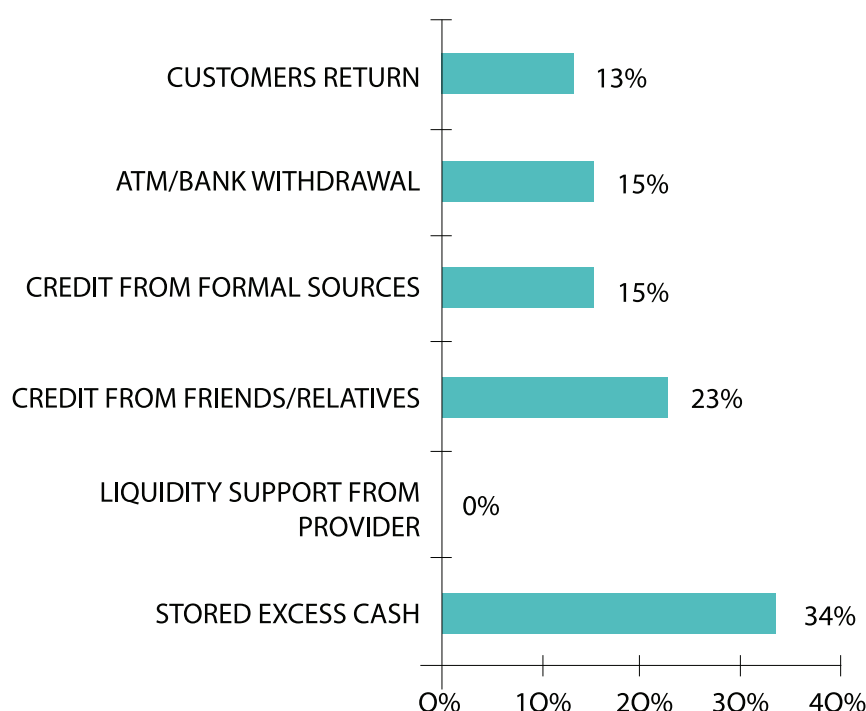


“An agent based in Siddeshwar, Baitadi, in the Far-Western development region of Nepal has to travel four to five hours one way and spend about NPR1,000 (\$10.52) to deposit cash at the branch. When asked how he manages, he said that he only provides deposit and withdrawal facilities and does not provide a remittance service as that would entail more frequent visits to the bank branch. This case demonstrates how agents cut down on services because of challenges in maintaining liquidity. Moreover, it also showcases the difficulties agents face due to remote locations.

**2.2.B Liquidity management:** Most agents operate in remote areas that are far from any bank branch, therefore it is difficult for them to visit their bank branch frequently. Agents adopt different methods to manage liquidity that, in most cases, are ad hoc depending upon urgency, customer profile, and ease or difficulty of arranging for cash/e-money. The most frequently used method is to reach out to friends, family or neighbouring shopkeepers to meet immediate cash requirements. Borrowed cash is returned either the same day or the next day. If visiting the bank branch is impossible, and cash cannot be arranged from friends or family, then agents deny service to customers. In such cases, customers either wait until the agent is able to arrange cash/e-money or they return later to try again.

Distance from bank branches is the most challenging aspect of float management, and according to the agents interviewed, providers do not offer any support to them for liquidity management. Agents have to figure out for themselves how to arrange for extra cash if there is a shortage, or how to store cash if there is an excess. See **figure IV** for the mechanisms agents employ to deal with the issue.

Figure IV  
Informal mechanisms of float management



The need to replenish e-float ranges from once in two months to once per day. However, the median value is between two and three times per week. Float management is an expensive affair for agents because it is so time consuming and costly to travel a long distance to a bank branch to deposit cash.

The average cost for an agent to visit a bank branch and deposit money is NPR357 (\$3.70). However, if agents who are located in towns and have easier access to bank branches are excluded, the average cost increases to NPR471 (\$4.90). The current volumes of transactions and ensuing commissions are so low that, if an agent has to visit a bank branch for rebalancing even as little as twice per month, he/she will not make any profit from the agency business.

Agents' most common suggestions for providers regarding support in managing liquidity include the following:

- Have bank vans or employees conduct onsite visits to replenish cash and collect excess cash.
- Provide a temporary overdraft facility, the amount of which could be calculated on the basis of transaction history or the balance maintained by the agent in his/her account.

Both of these suggestions would be effective in motivating agents to increase their client base and start providing services that they are currently unable to offer.

## 2.3 Revenues and commission

Income generated through the agency business is one of the most important motivating factors for an agent. The agent will run the agency business and serve clients if the commission payout meets his/her expectations. A positive ripple effect from a satisfied agent will be a larger client base and

more transactions, resulting in more revenue for the agent and the provider. This section explores commission-related issues at three broad levels:

- Agents' understanding of the commission structure
- Commission payment
- Satisfaction level

**2.3.A Agents' understanding of the commission structure:** At all except two of the providers covered by this research, the commission structure has both fixed and variable components. The variable components vary by provider but are based on one or more of the following: the number of accounts opened, the fixed percentage of the average monthly balance of all the agent's clients, and the number and value of all types of transactions. Apart from the commission paid for accounts opened, the other variable components are difficult for agents to track as they do not receive any statement from the provider showing the calculations for the commission. Case in point: the majority (76 percent) of agents interviewed say they only understand the commission calculation for accounts opened, while only 24 percent say they can do the calculation for other variable components as well. Within the 24-percent group, there is a difference in agents' descriptions of the variable components—even among agents in the same network. These results indicate that few agents, if any, have complete understanding of the commission structure. With the average age of an agency business being 13.4 months, this lack of clarity on the commission structure is worrying.

The main reason agents cite for the lack of clarity on the commission structure is poor or no communication about commissions. However, agents also say that they are not particularly concerned about the remuneration structure as the amount is very low and the payments are infrequent. Given these responses, it is important to understand what motivates them to keep the agency business running. The majority of agents say they run the agency as a social service for the larger good of the community. Another significant reason is that agents believe in the potential of the business and are waiting for the situation to improve. However, at a deeper level, it is clear that this business both enhances agents' prestige in the community and increases their core business due to increased footfall and cross selling of other products and services.

Beyond the above-mentioned commission components, there is no component for other services such as airtime top-ups or bill payments. Agents shy away from providing these services to their clients. Those who provide these services hope that they will get commission for these services in the future.

**2.3.B Commission payment:** The commission for account opening is credited to an agent's account after he/she completes registration of each new customer and submits the forms at the bank branch. Agents say that they do not check the accuracy of the commission calculation performed by the provider as they believe that the records maintained by the provider are accurate and any calculation the provider performs is more precise than their own. Some agents, however, are unhappy with the lack of transparency on commission amounts as the providers do not give a detailed breakdown of payouts.

**2.3.C Satisfaction level:** The majority (69 percent) of agents say they are dissatisfied with the commission they receive. Specifically, there is a great deal of dissatisfaction in regard to the commission structure, the lack of transparency, the frequency of payments and the low amounts received in commission.

Data from different agent networks reveal that there are only 650 agents in the entire country (both active and inactive). There were 421 agents in 2012 and 650 in 2013—a nominal growth rate of 54 percent. However, the number of active agents is far lower. Though there is no certainty about the number of inactive agents, a very conservative estimate indicates that around 60 percent of agents are inactive.<sup>11</sup>

Data from providers indicate that the average commission payout was NPR68 (\$0.69) per month for 2012 and NPR149 (\$1.51) per month for 2013. Even if inactive agents are excluded from this calculation, the average payout is too low to motivate anyone to start an agency business, particularly given the average cost of visiting a bank branch to rebalance accounts (see discussion above).

## 2.4 Technology platform performance

This section assesses the ease of use and efficiency of the technology being used by agents to transact, as well as server downtime and network issues. Besides identifying problems currently being faced, this section also explores common troubleshooting strategies used by agents in the event of technological glitches.

The agents interviewed mostly use point-of-sale (POS) devices, which are operated with the help of a general packet radio service (GPRS) connection. Some agent networks use either short message service (SMS) or combinations of SMS and interactive voice response (IVR) for transactions. Some agent networks also provide both online and offline modes for making merchant payments.

Agents report that the interface is easy to use across different platforms. At the same time, almost all of the agents have encountered problems when the technology platform is unavailable for transactions due to server outages/downtime. The median value for the number of times such problems happen to an agent is four per month. The time that the platform is unavailable due to a technology malfunction varies from several minutes to three to four days. However, there is a general perception that the technology is more reliable now, compared to the period when agents started the business.

**“** According to an agent in Palpa in the Western development region of Nepal, “The platform performance in the initial days was not very reliable, but these days it is very good.”

Another problem area is the lack of support for agents when platform malfunction occurs. Of those interviewed, 62 percent say that they do not get any support from the provider if there is a technology-related issue. As a result, they have to wait and keep trying until the issue is resolved at the back end and they are able to resume business. The remaining 38 percent say that they do get troubleshooting support from the provider; however, the turnaround time to resolve an issue is not defined and may take a few minutes to several days. Moreover, local branch staff members are not trained in the software and therefore cannot provide troubleshooting support to agents.

There is no specific time when the technology platform is unavailable. Platform malfunction is mostly random and happens without any prior warning. Though the number of times the service fails is not high, it does damage the reputation of the provider and the agent. In the event of routine maintenance, upgrades, etc., prior warning would be very useful for agents and would be best communicated, as suggested by the agents, either via SMS or a phone call from the provider.

11 Estimate based on the agents contacted from the list of agents given by the providers who have stopped their agency business.

## 2.5 Agent training

Agent training in products and processes, as well as refresher training on new skills, emerging fraud and changes in product features and processes, is essential for an agent network to serve clients effectively. This section of the report explores the following:

- Effectiveness of current levels of training
- Future training needs of the agents

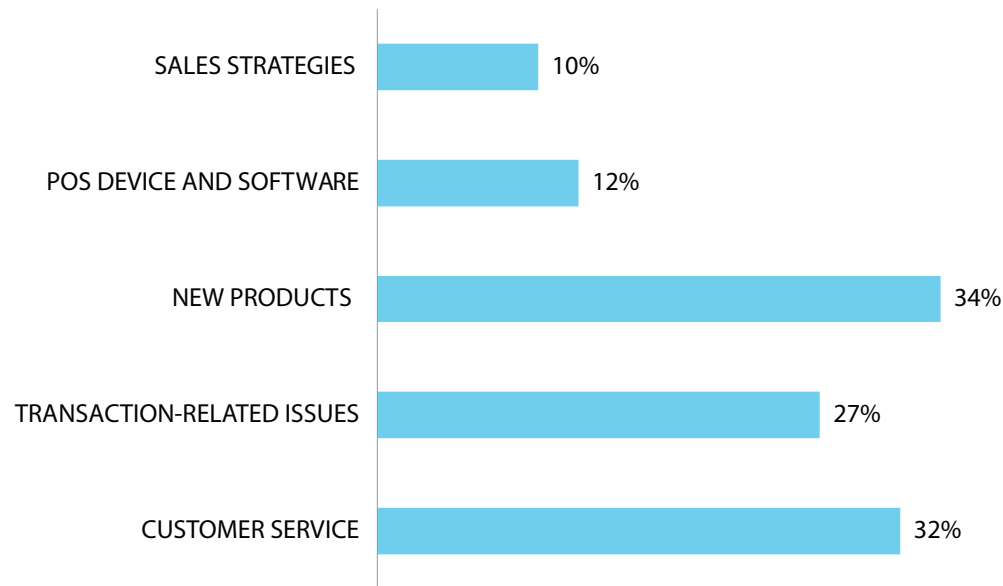
**2.5.A Effectiveness of current levels of training:** Almost all agents interviewed were given initial training on operational aspects of the business, such as device operation, technology troubleshooting and account-opening processes. These training sessions lasted a few hours and were mostly held at the agent point, as they were conducted on an individual basis. However, in cases where agents were appointed en masse, as they were by some providers, the training took place at a centralised location.

The majority (62 percent) of the agents report that these training sessions were sufficient for them to start and run agency operations. Those agents who were dissatisfied with the training cite issues with its content and short duration. They also say that the logistics and the training methodology leave much to be desired.

None of the providers covered by this research have conducted refresher training for their agents. As a result, the operations of those agents are limited to a few basic products and services. Agents are unable to respond to customers’ queries about other banking products, changes in product features and fees, etc. that may have taken place since the initial rollout.

**2.5.B Future training needs:** There is a clear need for providing more training support to agents and for improving the overall experience of training so that it engages agents. In addition to operational knowledge of the devices and technology, some of the highest priority areas for training are the following: use of a whole range of products and services (instead of just cash-in/ cash-out), new products and services, customer service, and transaction-related issues. See **figure V** for the training areas that agents identify as being of greatest priority.

Figure V  
Priority training needs



Data from four providers in the sample also reveal very low levels of investment in agent training by the providers. There were a total of 11 agent training sessions in 2012 and 23 in 2013. The average amount spent was NPR1,819 (\$19) and NPR5,652 (\$59) per training session for 2012 and 2013, respectively. That amounts to NPR4.3 (\$0.04) and NPR8.7 (\$0.09) spent on training each agent.

Providers need to address two issues: content development for training and the actual delivery of training programmes for agents. The amount spent on training shows that the providers have not focused on this aspect of agent development as yet.

## 2.6 Monitoring and support

This section explores issues related to monitoring of agents and subsequent support given to agents by the providers, by addressing two broad content areas:

- Level of support
- Nature of support and monitoring

The results of the research indicate that, irrespective of the provider, monitoring of agents and support given to agents is inadequate.

**2.6.A Level of support:** The agents interviewed almost unanimously report that bank representatives frequently visited them while they set up their agent point. However, after initial set-up, visits (if any) were infrequent, irregular and eventually stopped. At a superficial level, this may appear to be the normal course of events because an agent needs less support over time. However, 73 percent of the agents say that they were not visited by anyone from the provider after their appointment.

If a problem arises, agents call bank staff for help and guidance. Yet, agents state that they are unaware of any dedicated customer-care number that they can call to resolve their issues.

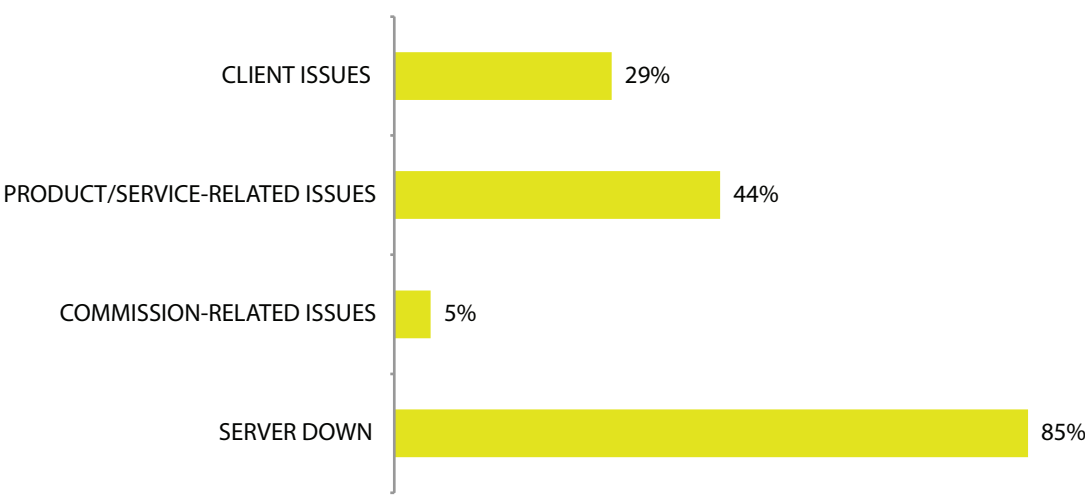
**2.6.B Nature of support and monitoring:** Support is currently in the form of initial training to agents while setting up their agency. Across all providers, agents also receive printed advertising material to be displayed at their agent point. In some cases, they also get banners and display boards.

None of the providers have fixed timeframes for responding to requests for help or for troubleshooting. None of them monitor business targets in terms of numbers of new client registrations or savings mobilised.

The issues that are discussed by agents with bank staff over the phone largely relate to failed transactions due to technical problems, product- and service-related matters and client issues/problems/queries. See **figure VI** for the specific areas of support that agents say they discuss. In almost 50 percent of cases, agents report that the issues were resolved by concerned officials.



Figure VI  
Areas of support sought from providers



2.7 Marketing

The research explored the marketing support agents get from providers to promote agent banking services. It also explored the promotional activities at both the agent and network level. This section explores the following aspects of marketing:

- Means of communication
- Existing advertising
- Improvements to increase effectiveness



Marketing to popularise agent banking is largely carried out by agents. There is little or no marketing support from the providers.

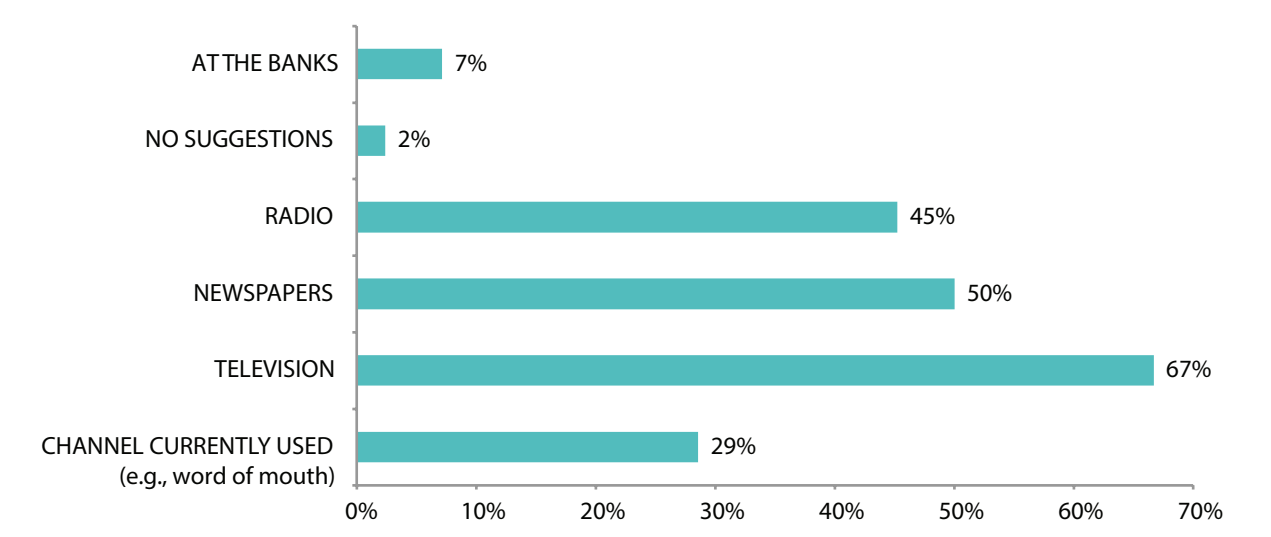
Poster for customers at agent point, Nepal (Photo by Garima Adhikari)

**2.7.A Means of communication:** Marketing-related information reaches the agent largely through the representatives or staff of the bank, either over the phone or as printed material. This information is then relayed by the agent to existing and prospective clients. Thus, it is entirely below the line (BTL) and at point of sale. The agents say that this method has limited reach and suggest that there be more advertisement done through ‘modern,’ above the line (ATL) means of communication, such as television, radio and newspapers. See **figure VII** for the channels of communication agents suggest.



Figure VII

Communication channels suggested by agents

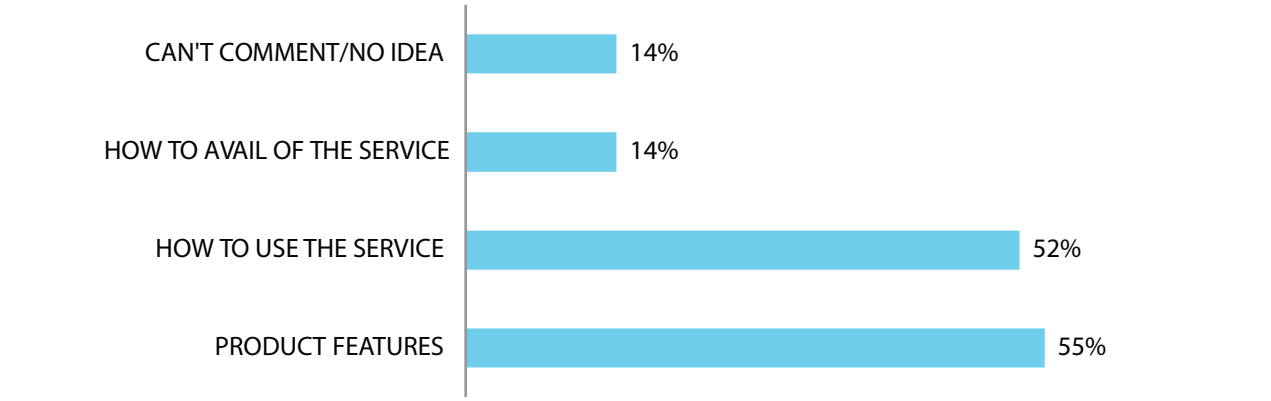


Some limited ATL advertising has taken place. However, relevant data are not available across all agent networks. Nonetheless, the amount spent on marketing by two of the agent networks is an indication of the low annual investment, with those agent networks reporting NPR14,000 (\$146) and NPR58,000 (\$605) spent for 2012 and 2013 respectively.

**2.7.B Existing advertising:** Some agent networks are using modern advertising like radio, and a few of them use television. The focus of these advertisements is mostly on product features and to a lesser extent on usage. See **figure VIII** for the agents’ take on the focus of these advertisements. Most of the agents were provided with pamphlets and brochures, while some of them also received banners and signboards. There is no BTL activity by bank staff (e.g., at branches) to educate clients. The onus of educating clients lies with the agents. Much of their time is spent on explaining products, services, processes and benefits to customers and potential customers. This precious time could be spent on running their other businesses.

Figure VIII

Current advertising focus



**2.7.C Improvements to increase effectiveness:** According to the majority (71 percent) of agents interviewed, a limited proportion of the population in their areas of operation is aware of agent banking services. While there is a clear need for ATL activities as suggested by the agents, their perception is that the most effective means of communication is television and radio. That belief is based on television and radio's wide reach and power to promote and convince.

Agents also believe that more campaigns will result in an expansion of the customer base and more business for both providers and their agents.

## 2.8 Risk mitigation

The purpose of understanding risk associated with agent operations is to find out if these risks are an impediment to servicing clients and whether they are also de-motivating factors for individuals considering becoming an agent. This section explores the following aspects of risk:

- Prevalence and understanding of risk
- Risk response
- Potential loss

**2.8.A Prevalence and understanding of risk:** In general, the perception of risk in regard to fraud, cheating and robbery is low since most of the agents have not heard of, or experienced, such incidents. Given low market penetration, isolated agents and limited awareness in general of the agency business, this perception seems reasonable. However, it is important to note that people have not formulated constructive responses to such risks (e.g., what they would do in the case of robbery or fraud).

**2.8.B Risk response:** The agents are unaware of any standard response to robbery or fraud. Their ideas range from reporting it at the nearest police station to being completely unaware of how to respond. There is no standard operating procedure that agents know of, nor are they given any training to help them deal with these situations.

**2.8.C Potential loss:** In keeping with the results of risk perception, the agents are unaware of potential losses that might occur. The general perception of loss is limited to the loss of money.

## 2.9 Other findings

Competition among agents and providers is nearly non-existent. The agent market is almost completely unsaturated, as there is very little agent penetration. None of the agents interviewed are within walking distance of other agents, and most are unaware of agents operating in their vicinity. As a result, none of the agents have an idea of how providers compare. The agents are unanimous in their belief that there is huge scope for increasing the number of agents so that the unbanked can be properly served.

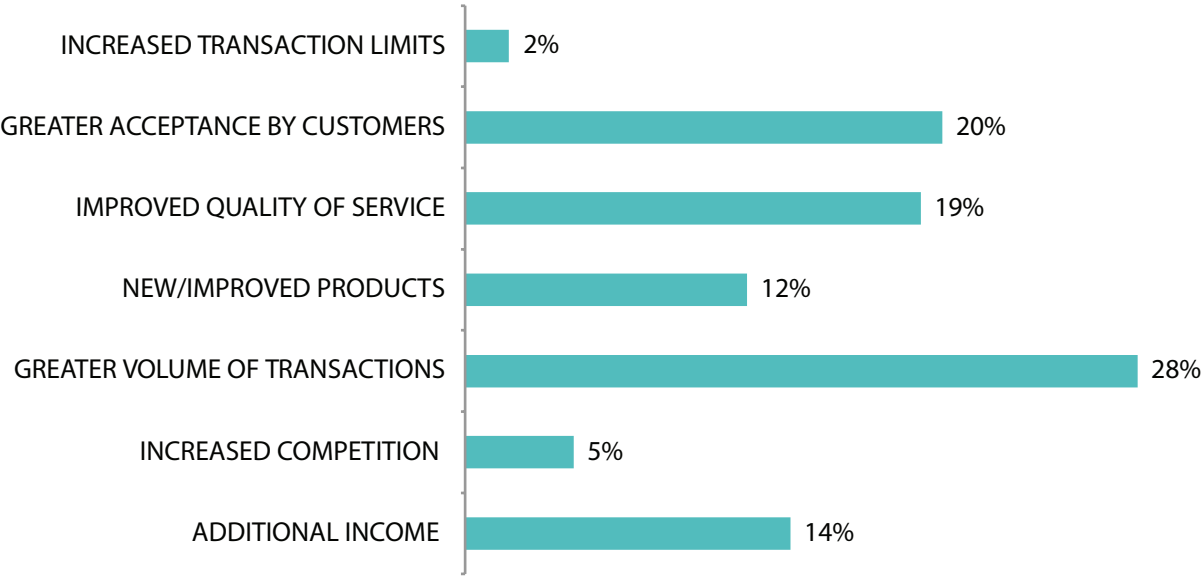
While most of the agents feel that the future of agent banking in Nepal is bright, some are more sceptical about it. The top five concerns of agents are the following:

1. Low investment in marketing
2. Technology issues leading to transaction failures
3. Limited/no support in float management
4. No dedicated person/team from the provider to manage agents
5. Low commission

An interesting observation is that, though commission is an essential requirement for the agency business and is a concern, it is clearly not the most important concern to agents at this time. Further, it is interesting to note that income increases after the other concerns are addressed.

Despite these concerns, the main trends that the agents see for the future are increased transactions, increased customer acceptance and overall improvement in the quality of service. See **figure IX** for greater detail on the future trends the agents expect.

Figure IX  
Future trends



These expected trends come, however, with caveats based on the concerns expressed by the agents.



3

## Conclusion

See **table 3** for a summary of the results of the research.

Table 3  
Analysis of strengths, weaknesses, opportunities and threats of agent banking

<b>Strengths</b> <ul style="list-style-type: none"> <li>• Since essentially bank-led models, with a number of banks introducing the services, there is backing of strong financial institutions</li> <li>• Progressive regulation</li> <li>• Interest shown by the Government, which wants to use it as a means of financial inclusion</li> <li>• Growth of the sector promoted by international agencies</li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Poor support in float management</li> <li>• Server downtime</li> <li>• Poor training-delivery mechanisms</li> <li>• No monitoring nor monitoring methodology</li> <li>• Unstructured marketing efforts</li> <li>• Marketing highly dependent on agents</li> <li>• Low investment in agent training</li> <li>• Low investment in marketing</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Vast untapped market</li> <li>• Scaling up of existing agent network is possible through training and support</li> </ul>
<b>Threats</b> <ul style="list-style-type: none"> <li>• Inactive agents</li> <li>• Inadequate investment from banks</li> <li>• Poor agent economics</li> <li>• Agents' control of the product offering</li> <li>• Little profitability for providers and agents</li> <li>• Poorly designed revenue model</li> <li>• Low motivation for providers to carry on the business</li> </ul>

The current state of affairs indicates that agent banking is still in its infancy in Nepal and needs to be given great impetus in terms of increased investment, more support for agents, better business models and better products and services. At present, interest of providers in agent banking appears to be low because of the limited revenue it generates. Like other financial services, agent banking needs to be developed into a self-sustaining and profitable proposition for both the providers and the agents.

The next section provides both long-term and short-term recommendations for developing agent banking in Nepal.



# 4

## Recommendations



The findings of the research clearly reveal the focus areas for improving agent banking in Nepal. The recommendations presented in **table 4** are based on these findings and are organised according to the eight aspects covered by the research and discussed above. Short-term ‘win-win’ recommendations are also suggested—these recommendations will have a large impact in a short period of time, thereby breaking the vicious cycle of low investment and low profitability.

Table 4  
Recommendations

Key areas	Key recommendations	Short-term recommendations
1 Products and services	<ul style="list-style-type: none"> <li>Develop anchor products in order to promote the use of other products and services. Consider government-to-person payments such as salaries and micro-pensions or rural-urban remittances as anchor products.<sup>a</sup></li> <li>Consider service-level interoperability, which can benefit from one agent delivering services for multiple providers or one agent servicing customers belonging to different providers.</li> </ul>	<ul style="list-style-type: none"> <li>Popularise existing services other than cash-in/cash-out, such as remittances, by providing incentives for the agents and recalibrating the transaction commissions on these services.</li> </ul>
2 Liquidity management	<ul style="list-style-type: none"> <li>Develop a system for liquidity management and follow-up with the agents. Conduct an in-depth seasonality study to understand peak requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Provide overdraft facilities for agents with a good track record.</li> </ul>
3 Revenues and commission	<ul style="list-style-type: none"> <li>Recalibrate the pricing and commission structures through an in-depth study of customers’ willingness to pay and agent economics.</li> <li>Develop systems to incentivise agents to achieve agency targets and create target-based incentive structures.</li> </ul>	<ul style="list-style-type: none"> <li>Clearly communicate commission structures.</li> <li>Immediately release any commission payments that are still owed to agents.</li> <li>Develop systems for real-time commission deposits into agents’ accounts and send SMS alerts to the agents.</li> </ul>
4 Technology platform performance	<ul style="list-style-type: none"> <li>Study the internal data of different agent networks to develop turnaround-time standards for different types of technological issues.</li> <li>Define operating procedures and responsibility centres.</li> </ul>	<ul style="list-style-type: none"> <li>Send SMS alerts about system downtime to agents.</li> <li>Incorporate service request numbers in SMS alerts for future follow-up on issues.</li> </ul>
5 Agent training	<ul style="list-style-type: none"> <li>Develop suitable training content and training-delivery mechanisms.</li> <li>Define induction process and develop refresher training of agents.</li> <li>Define frequency of trainings and monitoring (follow-up) visits through training-need assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Provide training immediately to all new agents who joined in the last 12 months and who have not been trained on new product features and revised processes.</li> </ul>
6 Monitoring and support	<ul style="list-style-type: none"> <li>Develop a ‘cause list’—a list of problem areas, their solutions and when they should be addressed through physical visits or phone calls.</li> <li>Based on the cause list, plan regular monitoring visits.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure at least one visit per quarter is conducted by a supervisor from the nearest bank branch to monitor and motivate agents.</li> </ul>
7 Marketing	<ul style="list-style-type: none"> <li>Develop marketing plan to highlight the full range of services offered, rather than describing operational processes.</li> <li>Build awareness and trust in agent banking through ATL campaigns—these campaigns could be co-financed by all the providers that deploy agents.</li> <li>Create more information sources in operational areas with ATL and BTL marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct BTL activities in bank branches, at agent points and customer locations.</li> </ul>
8 Risk mitigation	<ul style="list-style-type: none"> <li>Set up systems for client protection and customer service (including call centres).</li> <li>Promote complaint resolution through marketing in order to increase customer confidence in adopting agent banking.</li> </ul>	

a Recommendation based on research conducted by *MicroSave* for UNCDF and published in the report *Understanding the Demand for Financial Services in Nepal*.



# 5

## Annexes



### 5.1 Annex A: Research methodology and sampling

A team of two qualitative-research experts was engaged in designing, setting up and conducting the qualitative research. The methodology included the following sequence of tasks:

- 1. Identify research objectives.
- 2. Develop tools for data collection.
- 3. Select research locations and target respondents.
- 4. Conduct the research: recruit respondents via local moderator and administer the research tools.

#### Research tools

Two research tools were used at each of the locations to triangulate and supplement the findings from each individual tool:

- 1. Individual interviews: to seek the opinions of individual agents and understand their experience of the agent-based financial service business.
- 2. Focus-group discussions: to seek input from clients of the agent-based financial services at agent points.

#### Sample size

Originally, a 10-percent sample size of all existing agents of all agent networks was planned for the research. There were 650 agents in total, therefore 65 agents were to be covered. However, when the agents were contacted, it became clear that only about 50 percent of the agents were active. Therefore, the sample size was reduced to 50 agents. During the research, another 8 agents were found to be inactive and therefore the final sample was 42 agents. The agents were members of agent networks deployed by six providers. The number of agents from each provider involved in the research was in proportion to the overall number of agents connected to that provider’s agent network. See **table A.1** for the specific number of agents covered from each provider.

Table A.1  
Providers and agents covered by the research

	Provider covered	Number of agents covered
1	Laxmi	20
2	Global	6
3	Mega	6
4	Rastriya Banijya Bank Limited	2
5	Siddhartha Bank Limited	4
6	Nepal Investment Bank Limited	4
	<b>Total</b>	<b>42</b>

## Research locations

The research locations were spread across the three ecological areas (*Terai*, Hill and Mountain) and also across the five development regions (Far-Western, Mid-Western, Western, Central and Eastern). See **table A.2** for the specific locations covered during the research.

Table A.2  
Research locations

Sl. No.	Agent location	District	Development region
1	Sallaghari	Bhaktapur	Central
2	Sarpallo	Mahottari	Central
3	Mathiani	Mahottari	Central
4	Raghunathpur	Dhanusha	Central
5	Melamchi Bazaar	Sindhupalchowk	Central
6	Kalyanpur	Siraha	Central
7	Jiri	Dolakha	Central
8	Dolalghat	Kavrepalanchowk	Central
9	Bhakunde besi	Kavrepalanchowk	Central
10	Those	Ramechhap	Central
11	Dhumkharga	Panauti	Central
12	Kalimati	Bagmati	Central
13	Jhamsikhel	Bagmati	Central
14	Shiva Chowk	Dhanusha	Eastern
15	Nepaltar	Illam	Eastern
16	Jhapa Bazaar	Jhapa	Eastern
17	Goldhap	Jhapa	Eastern
18	Dharan	Sunsari	Eastern
19	Mangalbare	Illam	Eastern
20	Kalanki	Kathmandu	Eastern
21	Suda	Kanchanpur	Far-Western
22	Siddeswork	Baitadi	Far-Western
23	Chaumala	Kailali	Far-Western
24	Chaumala	Kailali	Far-Western
25	Mainapokhar	Bardiya	Mid-Western
26	Mainapokhar	Bardiya	Mid-Western
27	Bansgadi	Bardiya	Mid-Western
28	Thakurdwara	Bardiya	Mid-Western
29	Tulsipur	Dang Deukhuri	Mid-Western
30	Bijauri	Dang Deukhuri	Mid-Western

Sl. No.	Agent location	District	Development region
31	Rampur	Dang Deukhuri	Mid-Western
32	Tribhuvan Park	Dang Deukhuri	Mid-Western
33	Jyamire, Chainpur	Chitwan	Western
34	Krishnapur	Chitwan	Western
35	Pragatinagar	Nawalparasi	Western
36	Kawasoti	Nawalparasi	Western
37	Semara	Rupandehi	Western
38	Madhawaliya	Rupandehi	Western
39	Bhimsen tole	Palpa	Western
40	Khasyewli	Palpa	Western
41	Pumdibhumdi	Pokhara	Western
42	Majhgaun	Rupandehi	Western

5.2 Annex B: Agent network accelerator—Agent assessment research guide

Introduction: Hello, my name is \_\_\_\_\_, and I am working with a research organization called *MicroSave*, with offices around the world. This interview aims at gathering information on mobile and bank-agent networks and how they can be operated to increase their efficiency and provide quality service to agents, customers and providers. We understand your time is valuable, but we also think it is very important that your opinions and concerns are counted. The data collected is strictly private and confidential and will only be used for the purposes of research. We would very much like to record (take notes) of these discussions to help us remember them and so that we do not miss any of the issues and ideas you give us. Do you mind if we proceed with this interview?

(If the respondent agrees then proceed).

Section A: Survey and Location Information			
Name of the Moderator:		Country:	
Date:	DD/MM/YYYY	Session Number:	
Location of the Agent:		(Urban/Rural)	
Opening Days:		Opening Hours:	
Location Details of the Agent:		Region _____ District _____ Village Development Committee _____ Village _____ Area (Hill/Terai/Mountain) _____	
Agent Name:		Agent Code:	
Gender:	(M/F)	Agent Since:	MM/YYYY (when agency opened)
Name of Agent Store: (e.g., Epic Mountain Bikes)			
Agent Mobile Number (Personal):			
Name of the Service Provider: (Bank/Mobile Money Operator)(Multiple answers permitted)		(Please Specify the Name of the Bank/Others)	
Service Provider Selected for the Interview:			
Name of the Aggregator/Master agent/Distributor/ Corporate Agent: (Someone taking percentage of commissions from agents. Can also train and visit agents and help in replenishing cash floats). (if applicable)			

Section B: Agent Information		
	Area of exploration	Probes
B1	Nature of agent:	Exclusive agent (agent to just one provider) Non-exclusive
B2	If non-exclusive, list other providers being served by the agent along with when the agent started working with each:	
B3	Type of agency:	Dedicated agent (if you are providing only mobile-money/bank services) Non-dedicated (agency is located in a business selling other items)
B4	Technology devices used for providing financial services:	Mobile phone POS device Computer (Monitor + central processing unit) Fingerprint reader Printer Web camera Laptop Other (specify): _____
B5	In general, what are the cash transactions that can be digitalized in the area? (Of the current transactions done by customers, which can be migrated to a mobile phone/bank account?)	In your opinion, why do most people prefer cash? What would make people shift from cash to mobile/bank transactions? [Non-dedicated agents] What change to the system would motivate you to encourage customers to pay you in digital money (e.g., digital receipts, non-reversals)?
B6	What was your motivation to get into the agency business?	How did you first learn about becoming an agent? What was the process? What documents or how much collateral did you submit? How long did it take to get the account activated? What were your expectations? On what did you base your expectations? Are those expectations being met? (Why/why not?)
B7	Based on your experience, how has being an agent changed since you began?	What has improved/become harder? What trend has there been in transactions per day? What number of transactions did you do per day when you were less than three months into this business? What about now? What was the average amount of cash-in/cash-out transactions at the beginning of your business? What about now? What new products and services have been introduced? What kind of transactions did people make in the initial days? What kind of transactions do they make now? How many agents were there in your locality when you had just started? What about now? What trends do you see continuing into the future?
B8	What is the influence of the agency business over your other businesses? (For non-dedicated agents only.)	What are the positive factors? How do they influence your business? What are the negative factors? How do they influence your business? How did you address those?

Section C: Products and Services		
	Area of exploration	Probes
C1	Product/Services offered:	Account Opening/Registration/Enrolment Cash-in Cash-out Money transfer Bill payment Airtime top-up Fixed deposit Recurring deposit Savings bank account Other deposit product Credit Insurance Welfare payments Other (specify) .....
C2	Please describe all the products and services you offer as an agent.	Which among these is the most popular and why? Why are the other products/services not so popular? What is the minimum number of transactions that you would be satisfied with per day? How did you arrive at this number of transactions? How many transactions did you make in the last 30 days? If dormant (No transactions for the last 30 days): Why? When was your last transaction? What would enable you to make a transaction?
C3	If I want to register for the services, how do I do it?	Do you carry out customer registration in your agency? If yes, how many do you do a month? If no, why? What are the other ways customers can register, besides in an agency (e.g., customer care centres, online, roaming sales agents, bank branches, regional offices, union information centres, distributor offices)? What are the most common questions asked during the registration process? How much time does it take to register a customer (Including answering questions)? What documents and other items are needed (e.g., ID, passport photos, driver's licence)? How much of the registration process can be completed in the agency? What must be sent elsewhere, where does it go, and how long does it take to be processed? How might you improve this process? Are customers allowed to perform transactions instantly after the registration (include limited transactions)?

C4	Please describe times when you conduct agent-assisted transactions, including direct deposits/over-the-counter transactions.	<p>How often do customers ask you to make a transfer for them, instead of just buying e-float (direct deposit)?</p> <p>How frequently do you do this?</p> <p>What are the benefits to you from doing this?</p> <p>What are the benefits to the client?</p> <p>Do you also use your own personal phone to help customers?</p> <p>Why do you have to use your personal phone?</p> <p>How frequently do you do this?</p> <p>How many personal accounts do you have for this purpose?</p> <p>What are the benefits to you from doing this?</p> <p>What are the benefits to the client?</p>
Section D: Liquidity Management		
	Area of exploration	Probes
D1	Please describe how your transaction volumes (frequency) and values (amount) fluctuate.	<p>(On average) What times during the day, week and month do you do your highest and lowest volumes and values of transactions?</p> <p>What time during the day? Why?</p> <p>What day during the week? Why?</p> <p>What period during the month? Why?</p> <p>What month during the year? Why?</p> <p>What float management strategies do you use to overcome these challenges (during highs and lows)?</p>
D2	Please explain the strategies/processes you use when you need more e-float or cash?	<p>How do you get capital for your business?</p> <p>How do you manage your business expenses?</p> <p>How do you meet your cash needs for transactions?</p> <p>How do you convert the cash into e-float?</p> <p>How different are the challenges of c and d above?</p> <p>How long does it take you to replenish cash or e-float?</p> <p>How much money does it cost you (all associated costs—e.g., transport costs, time, transaction charges)?</p> <p>How often do you need to rebalance? (How long does it take before you deplete the float?)</p> <p>Do you use super agents or aggregators for rebalancing?</p>
D3	What are your main issues regarding maintaining an adequate float?	<p>What are the most challenging parts of float management?</p> <p>How do you address these challenges? Probe - ask if the agent rebalances informally with other agents.</p> <p>What suggestions do you have for making float management better for you?</p> <p>How often do you have to postpone transactions due to lack of float?</p> <p>What is the approximate financial loss due to such incidents?</p> <p>What would encourage you to keep more float at your agency?</p> <p>Do the providers follow up on your float management?</p>

## Section E: Revenue and Commission Structure

Do you receive commissions directly or receive a salary for working as an agent?

	Area of exploration	Probes
E1	Please describe how you receive your commissions.	<p>Are commissions given digitally on your agency banking account/ phone, sent to a different phone, or paid in cash?</p> <p>Can you choose how you are paid?</p> <p>With what frequency are you paid?</p> <p>Do you get notifications of commissions per transaction?</p> <p>If you wanted to determine that your transactions were accurate, how would you do this?</p> <p>How often do you actually do this?</p> <p>Do you think commission calculations are accurate?</p> <p>If yes, why?</p> <p>If no, why?</p> <p>In case of inaccuracies, what would you do?</p> <p>Have you ever done this before, and if so, what happened?</p>
E2	Please tell us about the commission rates you earn from being an agent.	<p>Do you have a clear idea of the amount of commission you receive for all the different activities you conduct as an agent?</p> <p>Please explain the commission rates you receive on different transactions and on account opening.</p> <p>If no, what are the reasons for you not being clear about commission structures?</p> <p>How are these commissions communicated to you?</p> <p>What motivates you to make a transaction when the commission structure is not clear to you?</p> <p>Other than cash-in/cash-out and registrations, are there other transactions that earn you commission?</p> <p>Are there any transactions for which you are not given commission? If yes, what motivates you to do such transactions?</p>
E3	What is your level of satisfaction with commission levels and payment processes?	<p>Are you satisfied with enrolment and transaction commissions?</p> <p>If yes, explain.</p> <p>If no, why do you think it is not adequate?</p> <p>What motivates you to enrol new customers or perform transactions if you are not compensated adequately?</p> <p>Are you satisfied with the current frequency of commission payments?</p> <p>If yes, explain.</p> <p>If no, what are the reasons for the same?</p>
E4	Please describe any targets or goals you are given for your agency business.	<p>Do you have specific targets for the different activities? If yes, what are they?</p> <p>Who gives these targets (i.e., super-agent/bank/agent network manager)?</p> <p>Are these targets monitored? If yes, how?</p> <p>How regularly do you meet these targets?</p> <p>Do you get rewarded/receive incentives for achieving targets? If yes, in what way?</p> <p>Do you get penalised for not meeting the targets? Please elaborate.</p> <p>Do you feel adequately motivated to strive for the targets?</p>



E5	SPECIAL SECTION FOR SALARIED OPERATORS	<p>Are you given performance incentives? If yes, what is/are the incentive(s)?</p> <p>How is/are this/these incentive(s) determined?</p> <p>Are your performance incentives motivating enough to actively increase transactions and enrolments?</p>
Section F: Platform Performance		
	Area of exploration	Probes
F1	Please describe how frequently the platform is unavailable (goes down).	<p>Are there times when the platform is unavailable?</p> <p>How often does this happen and how long does it remain unavailable?</p> <p>What causes it?</p> <p>Is there any point in time when the downtime is more common?</p> <p>What are the major problems it causes for you?</p> <p>What is your approximate financial loss due to such downtime?</p> <p>How do you manage customers' expectations during this time?</p>
F2	Are you given prior warning when the platform goes down?	<p>If yes, who informs you from the service provider and through which channel for such intimations (SMS, call, other agents, super-agent, staff, etc.)?</p> <p>Do you think this is the best channel of intimation? If yes, why do you say so?</p> <p>If no, why do you say so and are there better ways of doing this?</p> <p>How correct are the time estimates, in the case of your service provider warning you about the same in advance?</p> <p>How does prior intimation help you in managing the business?</p>
F3	What are the other technical problems that occur, with equipment or the processes you have to follow?	<p>What would you say about the performance of the technology or processes that you use?</p> <p>If there are challenges in the performance, how have you overcome them? Are there any initiatives you have developed to overcome the challenges?</p> <p>Are you supported adequately by the service provider to address such problems? How does the service provider support you?</p> <p>How much time does it take to address concerned technical issues?</p> <p>Have you encountered problems which are beyond the service provider?</p> <p>Are there other technologies or processes used in the agency?</p> <p>What would you say about their performance?</p> <p>How intuitive is the agent user interface (user-friendly)?</p> <p>What suggestions do you have about how this can be improved?</p>

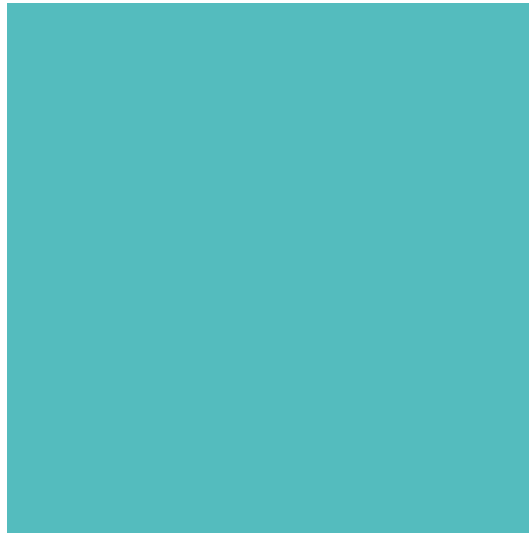
Section G: Training		
	Area of exploration	Probes
G1	Please describe the training you have received to become an agent.	<p>Were you given the training by the service provider when you were recruited?</p> <p>How long did the training last?</p> <p>If yes, was it sufficient for you?</p> <p>If not sufficient, why do you say so?</p> <p>What suggestions do you have for improving it?</p> <p>If not trained by the service provider, who trained you?</p> <p>Describe the training experience in terms of:</p> <ul style="list-style-type: none"> <li>• Pedagogy (methodology, e.g., handouts, experiential, in-classroom training)</li> <li>• Trainer</li> <li>• Content</li> <li>• Length of training (in hours or days)</li> </ul> <p>Have you received any refresher training after the induction training?</p> <p>If yes, what is the frequency of such refresher training and how does it help?</p> <p>Are you satisfied with the training?</p> <p>Were you provided with any incentives for attending the training?</p> <p>If yes, then please elaborate.</p> <p>Would you be interested in more training, and if so, on what specific topics?</p>
Section H: Monitoring and Support		
	Area of exploration	Probes
H1	Describe any support you receive from people who visit the agency.	<p>Are there people who visit you to monitor your progress or to offer technical support? If yes, who visits you to support you?</p> <p>Are their visits routine? Are there specific issues they monitor? If so, which ones?</p> <p>For those who visit regularly, how frequently do they visit?</p> <p>How has the frequency or quality of visits changed over time?</p> <p>Was it different in the first three months of operation?</p> <p>What suggestions do you have to improve the value of these visits?</p>
H2	What other resources are available to you when you have questions/problems?	<p>When you have questions, whom do you most frequently ask first?</p> <p>How often do you rely on other agents for the answers to your questions?</p> <p>Is there a call centre available to you? Is there a dedicated call-centre line for agents?</p> <p>How often do you call them in a month?</p> <p>What issues do you usually discuss with them?</p> <p>Are they able to provide you with adequate support?</p>

Section I: Marketing		
	Area of exploration	Probes
I1	Please describe the marketing that has been done to promote this service.	<p>How does information reach you? How do you like this information to reach you?</p> <p>What advertising has been done on television, radio, billboards, and/or in newspapers?</p> <p>Which advertising media do you think is the most effective: person-to-person, television, radio, billboard, or festoon?</p> <p>What types of promotional materials are you provided with? Do you think those are sufficient? If not, why not?</p> <p>In your opinion, what percentage/proportion of the population in the area seems to be aware of the service, and understands basically what it does?</p> <p>What has been done in terms of teaching people exactly how to use the product?</p> <p>Where do most clients learn how to use the service (who teaches them?)</p> <p>Have there been promoters in your area?</p> <p>Do you have to spend a lot of your time training customers?</p> <p>What advice do you have for improving marketing and education efforts?</p>
Section J: Risk		
	Area of exploration	Probes
J1	How prevalent is fraud (use of trickery) and what measures do you take to prevent it?	<p>How big a concern is fraud/deceit/trickery for you? (Introduce this section with a Yes or No question on whether fraud/deceit/trickery is a concern.)</p> <p>Do you know anyone personally who has been a victim of fraud/deceit/trickery in the agency business?</p> <p>If yes, can you please describe what happened?</p> <p>Have you lost money due to fraud/deceit/trickery?</p> <p>If yes, can you please describe what happened?</p> <p>What measures do you take to prevent it?</p> <p>Have you reported any such loss to the authority? If yes, then who did you submit your report to? If not, why not?</p> <p>Were any measures taken based on your report? If yes, please elaborate.</p> <p>What do you do in case of fraud/deceit/trickery?</p> <p>How do you find out about what types of fraud are being perpetrated?</p>

J2	How prevalent is robbery (use of force/arms) and what measures do you take to prevent it?	<p>How big a concern are robbery/violence for you?</p> <p>Do you know anyone personally that has been a victim of robbery/violence in the agency business?</p> <p>If yes, can you please describe what happened?</p> <p>Has this agency been robbed/subjected to violence?</p> <p>If yes, can you please describe what happened?</p> <p>What measures do you take to prevent it?</p> <p>Have you reported any such loss to the authority? If yes, then who did you submit your report to? If not, why not?</p> <p>Were any measures taken based on your report? If yes, please elaborate.</p> <p>What do you do in the case of robbery/violence?</p> <p>How do you find out about robberies occurring?</p>
Section K: Others		
	Area of exploration	Probes
K1	Please describe what competition is like with other agents and providers.	<p>How does the provider we have been talking about compare to others?</p> <p>Who are the other providers operating in the area?</p> <p>How would you compare yourself with other agencies competing with you in this area?</p> <p>How many agents serving the same provider are within walking distance from you?</p> <p>How does it affect your business?</p> <p>Do other providers ask you to offer their services too?</p> <p>How do you make the decision if you will or will not?</p> <p>[Exclusive agents: just one agent network manager] How does the exclusivity affect your business?</p> <p>[Non-exclusive agents: More than one agent network manager]</p> <p>Which providers are most profitable to you?</p>
K2	Closing Questions	<p>What are the top three burdens you experience as an agent (ranked 1–3)?</p> <p>Name three improvements you could make if you had the power.</p> <p>Do you think the agent market is already saturated? Please elaborate.</p> <p>What in your opinion is the future of agency banking in Nepal?</p>

**Closure:** Thank you for your contributions in this discussion.  
Do you have any questions/comments for us?





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