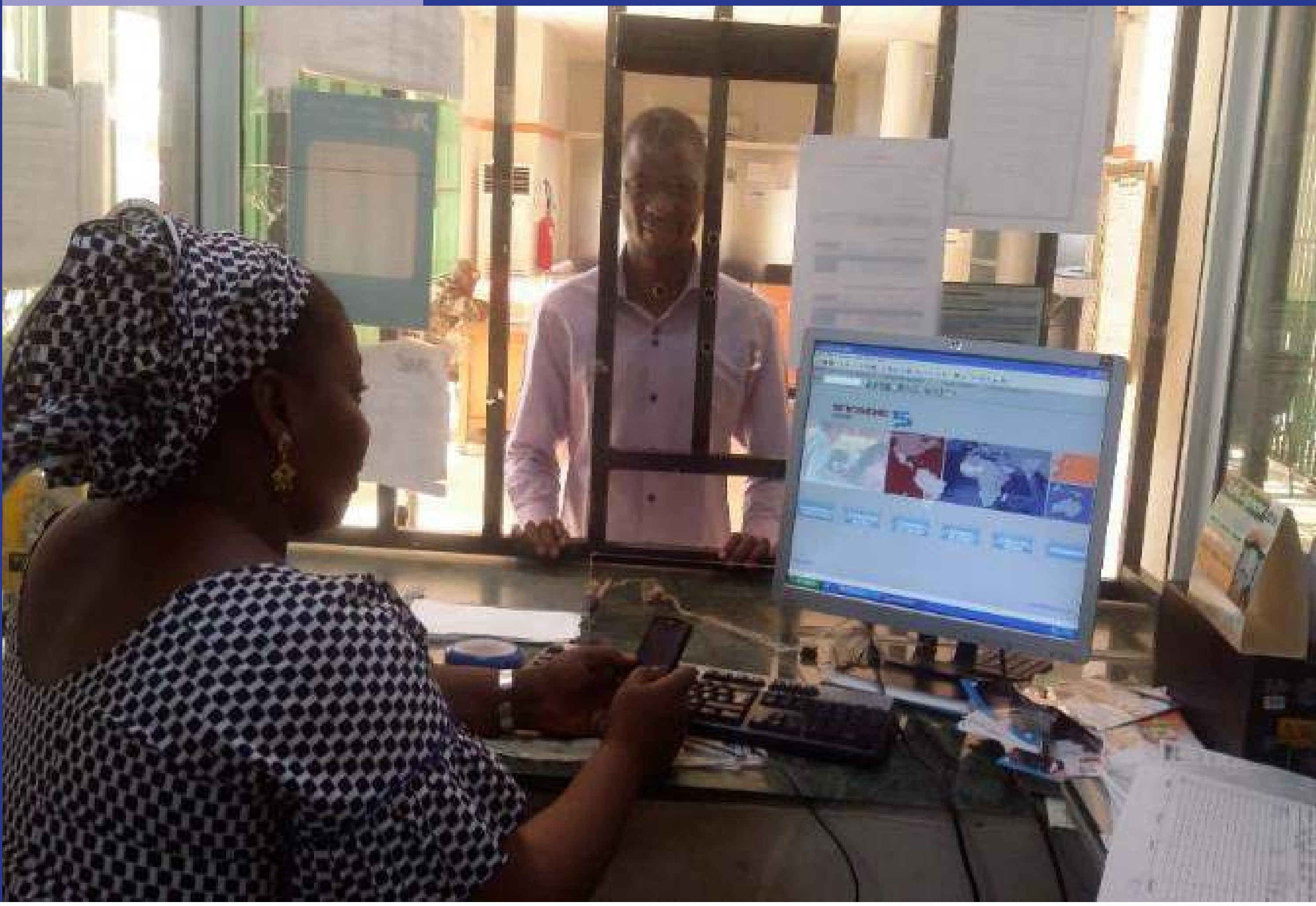
HOW TO SUCCEED IN YOUR DIGITAL JOURNEY: A SERIES OF TOOLKITS FOR FINANCIAL SERVICE PROVIDERS

TOOLKIT #2: BE AN AGENT

PART 1: BUSINESS MODEL DESCRIPTION

By PHB ACADEMY and MICROLEAD



Courtesy of Kafo Jiginew

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Airtel money transfer at a Sofipe Branch - Courtesy of Sofipe

INTRODUCTION

Delivery channels have evolved drastically over the past 10 years from traditional delivery channels which were mainly physical locations, such as bank branches or ATMs, towards alternative delivery channels (ADCs), also often called digital channels (DCs). The latter encompasses internet banking, mobile banking, and agent banking.

In the past, traditional channels could theoretically provide the full range of financial services to clients, whereas ADCs or DCs could only provide limited services (cash in/out in the case of Mobile Network Operators (MNOs), deposit/withdrawals in the case of Financial Institutions), balance enquiry, payments, transfers. This vision is less and less accurate as ADCs/DCs evolve towards providing a full range of services, from client registration to savings collection through collectors or phones, and even credit scoring and loan requests, disbursements and repayments. Technology is facilitating the development of these new channels. Point of Sales (POS), mobile phones, tablets, netbooks, are now enabling transactions anywhere, anytime. The technology is the means for transactions whereas ADCs are the means of distribution. As pointed out in the IFC-The Mastercard Foundation's "Alternative Delivery Channels and Technology Handbook (2014)[I]", this distinction (technology vs channels) is fundamental.

Another fundamental distinction is the critical difference between financial institutions (FIs) and MNOs when it comes to digital finance transactions. FIs "own" the funds and hence prefer storing value (making money out of intermediation), while MNOs "transact" the funds and hence prefer moving value (making money out of commissions). For the purpose of these toolkits, we will refer to cash in/out transactions when discussing MNOs and deposit/withdrawal transactions when discussing FIs.

MicroLead's Toolkits initiative

PHB Academy is supporting UNCDF's MicroLead in releasing a series of Toolkits for Financial Service Providers to succeed in their Digital Journey, with a focus on Financial Institutions in particular.

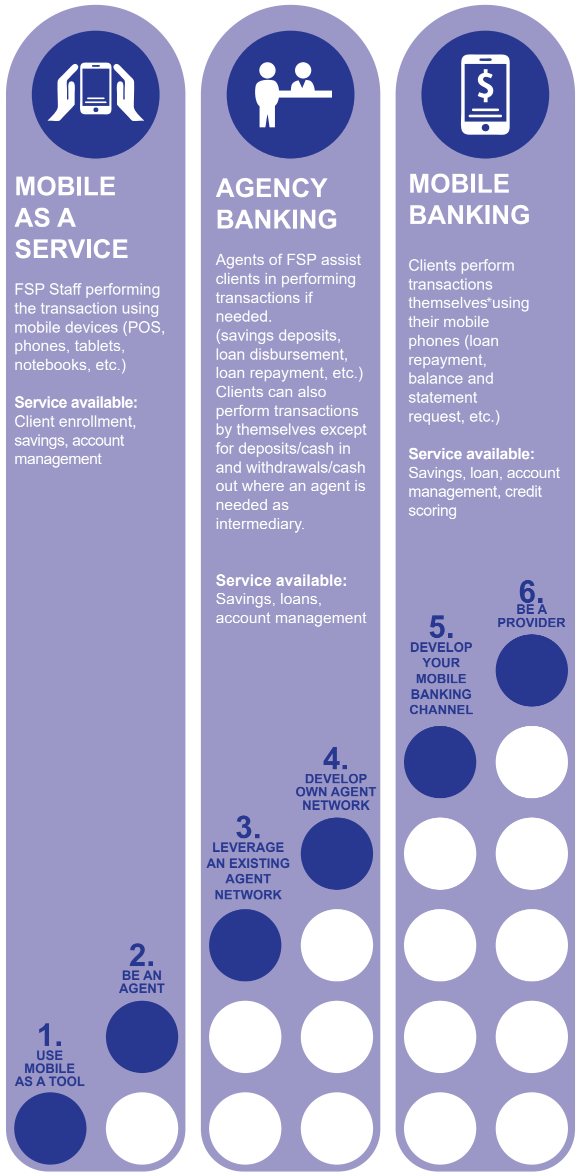
These toolkits capitalize on and complement existing research, publications and documentation and have been developed based on MicroLead and PHB's experience with over 100 digital financial service implementations.

I http://www.ifc.org/wps/wcm/connect/5d99c500477262e89844fd299ede9589/ADC+Handbook_ISBN.pdf?MOD=AJPERES

The 6-step business framework

Six possible business models have been defined for FSPs eager to go digital (see Figure 1). The business models are conceived as different steps a FSP can take in its digital journey. FSPs are free to start anywhere in this framework, but should be conscious that the higher up in the journey they decide to start, the heavier the efforts to bear.

Figure 1: The 6-step business framework



** Except for cash in and cash out transactions performed at agents*

The first two business models of this framework consist in using mobile as a service where basic transactions are performed by staff of the FSP using mobile devices. We will describe them in toolkit #1 "Use Mobile as a Tool" and #2 "Be an Agent." Models 3 and 4 describe agency banking where an agent (of a MNO, PSP or FI) assists clients with the transactions if needed. Clients can also perform transactions by themselves except for cash in/out where an agent is needed as intermediary. We will describe them in toolkit #3 "Use an existing agent network" and #4 "Develop Own Agent Network". Models 5 and 6 describe mobile banking where clients transact directly on their FI´s account, performing the operations themselves using their mobile phones. We will describe them in toolkit #5 "Develop your Mobile Banking Channel" and #6 "Be a Provider."

Courtesy of TSCU

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ACKNOWLEDGEMENTS

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ACRONYMS

ADC	Alternative Delivery Channel
CBS	Core Banking System
CICO	Cash-In/Cash-Out
DFS	Digital Financial Service(S)
DFSP	Digital Financial Service Provider
EDGE	Enhanced Data Rates For Gsm Evolution
e-money	Electronic Money
FI	Financial Institution
FSP	Financial Service Provider
KPI	Key Performance Indicator
KYC	Know Your Customer
MFI	Microfinance Institution
MIS	Management Information System
MM	Mobile Money
MNO	Mobile Network Operator
MTN	Mobile Telephone Networks
OTC	Over The Counter
OTP	One Time Pin
POS	Point Of Sale
PSP	Payment Service Provider
P2P	Person To Person
SMS	Short Message Service
SOFIPE	Société De Financement De La Petite Entreprise
STK	Sim Application Toolkit
TSCU	Trust Savings Credit Union
UGAFODE	Uganda Agency for Development Limited
UNCDF	United Nations Capital Development Fund
USSD	Unstructured Supplementary Service Data
VPN	Virtual Private Network

DEFINITIONS

CONCEPTS	DEFINITIONS
DIGITAL FINANCIAL SERVICES (DFS)	Refers to financial services provided to clients through alternative distribution channels (mobile, internet, agents) that have developed over the past 10-15 years.
MOBILE FINANCIAL SERVICES (MFS)	Refers to financial services provided to clients through mobile phones and mobile devices (eg: tablets). The term is gradually being replaced with DFS, which is broader also covering other distribution channels.
ALTERNATIVE DELIVERY CHANNELS	Comprises new distribution channels that have developed over the past 10-15 years: internet banking services, mobile banking services, agency banking services (as opposed to traditional distribution channels such as brick & mortar and ATMs).
FINANCIAL SERVICE PROVIDERS (FSPs)	Comprises banks, MNOs, and financial institutions providing financial services to clients.
NON BANK FINANCIAL INSTITUTIONS (NBFI)	Comprises MFIs, cooperatives and SACCOs, and MF Banks, as opposed to MNOs and traditional Banks, providing financial services to clients.
MOBILE AS A SERVICE	Refers to financial transactions performed using mobile technologies, such as the mobile phone or tablet, and impacting the account of the financial service provider.
AGENCY BANKING	Clients can transact on their mobile wallet and FI account either directly themselves or be assisted by a third party (e.g: agent). Note that deposits (cash in) and withdrawals (cash out) require agent as intermediary. In toolkits 3 and 4, we will detail the type of transactions and the interactions between the mobile money and the bank account.
MOBILE BANKING	We define it as financial transactions performed via mobile technologies by the client him/herself, directly on the client's Financial Institution account (eg: account balance check, loan reimbursement, etc). Note that deposits (cash in) and withdrawals (cash out) still require an agent as intermediary. In toolkits 5 and 6, we will detail the type of transactions and the interactions between the mobile money and the bank account.
AGENT	Any third party acting on behalf of a bank, a mobile network operator, or other financial services provider to deal directly with customers. (source: CGAP, 2016)
ELECTRONIC MONEY (E-MONEY)	A monetary value represented by a claim on the issuer that is stored in electronic form, including magnetic; issued immediately against delivery of funds of an amount not less than the monetary value issued; and accepted as means of payment by persons or entities other than the issuing institution. (source: CGAP, 2016)
E-MONEY ISSUER	Banks, financial institutions specialized in payments (or payment institutions), authorized microfinance institutions, and other authorized nonfinancial institutions that have been authorized by BCEAO as EMEs. (source: CGAP, 2016)
FLOAT	The balance of e-money, or physical cash, or money in a bank account that an agent can immediately access to meet customer demands to purchase (cash in) or sell (cash out) electronic money. (source: CGAP, 2016)
OVER-THE-COUNTER (OTC) TRANSACTIONS	An OTC transaction occurs when clients hand cash to or receive cash from agents, who execute transfers electronically on behalf of senders and receivers. In such transactions, clients do not need to have their own e-wallets. (source: CGAP, 2016)
CASH-IN/ CASH OUT	Cash-in is the exchange of cash for electronic value (e-money); cash-out is the exchange of electronic value (e-money) for cash. (source: CGAP, 2016)
VPN	A virtual private network (VPN) is a network that is constructed using public wires — usually the Internet — to connect to a private network, such as a company's internal network. There are a number of systems that enable you to create networks using the Internet as the medium for transporting data.

CONCEPTS	DEFINITIONS
CORE BANKING SYSTEM (CBS)	A core banking system is the back-end data processing application/software for processing all transactions that have occurred during the day and posting updated data on account balances (source: Gartner[a]).
ELECTRONIC WALLET (E-WALLET)	Electronic accounts that clients can manipulate directly to send payments to other wallets or merchants. (source: CGAP, 2016)
MANAGEMENT INFORMATION SYSTEM (MIS)	A MIS is the entire back office system, including portfolio management, and reporting. It is broader than CBS, which is for capturing and processing the data. As described by World Bank, a MIS is a system that helps management make, carry out and control decisions. It captures and stores data, processes data to produce meaningful and relevant reports, and supports operations by enforcing defined processes and providing an audit trail. (source: CGAP, 2012[b]).
POINT OF SALES (POS)	A payment terminal, also known as a Point Of Sale terminal, credit card terminal, or Electronic Funds Transfer at Point of Sale terminal, is a device which interfaces with payment cards to make electronic funds transfers.
MPOS (MOBILE POINT OF SALE)	An mPOS (mobile point of sale) is a smartphone, tablet or dedicated wireless device that performs the functions of a cash register or electronic point of sale terminal. (source: TechTarget[c]).
MOBILE NETWORK OPERATOR (MNO)	A company that has a government-issued license to provide telecommunications services through mobile devices. Mobile penetration rate Measured by the number of SIMs in circulation as a percentage of the total national population number. (source: CGAP, 2016)
VALUE ADDED SERVICE (VAS)	A popular telecommunications industry terminology for noncore services of mobile network operators. (source: CGAP, 2016)
GPRS	General Packet Radio Service (GPRS) is a widely-deployed wireless data service, which enables people to enjoy advanced, feature-rich data services, such as e-mail, multimedia messages, social networking and location-based services (definition from GSMA [d]). The data system charges based on volume of data transferred, instead of billing per minute of connection time.
EDGE	Enhanced Data rates for GSM Evolution (EDGE) is a technology that can provide up to three times the data capacity of GPRS. EDGE enables the delivery of more demanding mobile services, such as multimedia messaging, full web browsing and e-mail on the move[e].
WAN	A wide area network (WAN) is a telecommunications network or computer network that extends over a large geographical distance. The Internet is an example of a WAN.
KNOW YOUR CUSTOMER (KYC)	A set of due diligence measures undertaken by a financial institution, including policies and procedures, to identify a customer and the motivations behind his or her financial activities. KYC is a key component of anti-money laundering/combating the financing of terrorism efforts. (source: CGAP, 2016)
USSD	Unstructured supplementary service data (USSD) is a communications service controlled by MNOs. It is accessed from any mobile phone dialing a number that starts with * and ends with #. It opens a session enabling to perform transactions such as mobile payments.

a http://www.gartner.com/it-glossary/core-banking-systems/

b https://www.cgap.org/sites/default/files/CGAP-Technical-Guide-Information-Systems-Jan-2012.pdf

c http://searchcio.techtarget.com/definition/mPOS-mobile-point-of-sale

d http://www.gsma.com/aboutus/gsm-technology/gprs

e GSMA: http://www.gsma.com/aboutus/gsm-technology/edge

OVERVIEW OF THIS TOOLKIT

This toolkit is the second of a series of six toolkits aimed at supporting financial institutions (FI) to go digital.

It describes the second model an FI can choose, **be an Agent**: The FI is an agent for a digital financial service provider (DFSP) **providing the DFSP's products/ services through its own network of branches or points of services.**

Generally, in this context, the DFSP is a mobile network operator (MNO) although it could also be a payment service provider (PSP).

This toolkit is composed of two main documents:

- This document, "Part 1: Business model description" describes the business model and recipe for success. Two case studies, one from SOFIPE in Burkina Faso and the other from UGAFODE in Uganda, illustrate how to implement this model.
- The document "Part 2: Case studies" describes the detailed case of Trust Savings Credit Union (TSCU) in Liberia, a UNCDF MicroLead partner. It also outlines the case of a large microfinance institution (MFI) in Mali, Kafo Jiginew, which was one of the first MFIs to partner with Orange Money when their e-money service was launched in Mali.

MTN agent performing a mobile money transaction

SECTION 1:
OVERVIEW OF THE BUSINESS MODEL

When a financial institution (FI) decides to become an agent, it provides Digital Financial Services (DFS), in most cases mobile money (MM) services in its branches and points of services on behalf of a third party digital financial service provider (DFSP), generally a MNO although it can also be a payment service provider such as Pagatech in Nigeria or Mbirr in Ethiopia that are agent network aggregators and provide a mobile money platform.

When FIs work as agents on behalf of a DFSP, the channel most frequently used is a merchant mobile phone. **In this model, the staff of the FI perform MM transactions for the DFSP's clients:** customer registration, cash in/cash out, person-to-person transactions, etc.

FIs that decide to become agents of a DFSP generally do so for the following reasons: (1) to increase their income with additional revenues (from the commissions paid by the DFSP), (2) for client acquisition (through cross selling to walk-in clients of the DFSP), (3) to reinforce brand/ visibility, (4) to increase customer loyalty (one stop shop) and (5) for those FIs interested in launching their own digital financial services this is an opportunity to learn about mobile money and to become familiar with it before getting engaged in their own, more expensive, project.

DFSPs enter into these agreements as they benefit from (1) providing more service points for their customers, (2) added value to their brand as the FIs are generally very reliable agents providing good quality service.

The main benefits for the clients are improved customer service and experience (due to the enhanced service offerings and staff knowledge about DFS products) and their more assured access to liquidity and float[1]. Other benefits are easier access to the DFSP's products and more convenience as clients can now complete a diverse range of financial transactions including banking and insurance transactions at the same point of service.

Table 1: Examples of financial institution partnerships in Africa

Geographical area	Examples of Financial Institutions in Africa	MicroLead Partners
East Africa	• Kenya Women Microfinance Bank (for M-Pesa)	• UGAFODE (for MTN and Airtel), Uganda
Anglophone West Africa	• SMT (for Airtel), Sierra Leone	• TSCU (for Lonestar), Liberia
Francophone West Africa	• Kafo Jiginew (for Orange), Mali • Renaca (for MTN), Benin	• Sofipe (for Airtel), Burkina Faso

The table displays examples of FIs in Africa that have started offering DFS by becoming agents of a third party DFSP. It demonstrates that West Africa, both Anglophone and Francophone, has successfully engaged in this model, as well as East Africa.

Financial institutions that decide to become DFSP agents often do so as a first step towards agency banking[2] or mobile banking[3].

The business model described in this toolkit #2 is the least "sophisticated" business model of the six pathways available to a FI intending to go digital. Business model #2 requires the least investment on behalf of the FI since the FI simply conducts transactions for its own clients and the general public on behalf of the DFSP (using the DFSP's platform). The FI receives a commission from the DFSP per transaction.

1 It is a common problem of agent network management that small agents run out of float or liquidity. This causes frustration among the DFSP's clients that travel to the agent and can then not be served. FIs generally have enough cash in their branches and float to be able to ensure service.

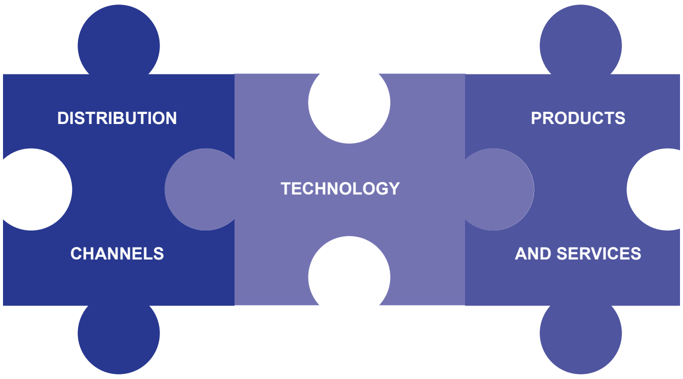
2 Refer to the definitions section for the definition of Agency banking

3 Refer to the definitions section for the definition of Mobile banking

SECTION 2:

DESCRIPTION OF THE BUSINESS MODEL

Mobile money has been a key driver for financial inclusion. Opening a mobile money account can be, for many, the first time they use formal financial services, thus leapfrogging into the formal economy. This is especially true for Sub-Saharan Africa (SSA), where mobile money accounts drive the growth in overall account penetration.[4] While setting up banking infrastructure in developing countries is costly and can take decades, the rapid growth of mobile networks has led to a total of 3.6 billion unique mobile subscribers worldwide at the end of 2014, with an additional one billion subscribers predicted by 2020[5].



For many unbanked people, using mobile money is a first step into the formal financial system. Most FIs understand the opportunities that mobile money offers but struggle to offer it directly due to regulatory, economic or operational reasons. However, MFI's are ideally suited to offer mobile money as their target clients are the unbanked or under-banked populations.

FIs are generally not specialized in managing large-scale distribution networks, nor do they have sophisticated management information systems. For that reason, in this toolkit, we review how and why financial institutions can decide to become agents for digital financial service providers (generally MNOs).

In this model, FIs offer mobile money in their branches and points of services on behalf of a third party, the DFSP. It is important to note that this does not exclude the FI offering its own mobile banking service in parallel (described in subsequent toolkits).

It is therefore paramount to first understand what an agent is. As per the Global System Mobile Association (GSMA), an agent is "a person or business that is contracted to facilitate transactions for users. The most important of these are cash-in and cash-out"[6] followed generally by person-to-person transfers. As mobile money (MM) has evolved, so have the services offered. Today, depending on the regulation of the country, agents can also register new clients for the DFSP or process bill payments on behalf of the DFSP's clients. For each transaction performed, the agent generally receives a commission from the DFSP.

In this model, the agent performs the MM transaction on his/her technology device rather than the DFSP's customer directly performing a transaction on their own mobile phone. However, at some point during the transaction, the customer may need to interact with the agent's handset to authenticate the transaction. For example, the customer might receive a one-time PIN (OTP) that they need to introduce into the agent's phone/Point of Sale (POS) device (for example in the case of WING, Cambodia). Other times they may need to introduce their own PIN, or the agent/MM system sends a "missed call" to the registered recipient's phone to confirm that the transaction is being conducted by the correct person/mobile number.

4 GSMA. State of the Industry report Mobile Money. 2015: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf

5 GSMA Global Mobile Economy Report 2015, http://www.gsma.com/mobileeconomy/global/2015/

6 GSMA, Mobile Money definitions. July 2010. http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2012/06/mobilemoneydefinitionsnomarks56.pdf

Courtesy of TSCU-Liberia

AGENT ACTIVITIES

Agents perform three distinct functions: serving DFSP's clients, administering their business and in some cases super agent activities.

Over-the-counter transactions

When dealing with a DFSP, there are certain transactions that DFSP clients can perform themselves using their e-money wallets and others that either need to be or the clients choose to be, conducted by an agent on behalf of the client. In these cases, clients hand cash to agents to perform transactions on behalf of the sender or receiver. These are called over-the-counter transactions (OTC). In this section, we will focus on the main OTC transactions that are generally permitted to agents. What is actually permitted varies country-by-country depending on the regulation and the DFSP.

Customer Registration

Depending on local regulation, agents may register clients on behalf of the DFSP. Registration generally involves collecting basic "know your customer" (KYC) documentation, such as an ID with a picture, a signed form and sometimes biometrics, and then sending instructions to the DFSP to create an account for the customer. The registration can be done using a virtual private network (VPN) on a computer or via the agent's phone/ tablet or POS device. In any case, it requires an internet-enabled device capable of taking photos of the client/ID, scanning fingerprints (if applicable), and eventually uploading the signed form and sending it electronically to the DFSP.

Some markets have adopted a tiered approach for access to mobile and bank accounts. A 'tiered' approach implements flexible account opening requirements for low-value, low-risk accounts that are subject to increasing requirements as such restrictions on the account and transactions are eased[7]. Where tiered approaches are adopted, self-registration by the customer using their own phone may be permitted to access basic services. However, clients generally have to visit an agent with the necessary KYC documentation to access higher transaction limits.

First level customer support

Along with customer registration, DFSP agents are generally expected to provide first level customer support by explaining to users how the service works when they have a question. In cases where the agent is not capable of answering the customer's questions, the agent should provide the DFSP customer call center's telephone number to the client.

Cash-in/ Cash-out

The main driver behind mobile money is still the cash-in and cash-out services provided by agents[8]. The reason behind this is that cash-in and cash-out are still the entry points clients need to transform their physical cash into mobile money and vice versa. Therefore, although several DFSPs, along with government bodies, banks and international organizations, aim to create a cash-lite society with a strong mobile money ecosystem where the money circulates between mobile wallet accounts, for now cash remains the king[9].

7 CGAP, Bold move towards simplifying AML/CFT: Lessons learned from Mexico. Xavier Faz, Denise Dias. May 2011. http://www.cgap.org/blog/bold-move-toward-simplifying-amlcft-lessons-mexico

8 GSMA State of the Industry Report, Mobile Money, 2015. http://www.gsma.com/mobilefordevelopment/programme/mobile-money/state-of-the-industry-2015

9 As per the GSMA State of the Industry Report, Mobile Money, 2015, in December 2015 84.9% of the $6.8bn incoming transaction into the mobile money ecosystem were in cash and 76.8% of the $6.7bn outgoing transactions were cash.

Photo obtained from: http://cajnewsafrica.com/2016/04/03/partnership-enhances-africa-mobile-money-growth/

A **cash-in transaction** is performed when an agent takes the cash from a registered customer and credits the customer's MM account from the agent's mobile money account (used as a "swap" account), for the same value. It is important to note that in most cases, the cash-in transaction is free of charge for the customer, while the agent would still receive a commission paid by the DFSP.

A **cash-out transaction** is when the customer requests cash from an agent against a debit of his or her mobile money account. At the same time, a credit of the same value is made to the agent's mobile money account. Cash-out transactions are very often accompanied by a customer fee, which is frequently deducted automatically from the customer's mobile money account. This fee is shared between the DFSP and the agent (commission).

Person-to-person (P2P) transfers

P2P transfers have typically been the launch proposition for DFSPs. Globally, the total transaction value generated by P2P mobile money transfers are expected to increase from $15.22bn in 2014 to $270.93bn in 2019[10].

P2P transfers do not have to go necessarily through an agent. When a DFSP's client decides to use an agent for a P2P transaction they generally do so because they are not conversant with the process otherwise they could load their own wallet at the agent and do the P2P directly from their wallet.

When using an agent, a sender will first provide an agent with cash or have their mobile account debited. They then have the agent transfer the funds from the agent's account to another mobile money account or send an electronic voucher. Many systems determine whether it is sent to a MM account or as an electronic voucher automatically, as senders may not know if the recipient has a mobile money account. In some countries, such as Senegal, it is also common for clients to provide the agent with cash to directly credit the receiver's account as a cash-in (instead of cash-in to their own account and then transferring to the recipient's), giving the recipient's number instead of theirs, although this may not be permitted under the regulation of some countries.

The receiver completes the transaction by using the funds in electronic form directly from their phone, or by cashing the funds out at an agent, or by cashing out the electronic voucher (received from the sender via SMS) in case of unregistered recipients.

Bill payments

A bill payment, as per the GSMA[11], is a payment made by a person from either their mobile money account or over-the-counter to a biller or a billing organisation via a mobile money platform in exchange for services provided.

Bill payments, depending on the DFSP, can be made either directly from the customer's mobile money account or via an agent. When visiting an agent, the customer either has their mobile money account debited or hands the agent cash and provides the necessary details for the bill payment to be processed. The exact

10 Ovum Mobile Payments Forecasts: 2014–19. https://www.ovum.com/press_releases/disruption-and-innovation-ahead-for-p2p-mobile-money-transfers/

11 GSMA. State of the Industry report Mobile Money. 2015: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/04/SOTIR_2015.pdf procedure varies by DFSP. The agent then uses his or her device to complete the transaction on behalf of the customer.

When performing cash in/out, P2P or bill payments, the agent receives a notification (SMS) on his/her device to confirm that the transaction has been completed before the customer leaves the shop. Alternatively, if using a POS device, two receipts will be printed (a copy for the customer and another for the agent).

Super Agents

Many DFSPs look to create "super agents" to provide their vast network of "standard agents" with more options on where to re-balance (sell and buy electronic value to and from agents) which relieves each agent having to travel to a DFSP's branch or to the branch of the DFSP's bank partner. Super agents can perform the same activities as standard agents but are entrusted by the DFSP to provide the intermediary service of rebalancing other agent's cash/e-value.

DFSPs will generally select FIs with a large branch network as super agents to be able to provide strong logistical support to the DFSP's agency network. They also need robust FSPs that can support the increased liquidity management needs required of super agents. Super agents must hold larger amounts of cash and e-value to ensure they can rebalance agents requesting transactions. These rebalancing transactions are generally of larger value than the transactions performed by walk-in clients.

For the service of buying and selling electronic value in exchange for cash, super agents are compensated with a commission from the DFSP. Being a super agent provides increased revenues compared to being a standard agent since super agents process higher value transactions, thus earning more from providing float and cash to agents.

Agent administration activities

Agent access to the platform
Mobile money platforms ideally offer the ability for businesses managing networks of agents to administrate their business online via a VPN-accessed web interface, although sometimes the agent devices alone can be used. By having access to the platform, an agent can administrate the account including:

- **Float management:** For an FI, it is important to monitor the level of e-money to ensure that all branches have enough to transact on a daily basis. **Rebalancing**, where agents either deposit cash to increase their mobile money account value or take out cash by having their mobile money account debited, is one of the critical tasks for agents to ensure a proper balance of e-value and cash at hand. The right amount of cash on hand is necessary to successfully perform their MM transactions.
- **Transaction monitoring:** Agents should monitor the number of transactions done per day, the type of transactions and the commissions obtained.
- **Report generation:** online key performance indicators (KPI) reports should contain information about:
    - Number of operating staff within the FI that provide DFS operations for the DFSP (total and per branch);
    - Business activity of DF transactions (number and value of cash-in and cash-out transactions, number of P2P transfers, number of customer registrations, etc.). The FI should consider what other data points may be of interest, such as age or gender breakdown;
    - Level of e-value per staff member providing the DFS at the start and end of each day as well as e-value and cash replenishment transactions (# and value amount);
    - Customer complaints concerning the FI's staff providing DFS (number of complaints and staff members name and customer's name).

The information should be presented and updated in real time or at least on a daily basis, and it should be possible to export it into Excel for further analysis.

Multiple assistant IDs
In order to securely deliver the DF services, it is recommended that the staff within the FI's branch that perform DF services for clients have different user profiles/ access rights depending on their role in the organization. In this way, risks can be managed by restricting or applying different limits on transactions to users that are not authorized to conduct those functions. For example a teller may not be able to register a new client.

Generally:

- These roles and associated access rights, would be configured at the level of the mobile money platform and assigned to the individual users of the devices, preferably by the FI via the platform's web interface.
- The access rights assigned to each user would determine what menus are both visible and operational on the agent's device.
- These rights need to be tied to users (eg: tellers and loan officers), rather than to a physical handset, so that the devices can be moved between different users (although the number of users per handset can be delimited).

The staff within the FI providing DFS for the DFSP would therefore sign into the handset with their user access codes so that all transactions performed would be registered to them. The channel manager (or equivalent back-office role at headquarters) should be able to create and remove the staff dealing with DFS whenever there is turnover.

Different level of access to the mobile money functionalities can also be selected per staff members so that certain staff can have access to more functionalities of the platform than others.

DISTRIBUTION CHANNELS

Today, mobile money is chiefly accessed through the human interface of the agent and the technical interface of the feature phone[12].

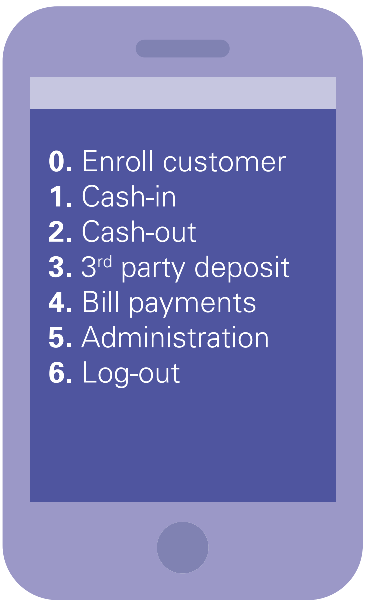
When it comes to the human interface, FIs already have staff at their branches that can provide DFS, therefore there is no need to recruit new staff. It is important, however, to factor in the time the staff (both at the branch and the back office at headquarters) will take performing their new activities and plan for it in the change management process, because they will need to be trained, incentivized and managed.

TECHNOLOGY

To enroll clients and perform transactions, the agent will use a web/POS/mobile application on a computer/laptop/(smart) phone/tablet/POS device.

Front end technology

The most widely spread technology used by agents providing MM is an agent application on a mobile phone, either the agent's phone or one provided by the DFSP. These applications either make use of Unstructured supplementary service data (USSD) menus or are installed by the DFSP on the agent's device. On this phone the application uses a USSD menu which the agent must log into. The menu displays the various transactions the agent can perform on behalf of a customer depending on his or her user access.



Integration to FI's systems

No integration between the FI's core banking system (CBS) or management information system (MIS) and the DFSP's platform is required for a FI to be an agent for a DFSP. It is recommended, however, that the FI obtain from the DFSP a virtual private network (VPN) access to the MM platform to administrate their account. This access is generally free, as in the case of Kafo Jigenew in Mali.

Connectivity

There is a range of communication channels available for provision of and access to mobile financial services. The desirability of a given technology in a given market depends on the quality of its network, compatibility with available handsets, user experience, security, cost and ease of deployment.

Communication between the handset and the MM platform will be done either through:

- **Unstructured Supplementary Service Data (USSD):** Most large-scale mobile financial services in developing countries rely on USSD as their primary mechanism for connectivity with clients[13]. USSD messages travel over GSM signaling channels and are used to query information and trigger services. USSD establishes a real time session between the mobile handset and the application handling the service. Unlike SMS, the USSD exchanges are not stored on the network.
- **SIM Application toolkit (STK):** STK-based interfaces comprise a set of commands programmed onto the user's SIM card. The menu for accessing the commands is embedded in the SIM card and accessible on the phone's menu.
- **Internet:** mobile, wireless, leased line.

The choice of one device over another will be guided first and foremost by the communication capacity in the targeted area. Different devices have different capabilities but also require different levels of data transfer. Therefore, the communication channels and the most suitable devices can be classified as follows:

- **2G/EDGE:** Voice, SMS, USSD → feature phones/smartphones and tablets with apps converting basic forms into USSD strings (can transfer only text, no photos/signatures/ biometrics);
- **GPRS:** light data transfer → the above + POS devices (can transfer very light media files);
- **3G/ 4G:** the above + laptops with dongles (can transfer photos/ signatures/ biometrics);

12 Hanouch, M. and Chen, G. (February 2015), 'Promoting competition in mobile payments: The role of USSD,' CGAP Brief.

13 Hanouch, M. (2015) 'What is USSD & Why does it Matter for Mobile Financial Services?,' CGAP blog post.

- **WiFi/Satellite:** available in branches → smartphones, POS devices, laptops and desktop computers.

The above devices and channels enable real time exchange of data but at very different speeds and with different levels of coverage.

Some phones and POS devices can function in both online and offline[14] mode. Offline mode enables agents to perform transactions even when connectivity is low or nonexistent. When the agent initiates the transaction, the customer will receive a one-time password (via SMS/USSD push) to be shared with the agent and authenticate the transaction, but without requiring the agent to be connected. Transactions are documented in the device and uploaded once the device is connected (through Wi-Fi or mobile data).

PARTNERSHIPS

In the "Be an agent" model, the FI does not form a partnership as such with the DFSP. They sign a commercial agreement. That is, it is not a partnership model as we define business model #3 where FIs offer their own product through the MM channel. However, different levels of commercial agreements can be created. For example, in the case of Kafo Jigenew in Mali, the FI formed a strong commercial relationship with Orange in 2010 when Orange launched its Orange money. Kafo offered Orange a large network of agents through Kafo's existing branch network (147 service points as of August 2016). Even today, Orange continues to mention Kafo in their Orange money TV commercials (benefitting Kafo's brand image).

It is important for the FI to form the right commercial relationship with the DFSP. The FI should analyze the DFSPs in the market and choose the one that is strategically more aligned with the objectives of the FI. Issues to consider include:

- The FI should not just choose the largest DFSP in terms of number of clients but also the one that is used by the FI's target clientele. For example, there might be a DFSP that has made an explicit commitment to reach the bottom of the pyramid or that has a particularly strong presence in the areas where the FI operates. This was the case for the MNO Orange in Mali that made a commitment to provide its services in rural areas and signed an agreement with the MFI, RMCR, to this end.
- The FI should understand its competitive advantage (if and why the DFSP needs them) as agents. Does their network of branches cover the whole country? Can the DFSP enter rural areas via the FI? Can the DFSP reach the bottom of the pyramid? Does the FI have strong liquidity and float management capacities? It should leverage its advantage in the negotiation process. It is important to take into account that generally the DFSP (as the larger institution) imposes its conditions on the FI. It is up to the FI to accept them or not. However, there are exceptions, such as Kafo in Mali, which leveraged its market position when negotiating with Orange which in 2010 was just launching its mobile money services.
- A legal review of mobile money regulations should be conducted by the FI so that it is aware of exclusivity laws. Some DFSPs might want to sign an exclusivity clause, which should be seriously considered by the FIs due to the implied limitations of service this represents. The decision is also to be taken in light of the regulatory framework depending on whether the regulator encourages or obliges non-exclusivity and interoperability (being able to send funds between different DFSPs). For example, the BCEAO does not allow exclusivity in the UEMOA region and the Central Bank of Tanzania promoted interoperability across MM platforms[15].
- If the FI is small, managers should take into consideration the power imbalance with the DFSP and see if a coalition of FIs can negotiate as one with the DFSP to obtain a better pricing scheme. By doing this, the FI may lose its competitive advantage but may level the negotiating playing field. For example, TSCU in Liberia, under the UNCDF-MicroLead Project, had the World Council of Credit Unions initiate the negotiation process with MNO Lonestar, on behalf of four regional credit unions including TSCU, to be agents of the MNO Lonestar. This allowed the four regional credit unions to obtain a better commission scheme based on the total number of transactions performed.
- The client may be tempted to consider the FI as liable if there is a problem with a MM transaction. It is important that the FI negotiate into the agreement what they are liable for and what the DFSP as the provider is liable for.

14 Provided regulation allows offline transactions. In some countries, the regulator does not allow offline transaction, e.g., the Reserve Bank of Malawi specifically prohibits offline transactions.

15 http://www.afi-global.org/blog/2016/08/interoperability-digital-financial-services-tanzania

SECTION 3:

DIVING INTO THE PERKS

THE FINANCIAL INSTITUTION'S PERSPECTIVE

Additional revenue stream

Most FIs are motivated to become MM agents to earn additional revenues through mobile money commissions. For each transaction performed by the FI, a commission is earned. Although the commissions may be small, they are driven by high volume. It is therefore in the interest of the FI to peform as many transactions as possible.

Commissions vary depending on the DFSP. They can be flat, tiered (based on the value of transactions), or calculated as a percentage of the amount transacted.

Agents usually get a **flat commission for registering new customers.** Agents are provided with this incentive to grow the DFSP's customer base. It also provides them with a source of revenue in the cases where the MM service is just starting. In many cases, however, this commission (or a part of it) is paid out only after the customer has performed a first transaction. This eliminates the incentive for agents to sign up users who never intend to use the service and/or to fail to educate customers about how to use the service after signing up.

Agent commissions for transactions such as **cash-in and cash-out** are most commonly tiered. The benefits of tiered commissions compared to percentages are twofold:

1. It is easy for agents to know the exact amount earned for a transaction, and
2. The tiers allow offering agents a more generous margin on low-value transactions but pays them enough for high-value transactions to keep agents motivated to service those customers who need to transact in larger amounts.

Meanwhile, the percentage-based commission is a better fit in the case where there are no customer fees, to avoid opportunistic behavior of splitting transactions to earn a better commission.

Table 2: Lonestar Liberia MM commissions – Courtesy of TSCU

Send & Receive **US$/LRD** | Securely with **Mobile Money**
Fee Structure for both Currencies

Mobile Money User						
Service	**Min**	**Max**	**Fee (LRD)**	**Min**	**Max**	**Fee (USD)**
P2P/P2M	0.00	250.00	10.00	0.00	3.00	0.10
	251.00	400.00	20.00	3.01	5.00	0.20
	401.00	1,000.00	30.00	5.01	12.00	0.30
	1,001.00	6,000.00	50.00	12.01	70.00	0.60
	6,001.00	15,000.00	100.00	70.01	165.00	1.00
	15,001.00	35,000.00	130.00	165.01	395.00	1.50
	35,001.00	55,000.00	200.00	395.01	615.00	2.00
	55,001.00	75,000.00	250.00	615.01	835.00	2.50
	75,001.00	152,000.00	350.00	835.01	1,395.00	3.50
	125,001.00	150,000.00	400.00	1,395.01	1,675.00	4.50
	150,001.00	170,000.00	450.00	1,675.01	2,000.00	5.00

Mobile Money User						
Service	**Min**	**Max**	**Fee (LRD)**	**Min**	**Max**	**Fee (USD)**
Cash-Out	100.00 401.00	400.00 1,000.00	50.00 75.00	1.00 5.01	5.00 12.00	0.50 0.80
	1,001.00	6,000.00	150.00	12.01	70.00	1.50
	6,001.00	15,000.00	250.00	70.01	165.00	2.50
	15,001.00	35,000.00	400.00	165.01	395.00	4.50
	35,001.00	55,000.00	600.00	395.01	615.00	6.50
	55,001.00	75,000.00	750.00	615.01	835.00	8.00
	75,001.00	152,000.00	1,100.00	835.01	1,395.00	12.00
	125,001.00	150,000.00	1,250.00	1,395.01	1,675.00	13.00
	150,001.00	170,000.00	1,400.00	1,675.01	2,000.00	15.00
Non-Mobile Money User						
	Min	**Max**	**Fee (LRD)**	**Min**	**Max**	**Fee (USD)**
	100.00	400.00	75.00	1.00	5.00	0.80
	401.00	1,000.00	100.00	5.01	12.00	1.00
	1,001.00	6,000.00	175.00	12.01	70.00	2.00
	6,001.00	15,000.00	275.00	70.01	165.00	3.00
	15,001.00	35,000.00	425.00	165.01	395.00	4.50
	35,001.00	55,000.00	625.00	395.01	615.00	7.00
	55,001.00	75,000.00	775.00	615.01	835.00	9.00
	75,001.00	125,000.00	1,125.00	835.01	1,395.00	12.00
	125,001.00	150,000.00	1,275.00	1,395.01	1,675.00	14.00
	150,001.00	170,000.00	1,425.00	1,675.01	2,000.00	16.00

Dial ***156#** to join the New World of Better Money

The DFSP can also offer different cash-in/cash-out commissions. DFSP agents generally earn higher commissions for cash out than for performing cash in. This stems from the fact that clients pay (more) for cash-out transactions than cash-in transactions, so the latter are generally subsidized by the DFSP.

In any case, the commissions must, at a minimum, be generous enough to persuade agents to invest capital (both cash and e-value), learn and remember relevant processes and provide good quality service to MM customers.

If an FI is considering offering MM services, it is important that it do a cost benefit analysis to determine if the expected commissions earned on an average month of transactions compares favorably to the average monthly cost to provide the service (e.g. the costs of the employees' salaries, traveling to rebalance, the cost of capital invested, etc.)[16].

Finally, it is important for the cash flow management to take into consideration (especially at the time of negotiating the contract) how the commissions will be paid out. There are three different mechanisms for paying out commissions and some variations in how long after a transaction the commission is paid[17]:

Table 3: Mechanisms for payment of commissions to agents

Timing	Instrument
In arrears (lump sum)	Electronic value
Immediately after each transaction	Cash
	Bank transfer

16 For more information, refer to 'The Economics of Branchless Banking', by Ignacio Mas 2009. Provide link to document and refer to specific page.

17 Davidson, N., Leisham, P. (2012) Building, Incentivising and Managing a Network of Mobile Money Agents:A Handbook for Mobile Network Operators. GSMA.

Client acquisition (cross selling)

Another compelling reason for FIs to offer MM is the possibility of attracting non-clients to their premises. The staff at the FI offering the MM service need to be trained on how to cross-sell, taking advantage of the moment when a MM client comes to perform a transaction to inform him or her of the FI's service offering.

Having brochures at hand for the MM client to take home can also be useful in the case where the (potential) client is unsure of the offering and needs to discuss it with another family member or does not have the time to listen to the full offering. **Note:** this only works with literate clients.

Although there are no numbers to showcase the benefits of cross selling, MicroLead partners such as UGAFODE and TSCU both mentioned cross-selling their financial services as indirect benefits obtained from becoming MM agents.

Reinforce brand visibility

By offering MM services, especially from the leading DFSP of the country, FIs can distinguish themselves from competitors and increase their credibility vis-à-vis local community members. In many instances, the MNOs have a strong(er) and better established reputation in the market; when a FI starts offering MM services, clients identify the DFSP's brand's name with the FI, instilling confidence and a positive effect on the FI's brand.

Furthermore, in some instances such as with Kafo in Mali, FIs also benefit from advertising performed by the MNO. For example, Orange Money mentions in its communications that clients can go to Kafo branches to transact. This provides FIs with further brand name recognition at no cost.

Finally, the FI can negotiate a co-branding approach with the MNO, meaning that their signage and marketing materials will present the MNO and FI together. Of course, this can represent a risk for either partner if any of the two were to be involved in negative publicity of any kind.

Customer loyalty

A fairly common reason for FIs to decide to become MM agents is to retain their members by offering more convenient services. The benefits are twofold:

1. FIs are able to offer their customers the ability to transact closer to their home/place of business, decreasing the costs of sending/receiving money;
2. By offering enhanced services, they take preventive measures so that they don't lose customers to other FIs that do offer MM services.

THIS MODEL IS FOR YOU IF YOUR STRATEGIC OBJECTIVES ARE:

- Gaining additional revenues through a limited investment;
- Attracting new clients to your premises;
- Offering additional services to those of your core business;
- Offering services through innovative ADCs;
- To improve or reinforce your brand visibility.

THIS MODEL IS NOT FOR YOU IF:

- Your branches are already too congested: Attracting more walk-in customers might create more chaos than the benefits of the potential additional revenue;
- You are already having liquidity problems: two main problems can be associated to liquidity:
    1. To service MM, FIs are required to maintain a certain amount of float in the accounts of the MM provider. If you are already having to borrow money to service your clients, the interest that you are paying on that money might not be compensated by the additional revenue obtained through MM transaction commissions.
    2. To benefit from reinforced brand visibility, you have to offer a good MM service. If you are having liquidity issues at your branches, walk-in MM clients might not be serviced, impacting negatively on the DFSP but also on your institution.

THE CLIENT PERSPECTIVE

Enhanced service offering

Mobile money enables FIs to provide their customers with a "one stop shop," enhancing customer convenience. This is an attractive element in the value proposition. Clients of the FI that are also clients of the DFSP can perform all transactions with one visit to their nearest FI's branch. This benefit is especially valued in rural areas, where the distance to travel to a point of service can be burdensome.

Familiarization of clients with mobile money

A reason for FIs to first offer MM as an agent for a DFSP before deciding to offer more elaborate schemes, such as agency banking, is to familiarize their clients with the concept of mobile money while not having to incur large expenses. The objective is to first have clients use the service of the DFSP so that the burden of the technology uptake does not fall on the FI. Once clients become familiarized with the concept of MM and especially with the security of the transactions performed, they can gradually be educated to start performing their own transactions using mobile phones (mobile banking) or performing their banking activities at the FI's agents (agent banking). This model is thus perceived as a first step before graduating to other models such as agency banking or mobile banking where clients conduct transactions themselves.

Better quality of service

Many customers will prefer to perform their MM transactions at the branches of a FI for the enhanced quality of service. At the branch of a FI, they can expect efficient and trustworthy service from the agent (who is an FI employee) and can generally count on the FI having cash or e-value. One of the frequent problems of general retail agents is that they run out of liquidity and are unable to transact.

Box 1: International Case Study: SOFIPE

Société de Financement de la Petite Entreprise (SOFIPE) was created in 2008 as a public limited company with the mission to promote funding of micro and small business in Burkina Faso through a range of financial and non-financial products and services. Today, it has 25,000 clients, with more than half located in rural areas.

In May 2015, SOFIPE decided to become MM agents for Airtel, Burkina Faso.

SOFIPE'S digital transition is a UNCDF-Microlead supported project.

WHY THEY DECIDED TO BECOME MOBILE MONEY AGENTS:

- SOFIPE saw MM as an innovative product and as an opportunity for microfinance institutions such as SOFIPE to reach and serve the greatest number of customers in remote rural areas in accordance with their social mission.
- As other financial institutions started to offer mobile money, SOFIPE wanted to ensure they were not left on the margins of development.
- They saw it as an opportunity to diversify their service offerings and increase their revenue sources through commissions on transactions.

SERVICES OFFERED:

- Cash-in;
- Cash-out;
- P2P transfers.

DIRECT AND INDIRECT BENEFITS OF BECOMING MM AGENTS:

- There are direct benefits in the sale of mobile money through an agent network if the FI has a powerful branch network. That is what SOFIPE aims to have, but currently they are limited to a network of eight branches with active agents. They hope to grow this so that, although commissions are small, with a large enough volume, the profit margin will not be negligible.
- SOFIPE sees indirect benefits in the mid to long-term. With a change of roles, no longer just as MM agents, they would like to form a partnership with Airtel. This would allow their clients to perform deposits and withdrawals at any Airtel agent enabling SOFIPE to reach customers in even more rural areas and offer services at a more cost-efficient price. Therefore, offering MM as an agent is just a stepping-stone toward a bigger more impactful goal.

NEGOTIATING PROCESS:

- Airtel is the market leader for MM in Burkina Faso. Any FSP interested in becoming a MM agent for Airtel approaches them and signs a contract. Airtel determines the conditions and commissions. There is little to no negotiating process.
- Among the set of conditions demanded by Airtel of SOFIPE, as an authorized point of sale for Airtel money, SOFIPE must have enough liquidity in all its branches to meet the needs of Airtel customers and conduct a minimum number of transactions per agent/branch per year.

Box 1: International Case Study: SOFIPE

SETTLEMENT AND REBALANCING PROCESS:

- At the end of the month, Airtel deposits directly into a designated SIM at SOFIPE's headquarters the commissions owed to SOFIPE.
- SOFIPE can rebalance their accounts at any branch of two authorized banks that act as super agents for Airtel Money. If they have too much liquidity, they can go to the branch to deposit the cash in exchange for e-value. If they have too much e-value, they can go to the branch to exchange it for cash.
- To date, SOFIPE has not had any problems managing the liquidity at their branches to successfully perform MM transactions.

CHALLENGES AND LESSONS LEARNT

- Being a MM agent as an MFI with a small number of branches (eight currently) is limiting, because there is not enough volume. Therefore, the additional revenue gained from this service is not significant.
- It is better to be a super agent to benefit from not only the normal transactions performed by agents but also the rebalancing transactions performed by smaller agents (and in some cases management fees are charged as well).

NEXT STEPS

- As of this writing, only two banks have been given the status of super agents. SOFIPE is in the process of negotiating with Airtel to try to become a super agent.
- SFOIPE aims at developing their own financial products based on this channel to serve more customers, in more remote rural areas at an affordable price and make financial inclusion a reality.
- The FI wants to manage a larger network of Airtel agents (to include non-SOFIPE branch staff as agents); SOFIPE would like to train them to service SOFIPE customers.

UGAFODE (Uganda Agency for Development Limited) started in 1994 as an NGO with a primary objective: to offer affordable financial services to low-income customers. It is one of the three Tier III institutions in Uganda, having received its license in 2011.

Courtesy of SOFIPE Burkina Faso

Box 2: International Case Study: UGAFODE

In 2012 they decided to become MM agents for MTN because 70% of their client base held MTN cell phone lines. Later, in a bid to appeal to a wider market base, they added Airtel, the second largest mobile money business in the country. This way both their Airtel and MTN clients could channel their loan payments to UGAFODE using the bill payments options at MM agents.

UGAFODE's digital transition is a UNCDF-Microlead supported project

WHY THEY DECIDED TO BECOME MOBILE MONEY AGENTS:

- To widen their income streams;
- To open up to a bigger potential market;
- To allow UGAFODE customers to make loan repayments to UGAFODE through the "bill payments" function that was available using a MM agency.

SERVICES OFFERED:

- Cash-in;
- Cash-out;
- Agent rebalancing with Airtel (for Airtel, UGAFODE was able to become a super-agent and can therefore exchange float for cash and vice versa for agents).

DIRECT AND INDIRECT BENEFITS OF BECOMING MM AGENTS:

- As direct benefits, they receive commissions for each MM transaction performed.
- UGAFODE has seen several indirect benefits from their MM agency activity:
  - They have benefitted from cross-selling opportunities with walk-in clients coming to perform MM transactions that have then purchased a product or service from UGAFODE;
  - Some of the Airtel agents for whom they perform rebalancing transactions have opened savings accounts at UGAFODE with fairly good running balances that UGAFODE can use to on-lend;
  - UGAFODE also offers mobile banking and by having first become a MM agent, it made it easier for UGAFODE staff to troubleshoot mobile banking issues, since they were already well versed with mobile money operations.

NEGOTIATING PROCESS:

- There was not a negotiating process per se, as the fee structure for agents is fixed and tiered based on the value of transactions processed.
- UGAFODE approached both MNOs and signed a contract with each of them directly.
- The MNOs were looking to UGAFODE as a "strong, safe, reliable agent with adequate muscle to handle the cash and float needs of MM clients."
- The MNOs were tasked with providing UGAFODE with branding, marketing materials, stationary, agent lines, phones and systems necessary to support the service delivery.

SETTLEMENT AND REBALANCING PROCESS:

- On a daily basis, UGAFODE's core banking system is reconciled with the MNO merchant statements. Any irregularities or errors are quickly identified, reported and reversed by either the MNO or UGAFODE.
- In the event that they have excess float from having more cash out transactions, they consolidate it to their head office line and send a liquidation request to the MNO. They then debit the float off their e-wallet into an operational account of their choice with a commercial bank.
- The transfers are done via real-time gross settlement and confirmations sent upon settlement.

CHALLENGES AND LESSONS LEARNT

- Over 200M Ugandan shillings (59,000 US$) are processed in transactions on a weekly basis. However, the nature of transactions is sometimes one sided, causing one branch to pay out more cash, whereas another may be doing the opposite. The ecosystem gets destabilized depending on the location of the branch.
- UGAFODE has found retail agency easier to manage in terms of liquidity due to lower value transactions. Super agency on the other hand requires the holding of a lot of float to be able to offer high value transaction liquidation for agents. However, if your branches can handle the high value transaction liquidation operations for other agents, the revenue possibilities of a super agent are better than those of a normal agent. In the case of UGAFODE the benefits of the revenue stream of being a super agent outweighed the liquidity strain on branches s as they benefit from not only the normal MM transactions but also the rebalancing transaction performed by other agents at their branches.
- UGAFODE has found that MNOs should monitor and support agents better. There is a lack of support, especially related to marketing and keeping the FI informed of MM fraud.

NEXT STEPS

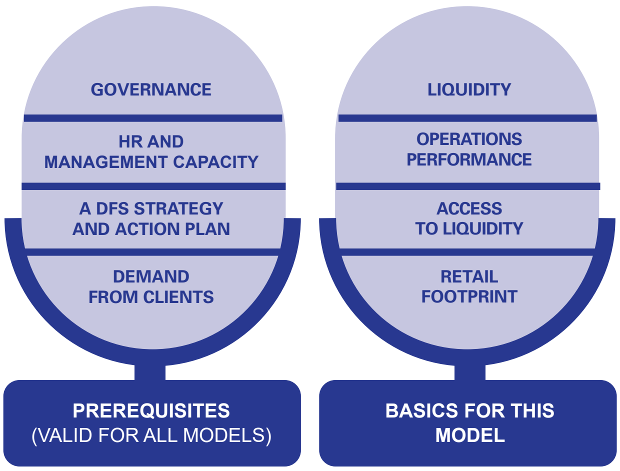
- UGAFODE will continue to provide services as MM agents, but they are focused on growing their own mobile banking services where they have more control over the quality of the service and the impact to their clients is greater.

SECTION 4:

INGREDIENTS FOR SUCCESS

What are the prerequisites you should meet if considering this business model?

Figure 3: Prerequisites and basics to meet



PRE REQUISITES

A demand/need from clients

Any new product or service should address a client's need to ensure its adoption and uptake. In the business model "Be an Agent," the market and opportunity assessment, usually linked with the introduction of a new product or service, is not a prerequisite to launch mobile money as an agent. However, it is advised, as it enables the FI to determine whether there is a market or not. For example, RMCR in Mali performed a market study that enabled them to define in which branches clients most needed the MM services. These may not have been the branches they would have spontaneously identified to provide the MM services. Generally, the DFSP will have performed extensive market research to ensure it is addressing the needs of its target clientele. However, the FI should assess the different DFSPs available in its market to ensure that it signs up with the DFSP that is most aligned with its interests. In the case of an MNO, for example, they would want to make sure that they have their branches where there is good network coverage of that MNO, that the FI's clients are also clients of that MNO, that the prices and commissions of the services are competitive, etc. Nevertheless, the FI can decide to contract with and serve as an agent for several DFSPs (the regulations of most countries allow this).

A strategy and action plan for digital finance

The first step in going digital is to define a strategy. What are the objectives of going digital? What will be the benefits for both the institution and its clients? Which products and services will be available through the digital channel? Which clients will be targeted (existing/new, female/male, rural/urban, middle end/low end, etc.)? How will the new digital channel or product be distributed and pushed (using current staff or extra staff dedicated only to MM)? Which technology will be used?

The next step is to define an action plan. An action plan should consider the different steps needed to achieve the strategy and define for each step the activities to carry out, the person(s) responsible, the deliverables and the deadlines. A list of activities is not enough. A project manager should be in charge of following up on the action plan and ensuring everything is on track. Key performance indicators also need to be defined and followed up on from the beginning. Mapping potential risks with mitigation strategies is highly recommended.

Please refer to the toolboxes provided in this Toolkit.

Basics To Have In Place For This Model

Table 4: Basics to have in place for this model

Dimensions	Prerequisite	Description of the prerequisite
Internal capacity	Management	A channel manager needs to be appointed within the staff at headquarters but does not need to be exclusively dedicated to this. The channel manager can inform his or her supervisors of the MM activity on a regular basis (e.g. initially receive weekly reports which can later evolve to monthly).
	Staff of the FI	Time is especially needed at the launch, and on a daily basis there needs to be a partially dedicated team (e.g. tellers to provide the MM service at the branch and manager(s) in charge of liquidity management, settlement with the DFSP, KPIs being reached, etc.).
	HR policy and training	Job descriptions need to be adapted/created and staff involved in the new channel need training (this is generally provided by the DFSP).
	Financial resources	The FI can use its own or external resources (e.g. Orange Mali paid all costs for Kafo).
Operational capacity	Liquidity/cash management	Cash is needed for the initial deposit with the DFSP to be able to start transacting. A daily oversight of the liquidity of all branches is essential to ensure proper service.
	OSS/ breakeven	Operational Self Sufficiency should be higher than 70%[18].
	Regulation	The FI should have a regular FI license (there's no need for a special license for this model) but they should check the regulation of their country regarding activities that agents can perform and if the agents are required to be exclusive or not.
Technical capacity	Connectivity	Internet access in all branches involved in DFS and/or mobile network connectivity.
	MIS	Decentralized MIS is acceptable if there's central consolidation of data at HQ. The MM platform should be able to export reports in excel format for the FI.
	Interfaces	The FI can perform all transactions through the merchant mobile handset interface or the VPN provided by the DFSP. There's no need for an integration between the MIS/CBS of the FI and the MM platform of the DFSP.
Stability	Quality of portfolio	PAR30 less than 10% or a Capital Adequacy Ratio of minimum 8%
	Governance	It is acceptable that the FI has been under temporary management from the central bank or the FI regulator for minor mismanagement in the past (but not acceptable if it is still currently the case).

18 Although 100% should be the ultimate target, conditions are less stringent for this business model than for upcoming business model (Leverage an agent network, Build own agent network, Build own mobile banking channel, Be a provider)

Challenges And Risks To Anticipate

The FI should anticipate challenges along the path and prepare for them. We list here the most common challenges experienced by providers having implemented this solution. This list is not exhaustive, and new risks may arise during the implementation process.

Table 5: Most common challenges with this model

Dimensions	Potential challenges
Marketing and products	Poor estimates of the market size (either too small or too big) on behalf of the DFSP negatively impacting the FI.
	High costs of services leading to rejection of services by customers.
Distribution	Risk of losing clients or not gaining any due to: • Poorly trained customer service (on behalf of the DFSP); • Poorly trained tellers distributing the MM at the branches; • Liquidity problems.
Technology	Instability of mobile data connectivity (crucial for tablets, POS and phones).
	Time needed for VPN setup (in the cases where needed).
	Lack of sufficient handsets or handsets having technical problems.
	Poor reception of SMS confirmation.
	Data loss.
Operations	Client fraud.
	Provider fraud.
	Insuring sufficient liquidity at the branch to cover for MM transactions.
Financials	Non-compliance with the minimum amount of cash/e-value required at branch locations per day to be able to ensure proper service to the DFSP's clients.
	Project cost exceeding plans or revenues lower than planned.
Security risks	Sharing passwords or pins.
	Hacking.
	Backups.
	Theft, vandalism, or loss of handsets.

Am I ready?

Use our self- readiness assessment tool

XLS

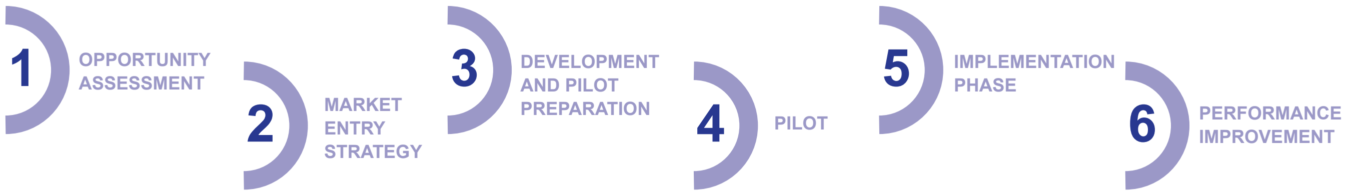
You will be able to assess which prerequisites your FI currently meets and which ones need to be worked on.

Click on the icon to download

SECTION 5:

RECIPE FOR SUCCESS, OR "HOW TO"

Figure 4: Digital Journey steps



This section describes the key activities FIs should perform to implement their DFS project. Key success factors are identified, while practical tips for FIs are provided in side boxes. Useful implementation tools (excel files) are also provided to assist in the digital journey.

PHB and MicroLead defined six different steps for a successful DFS implementation based on 100+ successful implementations across the globe:

1. Opportunity assessment;
2. Market entry strategy;
3. Development and pilot preparation;
4. Pilot;
5. Implementation phase; and
6. Performance improvement.

Throughout the digital journey, seven work streams should be assessed to ensure all key areas are covered:

1. Regulation and partnerships;
2. Market and products;
3. Distribution;
4. Technical/IT;
5. Internal organization (operations and HR);
6. Financials; and
7. Project management.

Figure 5: Digital Journey Workstreams

STEP 1:

OPPORTUNITY/ MARKET ASSESSMENT

RECOMMENDED TIMING: One month, minimum

OBJECTIVE	Define how you will seize this opportunity/ decide how you will go digital: • Assess market readiness for MM ; • Assess clients' needs and pain points to understand how you could address them; • Assess the different providers offering DFS in your market; • Identify potential business strategies, critical success factors and constraints.
KEY ACTIVITIES	Analyze the demand, define your objectives and assess your readiness.
DECISION	GO or NO GO

Table 6: Opportunity/market assessment activities and key success factors

Workstream	Activity
Regulation and partnerships	• No need for a license and in most countries no need for central bank's approval (though many times, the DFSP is obliged to inform the CB of the agents they onboard). • Review agent requirement forms (generally includes number of years in business, level of education, turnover, services allowed to agents, etc.) as well as exclusivity laws. • Identify potential partners for the project: which DFSP in your market addresses your needs the best
Market & Products	• Carry out a market study: understand customers' needs and pain points, which locations (branches) would make the most sense to transform into agents and identify which MNO is the most popular among your clientele (focus groups in different areas where the FI is present should be able to address this).
Distribution	• List all possible options for leveraging your agent activities in branches, mini branches or mobile branches (such as equipped vans). • Assess branch staff capability. • Assess branch capability of handling more customers. You want to ensure you do not overcrowd your branches.
Technical / IT	• Assess your internet and mobile connectivity in all branches that will be providing the service. • Identify needs for hardware devices: computers, printers and scanners for data uploading (KYC forms, ID scanning, etc.). In some cases, these will be provided by the DFSP.
	Key success factors
Internal organization	• Assess your institution's readiness. • Anticipate impact on your staff (resistance to change): if possible, make staff part of the change from the start.
Financials	• Prepare a macro budget listing all the costs (Capex and Opex) and the expected revenues. This exercise will help you understand all the elements to have in mind to balance the revenues with the costs.
Project Management	• Identify the potential project team (front and back office support, dedicated members, project governance, etc.). • Secure top management buy-in.

Your checklist of deliverables:

- Developed list of potential DFSPs
- Completed market study report
- Identified benefits for both clients and FI
- Reviewed options for distribution: locations and staff capability
- Hardware assessment completed
- Connectivity assessment completed
- Completed organization capabilities scan and what is needed to reach objectives
- Developed macro budget
- Steering committee and project team formalized

Implementation tools

Budget template (costs)
You will find the main categories of costs to consider to plan your budget
Click on the icon to download

Project team
You will find a template for the project team and steering committee
Click on the icon to download

STEP 2:

GO TO MARKET STRATEGY

RECOMMENDED TIMING: One month, minimum

OBJECTIVE	Define how you will seize this opportunity/ decide how you will go digital: • Select the right DFSP for you based on your target clientele and objectives; • Define your market strategy (positioning, targeting, segmentation); • Define your distribution strategy; • Plan the overall project.
KEY ACTIVITIES	Commercial agreement, market strategy, distribution strategy, internal strategy, IT plan (in case hardware devices need to be bought and a VPN set up), recruitment of project team.
DECISION	Choice of DFSP

Table 7: Market entry strategy activities and key success factors

Workstream	Activity
Distribution	• Determine whether your existing staff is capable of handling the additional new MM tasks or if new staff needs to be hired.
Technical / IT	• Shortlist the most cost-efficient hardware providers: computers, printers and scanners (these are not needed in all models. In some cases, even customer registration can be done with the agent's devices). • Shortlist MNOs with the best coverage in your branches.
Internal organization	• Job descriptions need to be adapted/created. • Define rules for cash and e-value management (procedures for liquidity management at branches and supervision from the head office). • Develop a training needs assessment and put in place a training agenda.
	Key success factors
Partners	• Develop shortlist of DFSPs and look at their market strategy: positioning, customer value proposition, market expansion strategy, etc. • Discuss with potential DFSPs the main elements of the future partnership. • Shortlist your partners.
Market & Product	• Define your target groups and segment your customers if needed (rural/urban, female/male, by products, etc.). • Define the range of products and services that will be available through MM (customer registration, cash-in, cash-out, etc.). • Define the client value proposition(s). There could be more than one for different segments targeted. • Prepare cross-selling strategy and pitches. • Define potential marketing campaigns with the DFSP. Depending on the market positions of both the FI and the DFSP joint marketing campaigns can be created.
Financials	• Define detailed business case (revenue and cost streams). • Negotiate commission structure with the potential DFSPs.
Project Management	• Ensure project team is up to speed. • Plan project as a whole including the pilot and corresponding resource allocation.

Your checklist of deliverables:

- ☑ Develop shortlist of DFSPs and look at their market strategy: positioning, customer value proposition, market expansion strategy, etc.
- ☑ Design distribution strategy: existing or new staff to be hired and design the roadmap (a "roadmap" enables everyone in the business to clearly understand each action and what decisions need to be made, who needs to make them and when). (what do you mean by roadmap?)
- ☑ Create internal strategy: organizational structure, job descriptions, hiring plan, training needs
- ☑ Complete technical roadmap validation when installing a VPN
- ☑ Finalize and select hardware provider
- ☑ Author detailed business case
- ☑ All stakeholders validate the project plan

Template for Action Plan

XLS

MicroLead and PHB have developed an action plan template that can be used for inspiration.

It contains the different categories required for an action plan and provides a non-exhaustive list of activities to carry out for this model for inspiration

Click on the icon to download

Tips

- Involve staff in the process.
- Do not underestimate the need for buy-in of staff and the change management required to implement new services.

STEP 3:

PILOT PREPARATION

RECOMMENDED TIMING: One-two months

OBJECTIVE	Sign contract with DFSP and prepare your detailed project management process: • Finalize negotiations with the DFSP; • Adapt business operations impacted by the new channel and develop process manual for MM; • Define and prepare the institution's motivation and capacity to run the pilot.
KEY ACTIVITIES	Define marketing and communicating strategy with the DFSP, identify locations for pilot, recruit staff, establish VPN and receive merchant mobile handsets, develop pricing and incentives structures, define key indicators to track.
DECISION	Launch pilot or not?

Table 8: Development and pilot preparation activities and key success factors

Workstream	Activity
Distribution	• Identify locations for pilot. • Recruit and train staff who will be managing and providing the MM service during the pilot. The training should take place no more than two weeks before the pilot launch so that the staff do not forget what they have learned.
Technical / IT	• Purchase hardware from selected providers if needed. • Have provider install or develop the VPN if needed. • Put in place a delivery schedule for the agent mobile handsets. • Perform user tests with mobile devices.
Internal organization	• Develop or refine business processes affected by the use of MM (process manual). • Develop invoicing and accounting procedures at the head office and points of sale. • Prepare mapping of risks and mitigation strategies. • Define KPIs and monitoring scheme.
Financials	• Open a bank account at the DFSP's bank to deposit the required money necessary to start transactions. Different DFSPs will establish different amounts, but they will all need a certain amount so the agents can have e-value in their accounts. • Define incentives for your MM staff.
	Key success factors
Regulation and partnerships	• Define and sign the commercial agreement: negotiate services, commissions, liquidity management, exclusivity clauses, etc. • Get regulatory approval for piloting (if necessary).
Market & Products	• Define service specifications and customer experience[19]. • Refine the branding and communication strategy, and plan for the pilot. • Develop a marketing plan with the DFSP (e.g. co-branding, delivery dates of posters and brochures, promotional gear for launch, etc.). • Start with a limited product range. Although many DFSPs offer a wide range of services, you might want to start with the most essential services to not overwhelm your staff.
Project Management	• Validate pilot implementation plan.

19 Customer experience can be defined as "The entirety of the interactions a customer has with a company and its products. Understanding the customer experience is an integral part of customer relationship management. The overall experience reflects how the customer feels about the company and its offerings. Surveys, feedback forms and other data collection techniques help a company to determine the customer experience". http://www.businessdictionary.com/definition/customer-experience.html

Am I ready for pilot to go live?

- ☑ Completed and signed agreement
- ☑ Documented approval of regulator (if needed)
- ☑ Finalized marketing plan and communication material
- ☑ Identified locations for pilot
- ☑ Mobile money team recruited and/ or trained
- ☑ Finalized process specifications
- ☑ Hardware and merchant mobile devices are stocked
- ☑ Updated risk management process
- ☑ Completed KPIs and monitoring scheme
- ☑ Revised pricing structure
- ☑ Revised incentive structure
- ☑ Authored detailed and validated pilot implementation plan

Implementation tools

Risk mapping
You will find here a suggested list of frequent risks with impact and mitigation strategies for inspiration
Click on the icon to download

KPIs template
You will find here suggested KPIs and measurement strategies
Click on the icon to download

Tips

- Anticipate and do not underestimate the impact on your organization.
- There will be financial, operational, and HR implications.
- Do not underestimate the time needed for delivery of mobile merchant handsets (plan at least one-two months, depending on maturity of DFSP).

STEP 4:

PILOT

RECOMMENDED TIMING: Three months, minimum, ideally six months

OBJECTIVE	Run pilot and prepare for launch: • Test services and liquidity management and take corrective actions; • Validate plan for the launch.
KEY ACTIVITIES	Test all operational processes in real-life environment, identify outstanding risks and develop corrective actions as needed for improvement.
DECISION	Go or not? Readiness to move to national launch

Table 9: Pilot activities and key success factors

Workstream	Activity
Distribution	• Provide training (this will not be part of the DFSP's training, so ensure to impart it either at your branches or HQ) and communication material for your MM staff to be able to take advantage of cross-selling opportunities. • Label the teller windows that will offer the MM services at each branch (in the cases where not all windows will be providing the service).
Technical / IT	• Test all technical functionalities and monitor performance. • Plan the transition from pilot to permanent organization (route to market plan).
Financials	• Check on fraudulent behavior (internal from staff and external from clients). • Improve cash management process; for example, if certain branches cannot perform transactions because they run out of cash or e-value.
	Key success factors
Regulation and partnerships	• Keep legal authorities informed of the progress (if necessary). • Review pilot results with partners and manage relationships.
Market & Products	• Launch communication actions for pilot. • Test services and make adjustments as needed.
Internal organization	• Adapt business processes as needed. • Monitor KPIs on a daily/weekly basis. • Identify improvements needed and implement on the run.
Project Management	• Evaluate results of the pilot on a weekly and/or monthly basis and prepare improvement action plan. • Plan the commercial launch when ready. The pilot should take as long as needed to sort out any arising challenges.

Implementation tools

At this stage, the implementation depends on the financial institution. It becomes difficult to provide generic tools applicable to all Fis. We recommend seeking support from the DFSP or consultants for this phase. They will help you design your own customized tools

Am I ready to go live nationally?

- Pilot results (regulation conformity)
- Conducted regular pilot reviews with partner(s)
- Reviewed communication material
- Completed internal training material and reviewed results
- Devised transition plan to permanent organisation
- Reviewed fraud conformity results
- Followed up KPIs
- Evaluated pilot results and developed and implemented action plan for improvement
- Developed commercial launch plan
- Revised business case with multiple year targets
- Completed backlog of pending actions

Tips

- Start with a restricted number of branches with different profiles to assess take-up, and then decide on an expansion plan (progressive or all branches at once).
- Training of staff is key and can make the success or failure of the digital project. Your MM staff need to master the operations and procedures before going live.
- Even if approval of a regulator is not needed to launch, keep them informed.
- Prepare an education plan for the MM clients of the services offered by your FI to take advantage of cross-selling opportunities.
- Perform weekly and monthly pilot assessments and take corrective actions.
- Monitor KPIs and implement changes if needed.

STEP 5:

LAUNCH/ IMPLEMENTATION

OBJECTIVE	Operate the business on a daily basis: • Check if all preconditions for the launch have been met /assess all aspects of the service; • Coordinate, refine and troubleshoot the scaling up of the commercial launch and monitoring scheme.
KEY ACTIVITIES	Product expansion, scale up, strengthening, evaluation, hand over, monitoring.

Table 10: Implementation activities and key success factors

Workstream	Activity
Distribution	• Scale up (geographic expansion) /recruit new mobile money staff for headquarters and/or the branches if needed. • Extended training of all staff involved with the mobile money service offering. • Provide cross selling training (this will not be part of the DFSP's training so ensure to impart it either at your branches or headquarters) and communication material for mobile money staff to be able to take advantage of cross-selling opportunities. • Label the teller windows that will offer the mobile money services at each branch (in the cases where not all windows will be providing the service).
Technical / IT	• Ensure mobile merchant handsets are properly configured and are being delivered on schedule in all branches. • Ensure all branches are equipped with the necessary hardware.
	Key success factors
Regulation and partnerships	• Share results of pilot with regulator.
Market & Products	• Expand service offerings over time if desired. • Ensure branches are well branded with the DFSP's posters, brochures and commission scheme.
Internal organization	• Evaluate the new processes and adapt if necessary. • Prepare human resource capacity plan with upscaling in mind.
Financials	• Use the findings of the pilot to: 1) evaluate the business case, and 2) confirm or adapt the pricing. • Ensure proper liquidity management.
Project Management	• Ensure project team hands over project to business team that will manage the product on an ongoing basis. • Continue close monitoring of results.

Implementation tools

At this stage, the implementation depends on the financial institution. It becomes difficult to provide generic tools applicable to all FIs. We recommend seeking support from technical assistance providers for this phase. They will help you design your own customized tools

Tips

- Even if approval of a regulator is not needed to launch, keep them informed.
- Start with a restricted number of branches with different profiles to assess take-up and then decide on expansion plan (progressive or all branches at once).
- Create a feedback loop to assess regularly (every quarter, every month, etc.) results and take corrective actions.

STEP 6:

PERFORMANCE IMPROVEMENT

RECOMMENDED TIMING: Six months minimum after launch, ideally 12 months after

OBJECTIVE	Improve performance of services launched and build a culture of continuous improvements: • Develop near-term improvement plan; • Set-up business intelligence to monitor service daily; • Implement corrective actions.
KEY ACTIVITIES	Assessment including interviews with clients and staff to evaluate perception.

Table 11: Performance improvement activities and key success factors

Workstream	Activity
Distribution	• Align and assess the mobile money offering within your branches (quantity, quality, localization, performance) and client experience through focus groups.
Technical / IT	• Evaluate the merchant mobile handsets (loss of data, ease of use, time per transaction, etc.). • Evaluate the connectivity of mobile devices.
	Key success factors
Market & Products	• Align customer segmentation, value proposition, and customer journey. • Assess and improve cross-selling strategy.
Internal organization	• Identify efficiency opportunities in internal organization, resources and processes.
Financials	• Evaluate the business plan. • Evaluate the pricing structure and perception by clients. • Evaluate the incentive structure.
Project Management	• Based on assessments, define quick wins, near-term improvements and mid-term improvement.

Am I ready for continuous improvement?

- ☑ Revised segmentation, value proposition and customer journey
- ☑ Assessed client and mobile money staff's experience
- ☑ Evaluated the interface of the merchant mobile handset and connectivity
- ☑ Revised business plan
- ☑ Pricing validated by clients
- ☑ Incentive structure validated by staff
- ☑ Plan for continuous improvement of internal processes devised.

Courtesy of SOFIPE Burkina Faso

SUMMARY:
THIS IS THE RIGHT MODEL FOR YOU IF…

YOU ARE LOOKING FOR A DIGITAL SOLUTION MEETING THESE CRITERIA:

Table 12: Key attributes of the model

< 3 months to pilot	POS, Phones, Tablets, Computers
< 6,000 US$. In many cases the only expenses for the FI are the dedicated staff the electricity and internet at the branches but funds can be invested in a market study and money needs to be invested to buy e-value with the DFSP	Customer MM registration, cash-in/out, P2P payments, bill payments and agent account management (services not part of the FSP's core business)
• Increase your revenue • Increase foot-traffic in your branches to leverage cross-selling opportunities • Improved customer service (proximity, rapidity) • Improved brand recognition	Own staff

Table 13: Analysis of strengths, weaknesses, opportunities and threats of the model

Strengths	Weaknesses/ Challenges to anticipate	Opportunities	Threats
Possibility to use existing staff as MM agents.	Need of acquisition and installation of hardware devices (if applicable).	Improve the range of services offered to customers.	Client or staff fraud.
Limited investment is needed to become a MM agent.	The FI usually has little bargaining power in the relationship with the DFSP.	Cross-selling opportunities (thanks to increased foot-traffic).	Equipment and/or mobile application failure.
Model feasible without data consolidation and interconnection between branches.	Commissions are generally dictated by the DFSP.	Introduce clients to digital financial services with limited investment on behalf of the FI.	Connectivity issues (web and/ or mobile).
No investment is needed in a platform; the DFSP gives the FI access to its platform to perform transactions.	Customer awareness and financial education (mostly rural and illiterate) needed.	FIs can use their branches to be agents for a third party but this does not exclude a FI from providing agency banking itself.	Rejection of the service by the staff (resistance to change).
			Lack of proper liquidity management negatively affecting the services.
			Liquidity demanded by the MM business affects the core business of the FI
			Image risk (own or via the partnering MNO).

ABOUT MICROLEAD

MicroLead, a UNCDF global initiative which challenges financial service providers to develop, pilot and scale deposit services for low income, rural populations, particularly women, was initiated in 2008 with support from the Bill & Melinda Gates Foundation and expanded in 2011 with support from The MasterCard Foundation and LIFT Myanmar. It contributes to the UN's Sustainable Development Goals, particularly SDG 1 (end poverty), SDG 2 (end hunger, achieve food security and promote sustainable agriculture) and SDG 5 (achieve gender equality and economic empowerment of women), as well as the Addis-Abeba Financing for Development Agenda (domestic resource mobilization).

MicroLead works with a variety of FSPs and Technical Service Providers (TSPs) to reach into previously untapped rural markets with demand-driven, responsibly priced products offered via alternative delivery channels such as rural agents, mobile phones, roving agents, point of sales devices and informal group linkages. The products are offered in conjunction with financial education so that customers not only have access but actually use quality services.

With a specific emphasis on savings, women, rural markets, and technology, MicroLead is a performance-based programme that supports partnerships which build the capacity of financial institutions to pilot and roll out sustainable financial services, particularly savings. As UNCDF rolls out the next phase of MicroLead, it will continue to focus on facilitating innovative partnerships that encourage FSPs to reach into rural remote populations, build on existing digital financial infrastructure and emphasize customer-centric product design.

For more information, please visit www.uncdf.org/microlead. Follow UNCDF MicroLead on Twitter at @UNCDFMicroLead.

ABOUT PHB ACADEMY

PHB Academy provides training and coaching aimed at improving financial inclusion. We focus on increasing the take-up and usage of digital financial services (DFS). PHB Academy offers training and coaching face-to-face and online, as well as in blended format (a mix of face-to-face and e-learning). Workshops and programmes can be custom-designed and tailored to our clients' specific needs. The design of our programmes is based on the latest insights in adult learning and executive coaching. We change behaviour by doing more than just transferring technical knowledge. We focus on the development of the practical skills and positive attitudes that managers and field staff need to design, manage and deliver DFS in a sustainable manner. Experiential learning methods and a focus on self-management are key to our success. Our offer is available to financial institutions, mobile network operators, remittances & payment providers and development agencies that pursue financial inclusion through innovative delivery channels.

PHB Academy is the Training & Development Practice of PHB Development, a specialist consulting firm with operations across the world. Since 2006, PHB Development has been committed to increasing financial inclusion in underserved markets. PHB has helped its clients develop viable financial services and delivery channels throughout more than 100 projects.

For more information, please visit http://phbdevelopment.com/. Follow PHB at @PHBDevelopment on Twitter.

ABOUT UNCDF

UNCDF is the UN's capital investment agency for the world's 48 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

For more information, please visit www.uncdf.org and sign up for our Newsletter at http://uncdf.org/en/content/subscribe-our-newsletter. Follow UNCDF at @UNCDF on Twitter and Facebook.

ABOUT THE MASTERCARD FOUNDATION

The MasterCard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by MasterCard when the Foundation was created in 2006.

For more information and to sign up for the Foundation's newsletter, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

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