

How to select an appropriate banking agent?

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Financial institutions have to determine the specific selection criteria and what type of agent corresponds to the bank's image, branding and target clientele. Following general categories of criteria seem to be the most widely used:

- **Trusted by clients**—history of the business, reputation/leadership of store owner within community; level of population's awareness about store; nature of the business; safety of location.
- **Convenient for clients**—size, location, and cleanliness of the store; number and friendliness of staff; range of client needs the store can fulfill.
- **Trusted by the bank**—credit history; track record of store's commercial operations; store owners' police record; quality of existing cash handling and control mechanisms.
- **Ease of installation for the bank**—store already has bank account; level comfort with technology; availability/possibility of telephone line or other communication link; availability of suitable space within the store; openness to the bank's co-branding preferences.
- **Existence of potential synergies between store's existing business and new agent business**—potential for generating additional foot traffic and triggering additional sales (this helps ensure commitment and might help the business case as well).

In Brazil, some network managers follow the steps below to acquire their agents. The process involves around 3 visits and it takes around 15 days to select one agent out of 7 considered. They add around 6-10 new agents per month to a network.

1. Define location based on indicators such as

- Adult population in location, % of population unbanked;
- Poverty level of population;
- Financial infrastructure (ATMs, branches, POS merchants, etc.);
- Commercial activity (e.g., from yellowpages);
- Existing clients of financial institution;

2. Short-list potential agents within location according to

- Foot traffic (e.g., near bus stop);
- Product offer ensuring frequent client visits (bakeries vs. shoe stores; extended opening hours);
- Infrastructure (e.g., telephone line, space for device);
- Shop-owners motivation;
- Reputation in community.

3. Security check and risk analysis

- Established in community (e.g., more than 3 years);
- Credit history and criminal record;
- Book-keeping expertise and experience with technology;

4. Contract signing

5. Training, equipment installation

Source: CGAP analysis; Source: Interview with José Marcos Rasteiro, Netcash representative, November 2006. VISA Georeferencing tool: <http://technology.cgap.org/2007/09/26/location-location-location-a-tool-to-strategically-place-your-banking-agents/>