Improving Distribution of Digital Financial Services in Rural Areas

Research Highlight on Rural Agents in Senegal

May 2019

Digital financial services are spreading in Senegal, where more than 5 million electronic money accounts were open at the start of 2018. However, there is a real gap between large cities and rural areas in terms of penetration. It is in this context that the UN Capital Development Fund (UNCDF) is supporting the fintech InTouch to increase the number of active digital financial service agents in underserved areas of the country.

An innovative solution but challenges to overcome

InTouch offers the concept of a ‘one-stop shop,’ which allows agents to carry out mobile money transactions for the main suppliers of the country (Expresso, Orange and Tigo), through an application, without having to change their SIM card or phone. In rural areas of Senegal where digital financial services are almost non-existent, the one-stop shop is a real innovation that can potentially change the face of financial inclusion. Some agents enlisted in the project were the first to provide digital financial services in their community.

However, this innovation faces significant challenges such as connectivity in these communities, which are often isolated, as well as difficulties in liquidity provision.

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Project overview

Partner:

Objective:
Deploy 368 agents in 10 rural departments of Senegal to contribute to financial inclusion

Target departments:
Bambey, Fatick, Foundiougne, Guinguinié, Kaffrine, Kanel, Linguère, Niort du Rip, Podor and Velingara

Timeline:
February 2017–January 2019

Results:
364 InTouch agents active in 8 departments by the end of February 2019

Providing day-to-day support to agents: The key to success

With the support of UNCDF, the fintech launched its concept and continues to follow up on the agents' progress. The fintech provides day-to-day support to the agents through local branches that help them report issues faced in the field. In addition, the agents benefit from permanent support provided by sales representatives, again facilitated by the local branches, which are there for their needs and accompany them at each stage of their journey. This on-the-ground support aids in the effective resolution of difficulties encountered in rural areas.

There are five key aspects to the work of InTouch agents:

- **Recruitment and training**: This process, provided by InTouch, is highly appreciated by agents, who are convinced of the comparative advantage of the application developed by InTouch and feel supported in its use.

- **Customer service**: Although agents recognize the importance of customer service, there are some issues in this area that affect agents' performance, including difficulties with the network and Internet connectivity and with obtaining supplies.

- **Support and monitoring**: In each deployment zone, a support team is set up to respond to the specific needs of the agents and to monitor their performance.

- **Personal and community development**: InTouch agents are pioneers in their community, which grants them social status as their services meet the population's needs. However, their satisfaction at the personal level is mixed because they do not have the impression that they are accomplished or are receiving benefits to improve their life.

Throughout the project, InTouch implemented new measures and updated its application based on feedback from agents. In addition to the digital monitoring of agents, qualitative interviews and performance analyses carried out by the consulting firm PHB Development, mandated by UNCDF, enabled the fintech to streamline the agents' journey—particularly in regard to customer service. As a result, the fintech introduced new options such as electricity bill payments and money transfer services.

The relevance of mobile money in rural areas

The densification of the agent network in rural areas of Senegal has had a positive impact on the economic activities of villages:

- **Agents have reduced the cost of their customers doing business:** There is no longer a need for businesspeople to accompany their merchandise to receive payment in person.

- **Agents have reduced the cost of person-to-person transfers:** Customers save time and cost of transportation for business activities.

- **High-volume payments have been identified as a potential service:** The current payment process for farmers is inefficient (significant travel to receive money from the cooperative, cash shortage, etc.). Digitizing those payments could make life easier for farmers, while improving the volume of transactions among agents.

“I do not have to travel long distances to access mobile money services. My activity helped to meet a real need in my community.” Maguette Tall, agent in the village of Tallene.

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Encouraging results

During the qualitative survey, conducted between January and June 2018, transactions increased significantly as agents were installed with the one-stop shop. Other areas of research and results included the following:

1. Performance of all agents in Q1 and Q2 2018

   - **Q1 2018**: 88 agents
   - **Q2 2018**: 210 agents
   - **Increase of 82% in the value of transactions**
   - **Increase of 52% in the number of transactions**

2. Performance per day per agent in Q1 2018

   - **WOMEN**: 2x more average transactions per day
   - **YOUTH (15-35)**: 5x more average transactions per day

3. Challenges and opportunities regarding agents

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<tr>
<th>Challenges</th>
<th>Opportunities</th>
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<tbody>
<tr>
<td>Unknown commission schedule</td>
<td>Improvement of the agent monitoring system</td>
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<td>Connectivity issues that drastically impact operations</td>
<td>Availability of the sales team</td>
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<td>Poor liquidity supply (electronic money and cash)</td>
<td>Addition of new services (Ria money transfer, Woyofal pre-payment service, bill payment, etc.)</td>
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<td>Inability to cancel or change transactions</td>
<td>Expansion of the value proposition</td>
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<tr>
<td>Inability to open accounts</td>
<td>Development of a digital credit system</td>
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<td>Lower compensation per transaction (after March 2018)2</td>
<td>Addition of financial partners for liquidity supply</td>
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<td>Difficult access to finance to grow their business</td>
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2 InTouch is a payment- and network-distribution aggregator, therefore its agents receive the same commissions from a mobile network operator as do conventional agents. As a result, when a mobile network operator decides to reduce the commissions of its agents, it has an impact on InTouch agents’ incomes. The market-leading electronic money issuer Orange Finance Mobile Services recently reduced transaction fees, affecting the performance of InTouch agents.
Agent journey

1. **JOIN InTouch**
   - Expectations of financial returns and social contribution
   - Attraction to a strong value proposition (simple and practical solution)

2. **ARE TRAINED**
   - Basic training focused on usage
   - Difficulties for the illiterate

3. **EQUIP THEMSELVES**
   - Purchase of the starter kit (approx. US$60, an entry barrier)

4. **SERVE CLIENTS**
   - Financial shortages (cash and mobile money)
   - Internet and network connection issues affecting the service
   - Transaction history available in the application

5. **ASK FOR SUPPORT**
   - Financial results below expectations
   - Satisfaction with social impact on the village

6. **ASSESS THE SITUATION**
   - Highly appreciated field team support

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"When I have a problem, I just call my sales representative who usually helps me find a solution." Awa Wade, agent in Nioro du Rip.

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More information

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