Standards for Responsible Digital Financial Services Working Group Meeting:

Agent Management

15 March 2022

cerise + SPTF

AFD

AGENDA

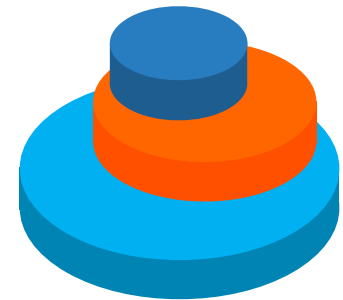10:00 to 10:10   **INTRODUCTIONS**

10:10 to 10:15   **CONTEXT**: overview of Cerise+SPTF's work on standards

10:15 to 10:30   **DRAFT AGENT MANAGEMENT STANDARDS**: review ideas so far

10:30 to 10:45   **EXPERT REFLECTIONS**: a) FINCA; b) MSC; c) M-CRIL

10:45 to 11:25   **DISCUSSION**

11:25 to 11:30   **NEXT STEPS** and conclusion

By the end of this session, you will have …

- Reviewed what the draft standards for responsible agent management say

- Contributed your insights into how we can refine them

- Participated in debates where our ideas lack consensus

- Reflected on the when/where/how of our next meetings
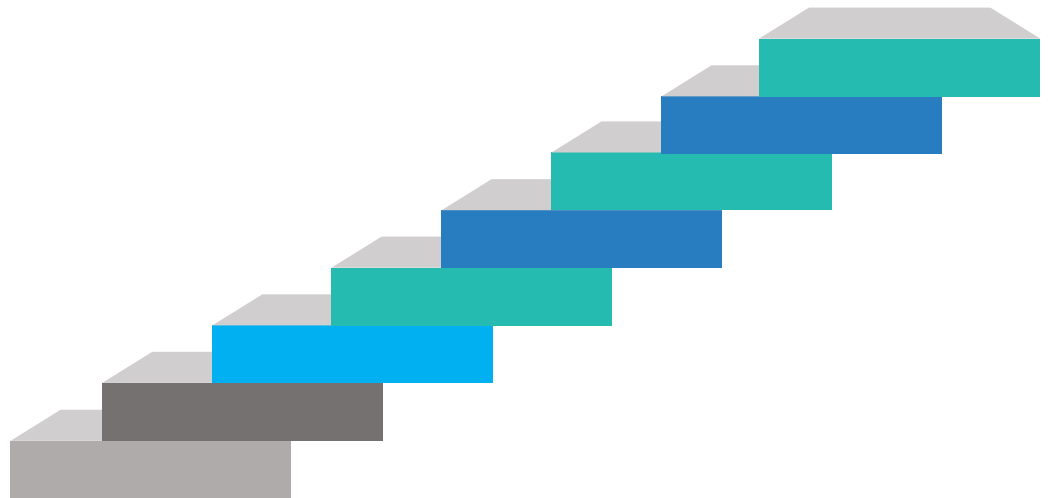
The Universal Standards for Social and Environmental Performance Management

Standard setter

Standard promoter

A **complete guide** of best practices to help financial service providers (FSPs) put **clients and the environment at the center** of all decisions and **align** their policies and procedures with **responsible business practices.**

SOCIAL STRATEGY

COMMITTED LEADERSHIP

ENVIRONMENTAL PERFORMANCE MANAGEMENT

UNIVERSAL STANDARDS FOR **SOCIAL AND ENVIRONMENTAL PERFORMANCE MANAGEMENT**

CLIENT-CENTERED PRODUCTS AND SERVICES

RESPONSIBLE GROWTH AND RETURNS

RESPONSIBLE HUMAN RESOURCE DEVELOPMENT

CLIENT PROTECTION

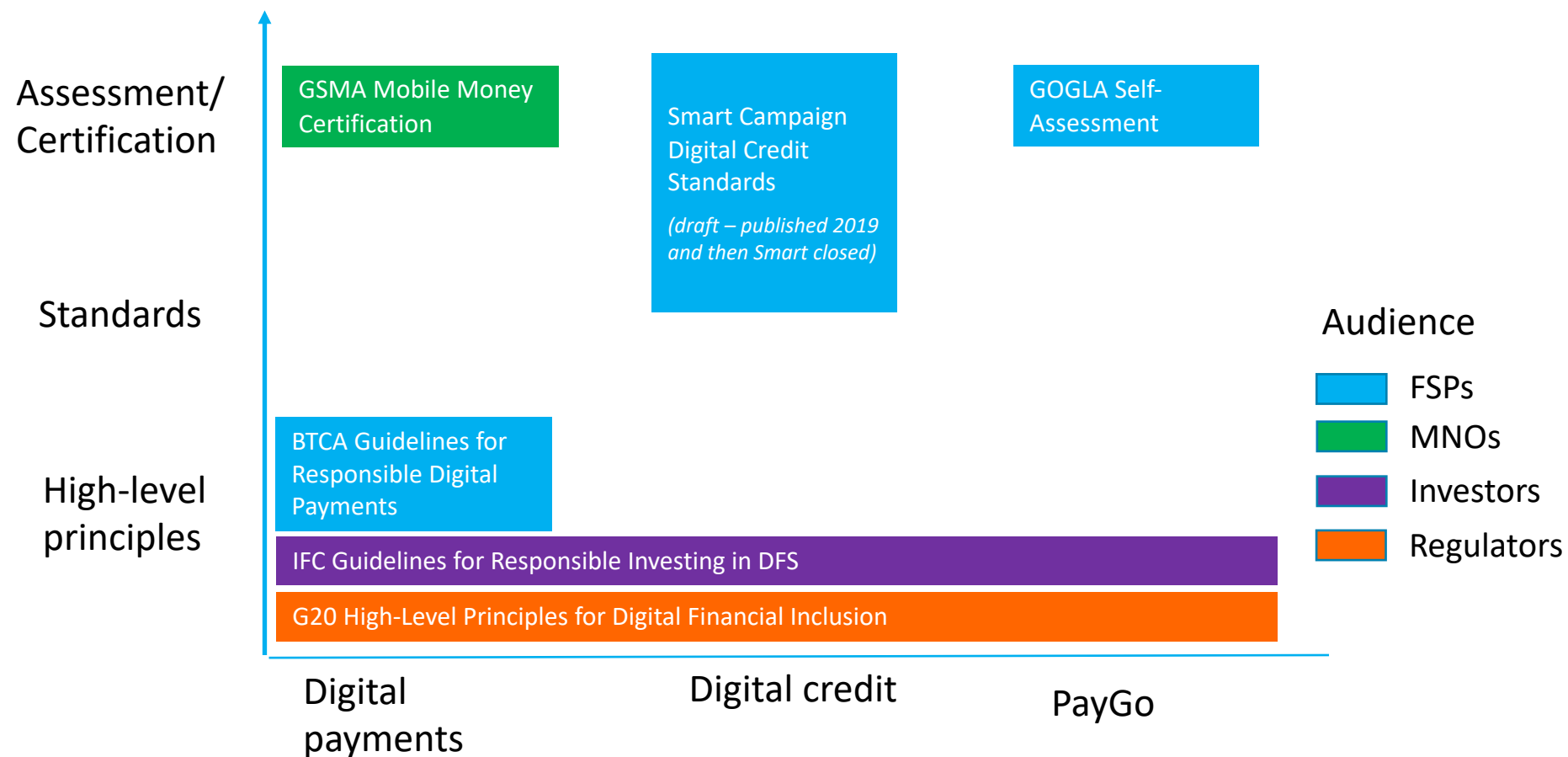# Standards for Responsible Digital Financial Services

Why?

- Clarifies what "good" practice means

- Enhances transparency

- Encourages good practices to grow

- Proposes concrete solutions to the risks we observe

- Enables stakeholders to distinguish between providers with a desire to create value for clients versus those focused solely on profits

- Facilitates partnerships with responsible providers

How?

- Review of existing resources: research, articles, blogs, codes of conduct

- Expert interviews: ~40 so far

- Harmonization with existing principles and standards: GSMA, BTCA, IFC, GOGLA, G20 High-Level Principles for Digital Financial Inclusion

- DFS Working Group: open to all, provides a forum to share information and debate

Existing DFS frameworks

Assessment/ Certification

GSMA Mobile Money Certification

Smart Campaign Digital Credit Standards

(draft – published 2019 and then Smart closed)

GOGLA Self-Assessment

Standards

High-level principles

BTCA Guidelines for Responsible Digital Payments

IFC Guidelines for Responsible Investing in DFS

G20 High-Level Principles for Digital Financial Inclusion

Digital payments

Digital credit

PayGo

Audience

FSPs

MNOs

Investors
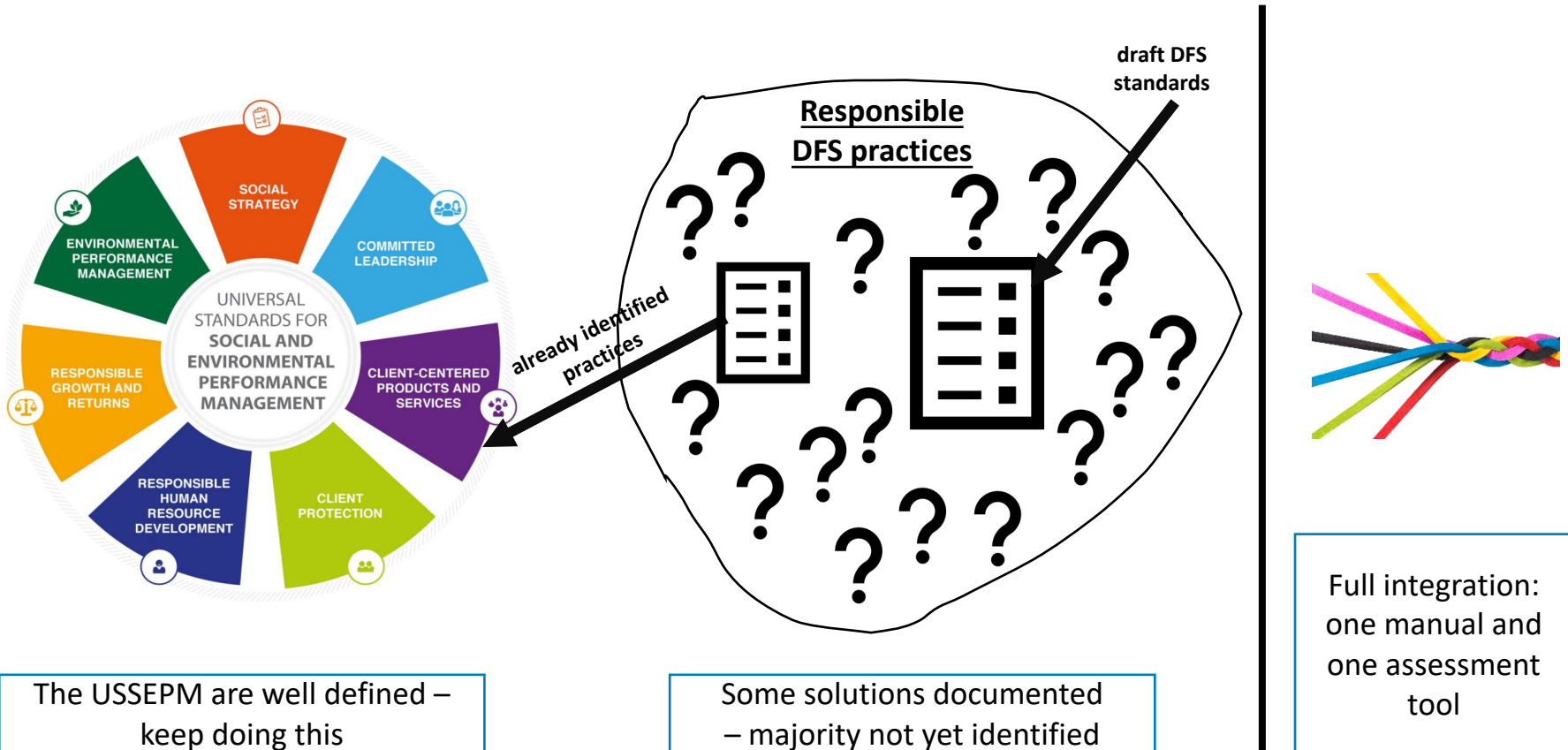
Regulators

Integrating the DFS Standards and the Universal Standards for SEPM - Where we are now; where we are going

draft DFS standards

Responsible DFS practices

already identified practices

The USSEPM are well defined – keep doing this

Some solutions documented – majority not yet identified

Full integration: one manual and one assessment tool

What is already in the Universal Standards for SEPM related to agent management?

Number	Type	Text
3.B.3.7	Indicator	If the provider uses agents, it monitors agent liquidity and whether agents respect client protection practices, and has mechanisms to address problems as needed.
4.B.1.4	Indicator	The provider communicates product information in a way that supports informed decision making by clients.
4.B.1.4.1	Detail	The provider publishes basic product information, including pricing, at branch or agent locations, or digitally as applicable.
4.B.1.5	Indicator	If the provider uses agents, it verifies that they provide to clients documentation of their fees, terms of service, and cancellation conditions.
4.C.2.1	Indicator	The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.
4.E.1.3	Indicator	The provider informs clients how to submit a complaint.
4.E.1.3.1	Detail	The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.
6.A.1.3	Indicator	The provider allocates funds and human resources to reinforce the following internal capacities to ensure responsible growth:
6.A.1.3.2	Detail	Hiring and training employees, and third-party agents as applicable
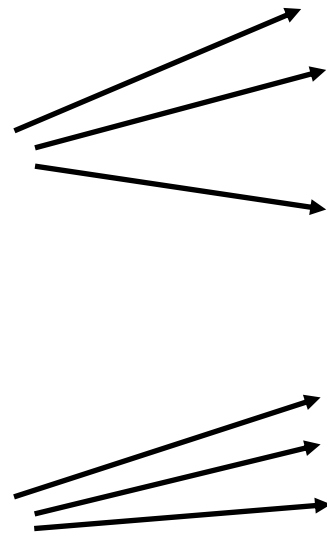
Reminder: the standards say the what, but not the how

What (universal)

How (varies by context)

Example 1: Before launching an agent network, create a strategy for managing agent liquidity in each market, at minimum for urban versus rural markets

- Leverage technology in your solutions.
- Study in advance the liquidity in various businesses and choose the ones that have sufficient cash to be agents.
- Be aware of seasonal increases in demand.

Example 2: Build agent buy-in to the mission and vision of the organization through continuous engagement

- Share success stories via a newsletter.
- Offer recognition awards.
- Post examples of good practice on Facebook.

Agent management:
ideas for management practices so far (1 of 3)

1. Before launching an agent network, create a strategy for managing agent liquidity in each market, at minimum for urban versus rural markets

2. Raise awareness among customers that they may encounter insufficient liquidity among agents and the implications of that on how they plan or manage their financial lives.

3. Improve the IT system as needed to enable remote monitoring of agent activity.

4. Measure the level of activity for agents on a regular basis. This includes not only what types of transactions, how frequently, and in what amounts, but also which platform/app they use to conduct each transaction.

5. Monitor which agents have high cash outs and take action to ensure liquidity in places where there is a large volume of cashing in and out.

6. When a new digital product launches:
   a. Select agents for the pilot test that are among the most active in the network
   b. Establish targets, incentives
   c. Launch an awareness raising program
   d. Provide more than one round of training for agents on the new product
   e. Track data on how many agents are aware of or using the new product.

7. Use data to monitor early warning sights of agent distress, rather than waiting for actual default or other bad behavior by agents.

Agent management:
# ideas for management practices so far (2 of 3)

8. Conduct annual satisfaction survey with agents.

9. Invest in ongoing agent training and evaluation. (NB: Agent turnover can be high, and some agents are better than others.)

10. Provide refresher trainings to agents on important topics. Training them once on a key topic is not enough.

11. Train agents on how to avoid fraud.

12. Build agent buy-in to the mission and vision of the organization through continuous engagement

13. Have a business plan that allows for agents to make money.

14. Offer agents a good base salary.

15. Invest in experiential learning. Have your staff who are going to be responsible for agent management go into the field and observe how agents work.

16. Make it possible for customers to use agents with their same gender.

17. Analyze customer complaints data for insights on agent behavior.

18. Tell customers that if agents ask you to pay fees that you do not understand, the FSP wants to know about it and here is the channel to use to report this.

Agent management:
ideas for management practices so far (3 of 3)

19. Agents should have to enter data on all requested transactions, even ones they cannot do due to insufficient liquidity. The FSP should get this information on a daily basis, so they see how many transactions happened and how many transactions were requested but not processed due to insufficient liquidity.

20. Define a theory of change for agents. What does the FSP provide (e.g., trainings, incentives, oversight) and how do the agents perform as a result?

21. Have a probationary period with agents to test their performance before co-branding with them.

What do you think? Expert commenters will start off the discussion.

- FINCA
  - ➢ Alejandro Jakubowicz; FINCA Impact
  - ➢ Fermin Sanchez Gómez; FINCA Guatemala
- MSC
  - ➢ Anup Singh
- M-CRIL
  - ➢ Hema Bansal
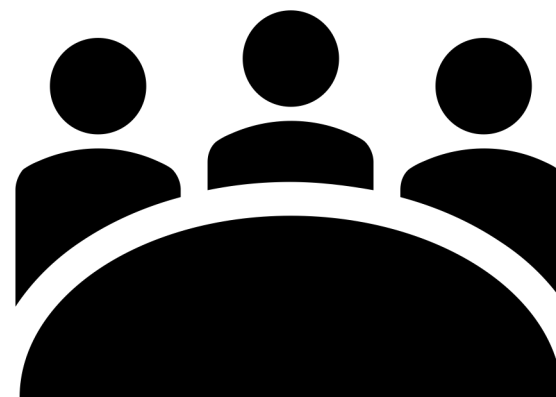
DISCUSS AND DEBATE

What do you think?

Thank you!

Cerise + SPTF

AFD