



RESEARCH HIGHLIGHTS
INSIGHTS INTO ACTION

ANA Research: Zambia Country Report 2015

Boosting DFS Agent Networks in Zambia

Zambia was the earliest adopter of Digital Financial Services (DFS) in Africa. In 2015, Zambian agents conducted transactions¹ on par with high performing mobile money countries in East Africa such as Tanzania and Uganda. The country has a diverse and competitive market, primarily focused on payment services. Yet Zambia faces many challenges to reach its full potential, agents' revenues are lower and so is their profitability, and agents cite that customers have poor awareness of DFS. If certain issues are addressed, Zambian DFS providers could increase profits while expanding financial inclusion in the country.

A tough environment for agents

The UNCDF MM4P (Mobile Money for the Poor) programme recently commissioned a study conducted by the *Helix Institute of Digital Finance* within the framework of the Agent Network Accelerator (ANA) project. The study focuses on the country's factors for success and what the industry needs to focus on in the next stages of DFS development in Zambia. This Research Highlight gives a brief summary of this **report** that is available on our website for a deeper look.

Zambia has fostered a market in which five providers currently compete in a tight race. The survey found that only 32 percent of agents are satisfied with the commissions

they receive on DFS transactions while 14 percent of agents claim that being an agent is not at all profitable. Agent profitability lags behind almost all other countries studied in the ANA research project.²

The ANA study also found that a large number of agents chose to work for only one provider and/or dedicate their business to agency banking only. These choices limit the number of sources and level of income for agents. When looking at their costs, agents factor in the costs related to travel to rebalance cash and e-float, an issue due to recurring liquidity challenges, as well as the 'soft costs' such as the time necessary to pitch customers the complete suite of services.

More incentives to boost agent networks

Furthermore, over-the-counter (OTC) transactions, where the agents perform—on behalf of their customers dominate the local DFS landscape, whereas services, such as digital credits and deposits, are still struggling to take off. A widespread lack of awareness of DFS among customers seems to be a major barrier to the adoption of more advanced services, and one that providers have so far only partially tackled. Although 81 percent of the agents report having received adequate training, a little less than half have received refresher

training, and only about a quarter of the surveyed agents report receiving promotional materials from their provider. The latter indicates that the onus on marketing DFS lies solely with the agent.

In conclusion, a properly incentivised and regularly supported agent network is crucial for the adoption of a diverse array of DFS. The key to achieving improvements lies in a set of measures to support and motivate agents while improving the marketing of products and services to customers. These measures may include:

- Revamping promotional and marketing activities to increase awareness
- Revising commissions for agents
- Launching incentive campaigns for customers
- Adopting a shared agent model to increase agent's revenue and motivation.

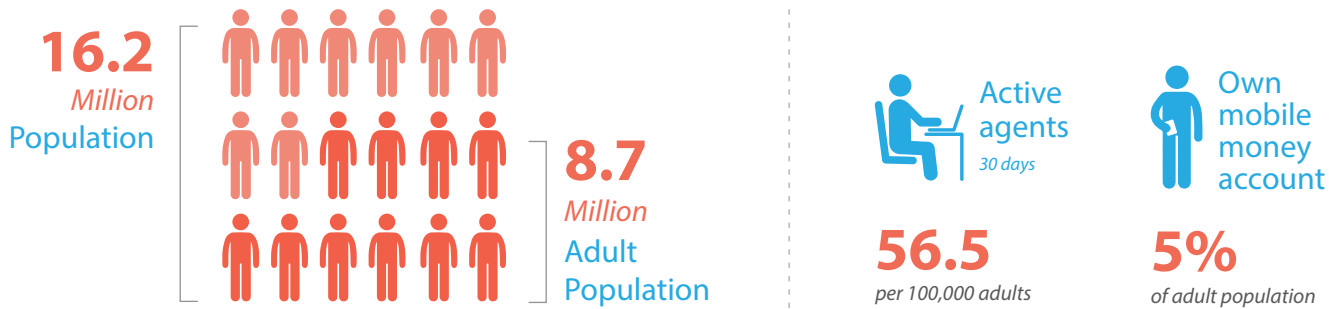
¹ The study reports median values of information collected.

² In terms of agent profitability, Zambia lags behind the other ANA project countries, which are, from the most profitable to the least, Tanzania, Uganda, Pakistan, Bangladesh and Kenya. Only India fares are worse than Zambia. Profitability is reported at the outlet level and not at the provider level—i.e. total earnings from all providers minus operating expenses.

A Snapshot of Agents in Zambia

Zambia is at a tipping point where it can either shift to an OTC market like Pakistan or a wallet based market such as Kenya. The future lies very much in the decisions the stakeholders in the market will make in the coming year. To support the evolution and expansion of DFS services in Zambia, MM4P and FSDZ conducted research on both agents and customers.

To learn more on the ANA research you can access the full **report** produced by Helix on our website or meet the MM4P team in Zambia to discuss opportunities and new ideas to address some of the challenges through meaningful partnerships, potentially supported by the UNCDF MM4P Programme, FSDZ, or others.



Products and Services Offered



- Money transfer
- Cash-in to wallet
- Cash-out from wallet



- Foreign remittance
- Savings deposits to a bank
- Credit

Only 47% of agents open accounts



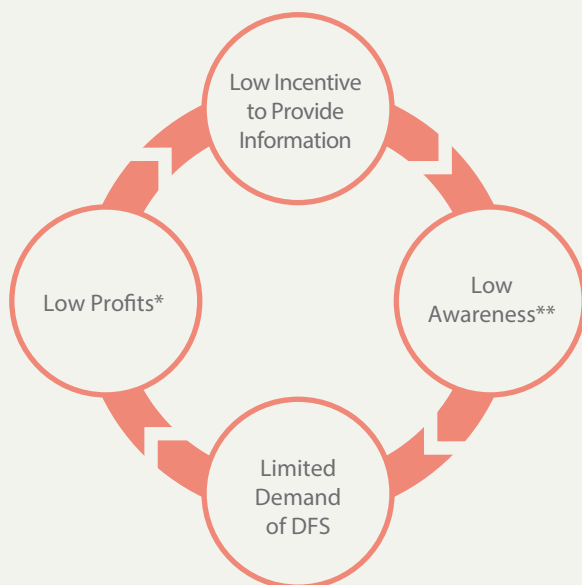
Top Challenges to An Agent's Business

Dealing with customer service when something goes wrong

Time spent teaching customers about the product

Not making enough money to cover costs

A chronic cycle prevents achieving the full potential of agent networks



Agent Support

66% of agents Receive regular support visits

90% of agents Are aware of a call centre

79% of agents Experience service downtime at least once a week

26% of agents Receive promotional materials from providers.

The Agent Network Assessment (ANA) for Zambia is funded by the UNCDF Mobile Money for the Poor (MM4P) programme, in partnership with



* Exacerbated by low commissions from providers and high competition due to high level of exclusivity and dedication
 ** Low attention to marketing material