



Mobile Money agents: Sustainability in a digital era

Findings from Côte d'Ivoire





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GSMA Mobile Money

The GSMA's Mobile Money programme works to accelerate the development of the mobile money ecosystem for the underserved.

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MSC (MicroSave Consulting) is a global consulting firm that enables social, financial, and economic inclusion for everyone in the digital age. They have been at the center of the digital finance revolution since its early days.

They work with governments, banks, telecommunication companies, and third-party service providers across Africa and Asia. They offer strategic and operational advice and help implement programs using insights from meticulous field-based research rooted in a deep understanding of clients, their needs, perceptions, aspirations, and behavior.

Published

March 2022



Executive summary





Executive summary

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- Agent networks remain the sector's backbone, digitising over USD 500 million per day in 2020. Mobile money agents play an essential role in enabling unbanked and underbanked populations access financial services, thanks to their relatively more robust geographic reach than the traditional banking system. As of 2019, the global density of the agent network reached an average of 228 active mobile money agents per 100,000 adults, seven times more than ATMs and 20 times more than bank branches.
- Previous research has suggested that expanding agent networks have a causal relationship with digital financial inclusion (e.g. [CGAP, 2019](#)). In addition to converting cash to a digital value and vice versa, they are also the face of mobile money services worldwide, performing crucial tasks like on-boarding, supporting, and educating millions of customers.
- Besides advancing financial inclusion, agent activity is also an important income-generating activity for over 5.2 million agents and their households, who partly or wholly depend on commissions to sustain their livelihoods. However, several factors challenge agents and their much-needed network in the future, particularly in Sub-Saharan Africa:
 - While the number of agents keeps growing consistently, the number of active agents has been growing faster than the combined value of cash-in and cash-out transactions, upon which agent revenue depends (via commissions), in Sub-Saharan Africa. This suggests that individual agent revenues could deteriorate if the trend carries on.
 - Reports of decreasing withdrawal fees in several markets could also result in reduced agent commissions.
 - Increased digitisation of the industry, particularly in mature markets, could potentially threaten the growth in CICO transactions, particularly in urban areas, where banked populations and ecosystem transactions may be more prevalent.
 - Agent distribution networks remain relatively low in many rural areas in low-and-middle-income countries.



Executive summary

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- The majority of agents are satisfied with their agent-related revenues: 89% of agents in Soubré and 73% of urban ones. Soubré agents report an important seasonality in their activity, based on the cocoa season. Soubré agents' more positive outlook is primarily explained by their confidence in growing demand for mobile money services, as per survey responses.
- While most agents have multiples business activities, mobile money constitutes their primary income, both in urban areas and in Soubré. Revenues from secondary activities represent up to 50% of the total income for 80% of Soubré agents and up to 25% for 60% of urban agents.
- Agents in urban areas find the costs of managing their points of sale high. Agents' main expenses include rent, salaries, and taxes. It is important to note that costs vary according to the number of venues the agent owns, the number of employees, and the location of their businesses. The average monthly cost for urban agents is 25% higher than for Soubré agents (USD 311 in urban areas against USD 249 in Soubré).
- A potential decrease in commission rates by mobile money providers was the main perceived challenge across all respondents. It is worth noting that the majority of surveys were conducted before the price reductions implemented by various MMPs in the market, which could potentially exacerbate concerns on commissions.
- Besides commission rates, perception of challenges vary according to geography (urban vs. Soubré). Declining activity, through lower transaction volumes or values, were subject for concern for urban agents. This could be due to the perceived growing acceptance of mobile money by businesses, government entities, and other actors, which reduce the need for CICO services by keeping funds digital, could be perceived as a risk in the long run. Growing competition between agents was listed as a challenge by close to half (43%) of urban respondents.



Executive summary

- Agents in urban areas see the growth of operating costs as a critical challenge. On average, the monthly cost for urban agents is 25% higher than for Soubré agents.
- Soubré agents state that liquidity challenges occasionally make them unable to serve their customers as much as they would like. These needs are higher during peak agricultural seasons (cocoa)
- As they serve their customers, agents stated that risks of theft or fraud/scams constitute important challenges. Soubré agents are predominantly concerned about theft, while fraud/scams and counterfeit banknotes are more perceived as risks among urban agents.
- While the question related to risks faced while serving customers, a number of agents mentioned the price war as a risk to the sustainability of their business.





Context and objectives





Context

- Agent networks remain the sector's backbone, digitising over USD 500 million per day in 2020. Mobile money agents play an essential role in enabling unbanked and underbanked populations access financial services, thanks to their relatively more robust geographic reach than the traditional banking system. As of 2019, the global density of the agent network reached an average of 228 active mobile money agents per 100,000 adults, seven times more than ATMs and 20 times more than bank branches.
- Previous research has suggested that expanding agent networks have a causal relationship with digital financial inclusion (e.g. [CGAP, 2019](#)). In addition to converting cash to a digital value and vice versa, they are also the face of mobile money services worldwide, performing crucial tasks like on-boarding, supporting, and educating millions of customers.
- Besides advancing financial inclusion, agent activity is also an important income-generating activity for over 5.2 million agents and their households, who partly or wholly depend on commissions to sustain their livelihoods. However, several factors challenge agents and their much-needed network in the future, particularly in Sub-Saharan Africa:
 - While the number of agents keeps growing consistently, the number of active agents has been growing faster than the combined value of cash-in and cash-out transactions, upon which agent revenue depends (via commissions), in Sub-Saharan Africa. This suggests that individual agent revenues could deteriorate if the trend carries on.
 - Reports of decreasing withdrawal fees in several markets could also result in reduced agent commissions.
 - Increased digitisation of the industry, particularly in mature markets, could potentially threaten the growth in CICO transactions, particularly in urban areas, where banked populations and ecosystem transactions may be more prevalent.
 - Agent distribution networks remain relatively low in many rural areas in low-and-middle-income countries.



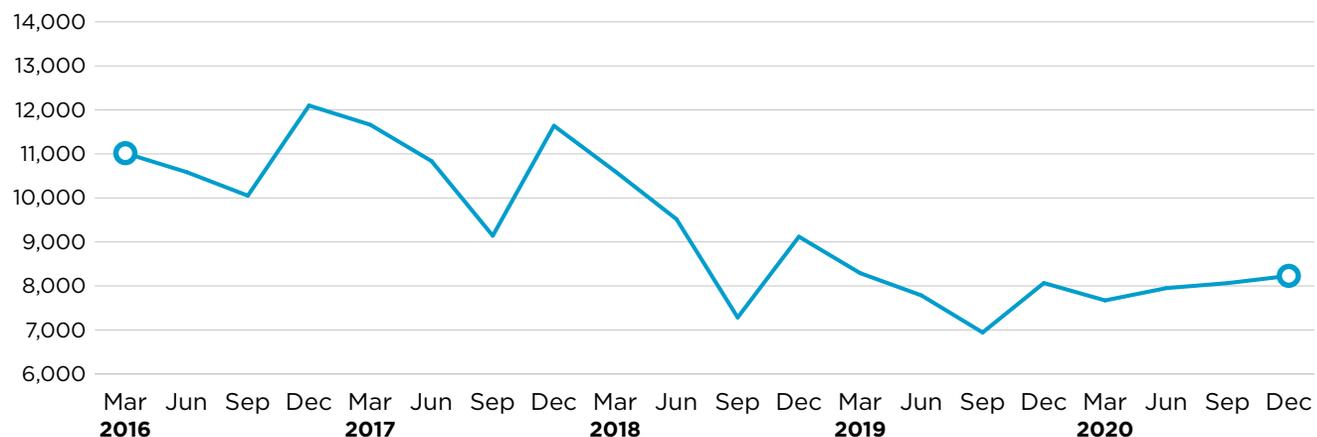
On average, active agents in Sub-Saharan Africa process about \$3,000 less CICO transactions per month in 2020 than they did in 2016

- With an increase in agent footprint, particularly in urban areas, the average amount digitised and cashed out at agent points has been decreasing
- As observed on the line charts, CICO transactions follow seasonal trends within each year (e.g. higher in December). In December 2016, each agent in Sub-Saharan Africa processed about USD 11,700 per month (cash-in + cash-out). As of December 2020, this had fallen to less than USD 8,800.
- In Western Africa, where mobile money penetration has grown substantially over the past few years, similar trends can be observed

CICO transaction values per active agents (SSA), 2016-2020



CICO transaction values per active agents (Western Africa), 2016-2020





Objectives

As a result of these observations, GSMA Mobile Money programme commissioned MicroSave Consulting (MSC) to research current agent circumstances in three key selected mobile money markets to:



Assess current satisfaction levels with their agent activity, particularly their income, and their confidence in the future of their livelihoods.



Identify challenges and opportunities perceived by agents themselves.



Identify short-term challenges – or lack thereof – faced during the COVID-19 pandemic.



In collaboration with the GSMA team, run additional research through additional means such as expert interviews, geographic information, data collected through the mobile money program's Global Adoption Survey.



Based on findings from the above research and GSMA data, explore strategies to sustainably maintain/expand mobile money agent networks, comparing learnings from focus markets.

In order to assess agent circumstances in light of the challenges described early, our research focuses on three maturing mobile money markets in Sub-Saharan Africa, spread across different regions.

This current report focuses on Côte d'Ivoire.



Methodology





Research methodology

MSC team conducted the study using qualitative research methodology. The qualitative approach of this research provided in-depth and nuanced analysis that emerged from the stories, perspectives and experiences of the target populations in our sample (agents and super-agents).



Questionnaire development

A conceptual framework was developed to guide the research and create research tools. The framework highlights the various aspects (socio-demographics, market, regulator, service providers, clients assessment, and impact of COVID-19) to gauge the perception of agents and super-agents.



Data entry, analysis, and reporting

MSC conducted semi-directive interviews with respondents using the questionnaire. Data was encoded in Excel for quick processing. Comments from respondents were used to support the summary figures.



Field study

The primary study took place in Abidjan and San Pedro (urban areas) and Soubré (agricultural area) from 25 October, 2021 to 17 November, 2021.



Sampling

The study covers a sample of 72 respondents. Details of the sampling and geographical coverage is presented on the next slide.



66 agents and 6 super agents were interviewed in Abidjan, San Pedro, and Soubré

1 Abidjan is the largest city and economic capital of Côte d'Ivoire. Abidjan's population was 4.7 million inhabitants as per the 2014 census. The city is an urban area where 23 agents and four super-agents were interviewed.

2 San Pedro is the second largest port of Côte d'Ivoire after Abidjan, in terms of tonnage. The city counts 261,616 inhabitants (2014 census) and is the seat of the Bas-Sassandra district. Wood production is the largest industry in the area—a large share of the exported volume of cocoa transits through San Pedro port. The city is located 542 km by road from Abidjan. 7 urban agents and two super-agents were interviewed.



3 Soubré counts 176,163 inhabitants (2014 census). It is the sub-prefecture and the seat of the Soubré department. Soubré is located 133 km away from San Pedro and 411 km from Abidjan. It is located in one of Côte d'Ivoire's most important cocoa producing regions, where many livelihoods depend on agriculture. 36 agents were interviewed.

As Côte d'Ivoire's largest urban centres, Abidjan and San Pedro were selected due to their high mobile money penetration, agent footprint, as well as widespread acceptance of mobile money by businesses of all types. This allowed us to assess agent perspectives in a maturing and highly competitive context

As a secondary town with an agriculture-focused economy, Soubré was selected due to lower mobile money penetration levels, enabling the assessment of agent circumstances in areas with lower population density, mobile money penetration and agent footprint.



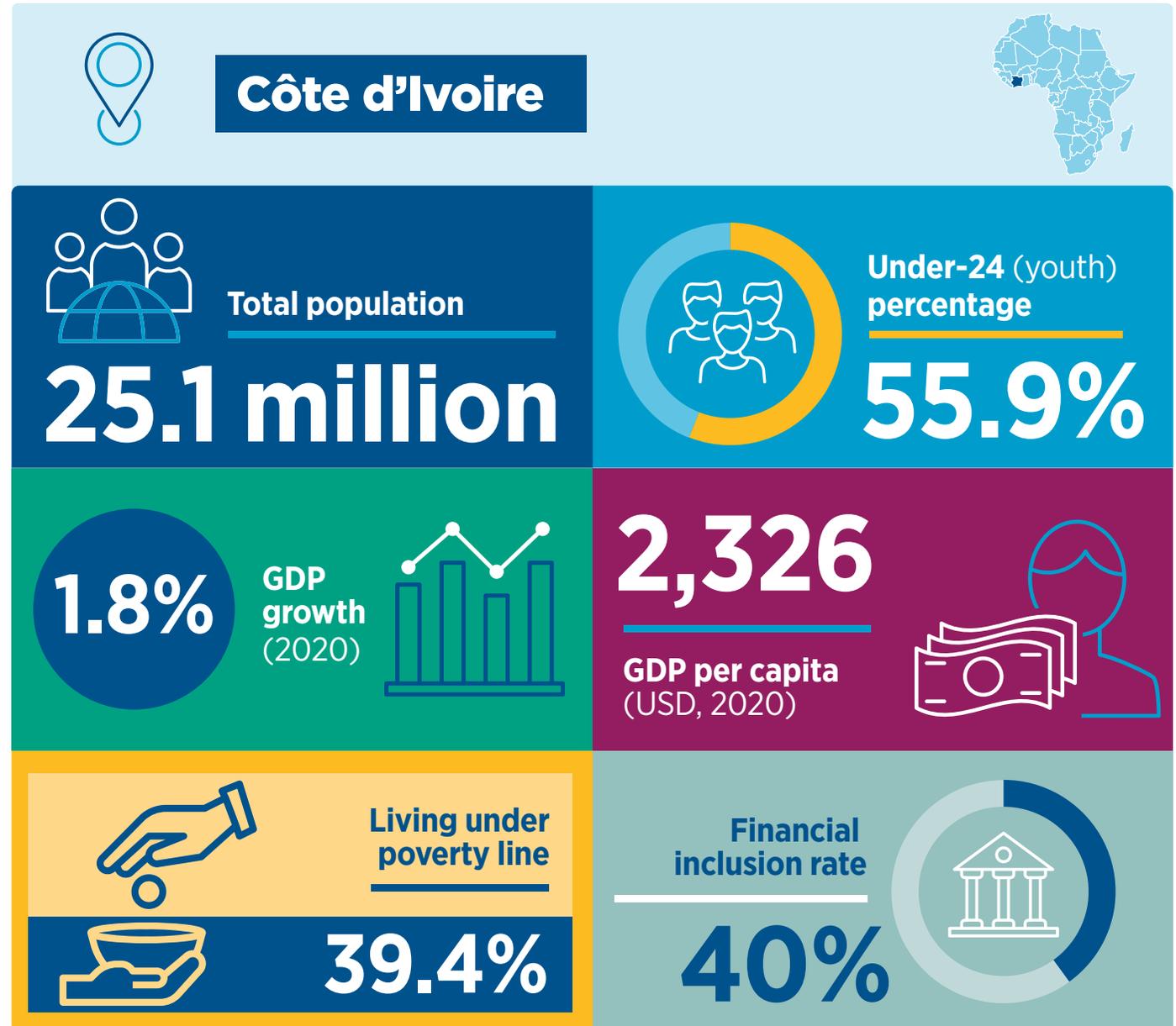
Country overview





Country overview

- The IMF expects growth to rebound to 8.7% in 2021, highlighting the country's economic resilience.
- Côte d'Ivoire wants to use its 2019–2024 **National Financial Inclusion Strategy** as a lever to reach the 60% financial inclusion rate target by 2024, embracing urban and rural areas as well as women and youth.
- As for many countries in the region, Côte d'Ivoire's strong mobile phone penetration presents an opportunity to foster stronger financial inclusion through digital financial services
- Côte d'Ivoire is a member of the West African Economic and Monetary Union (WAEMU), with the CFA Franc as a currency, and its banking and mobile money industries are regulated by the Central Bank of West African States (BCEAO)



Source: <https://data.worldbank.org/indicator>, Global Findex Database 2017 (World Bank)



A maturing and highly competitive mobile money market

Key mobile money figures in 2020:

- **27.7 m registered accounts**, of which **14.8 m are active** on a 90-day basis, representing about a third of the UEMOA region – the largest mobile money market
- **286k cash-in/cash-out (CICO) agents**, of which **197k are active (90-day)**
- Over **687m transactions** completed, representing **USD 26bn**
- **230m cash-in transactions**, representing **USD 10.5bn**, and **184m cash-outs**, worth **USD 7.6bn**
- For each dollar cashed in, only ~ USD 0.73 is cashed out, meaning that **more cash is converted into e-money, circulating in the mobile money system or spent digitally, than is cashed out**

Mobile Money providers (MMPs)

MNO-led



Non-MNO-led

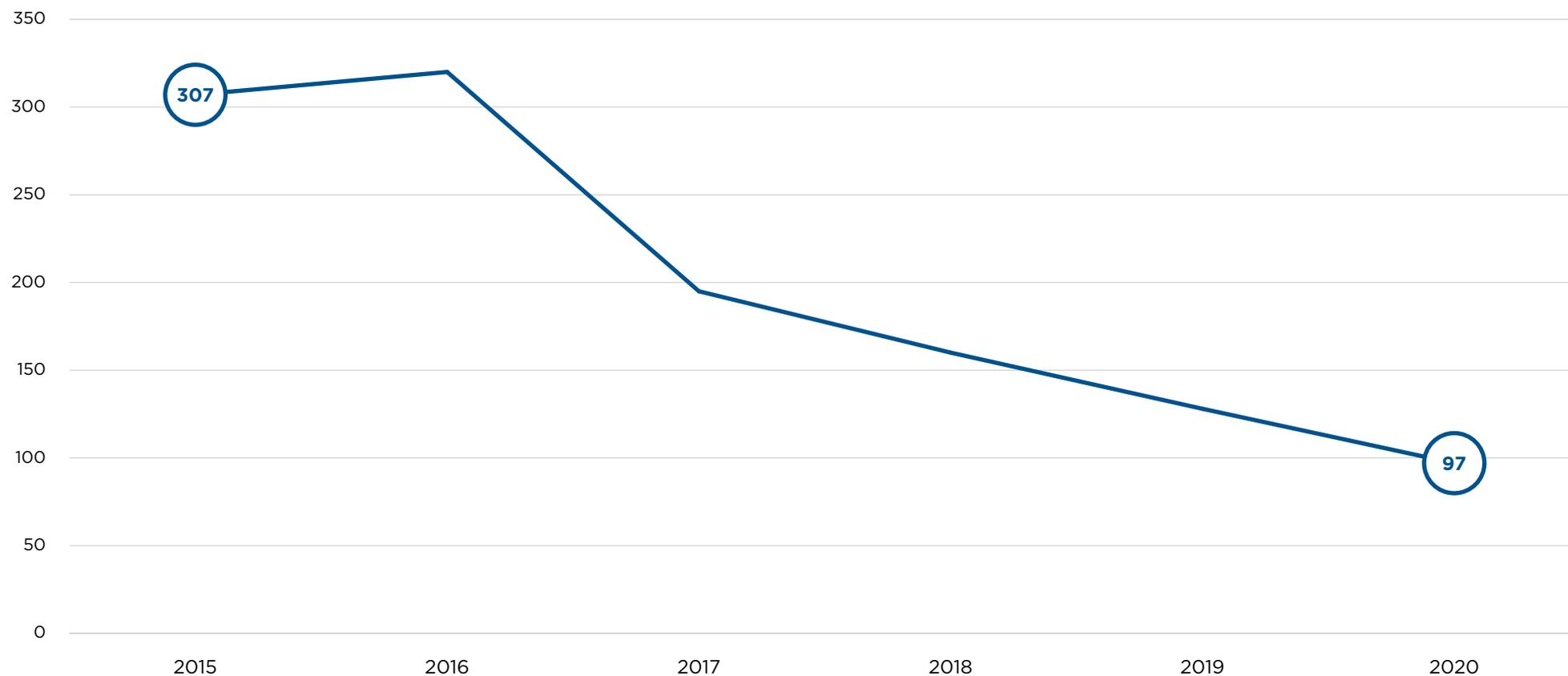




In Côte d'Ivoire, the average number of mobile money accounts per agent is trending downwards

According to the Central Bank of West African States (BCEAO), the average number of accounts serviced by each agent in Côte d'Ivoire has been divided by 3 between 2016 and 2020

Mobile money accounts per agent in Côte d'Ivoire, 2015–2020





Agent income and economic profiles

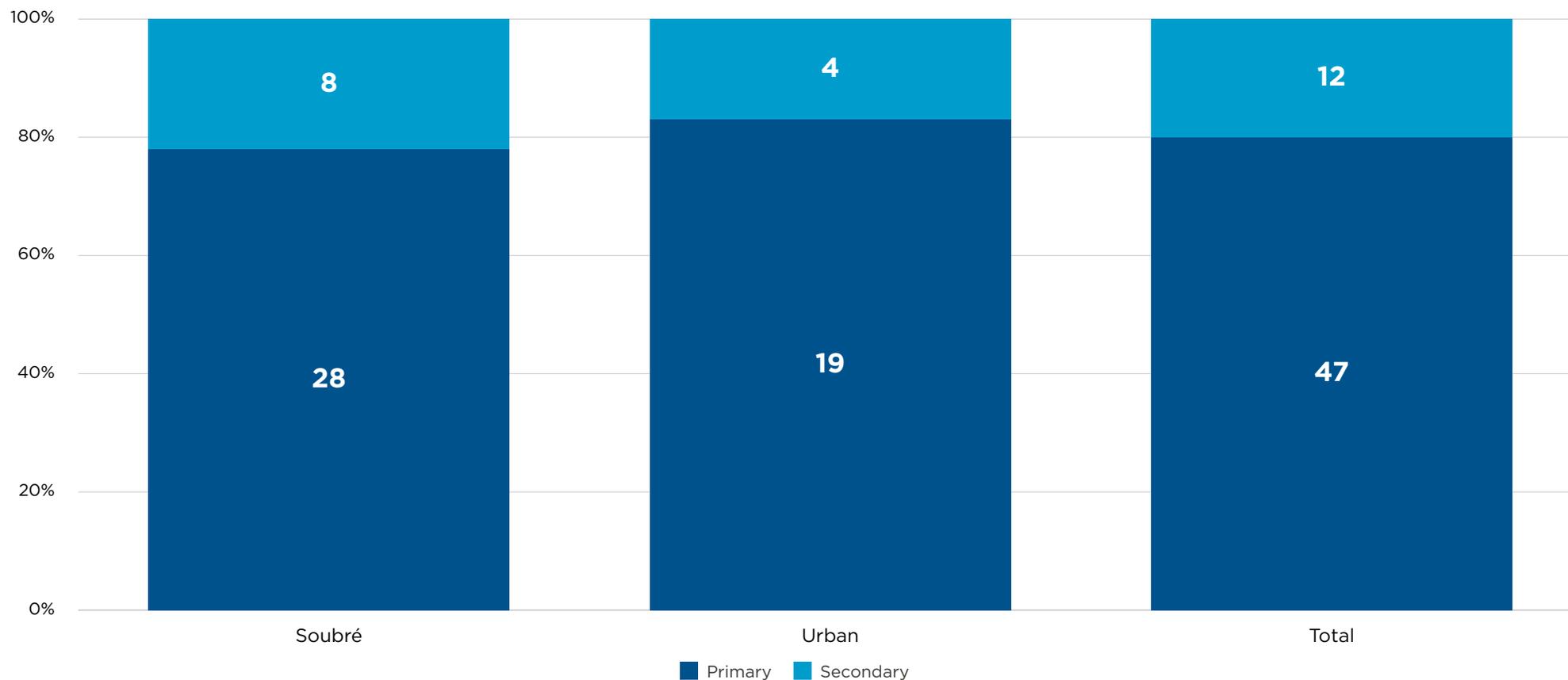




While most agents have additional activities, mobile money constitutes their primary income, both in urban areas and Soubré

Agents often cumulate multiple sources of income, but CICO commissions play a critical role, confirming the role of mobile money in sustaining the livelihoods of thousands of agents and their families.

Agent business - Primary or secondary

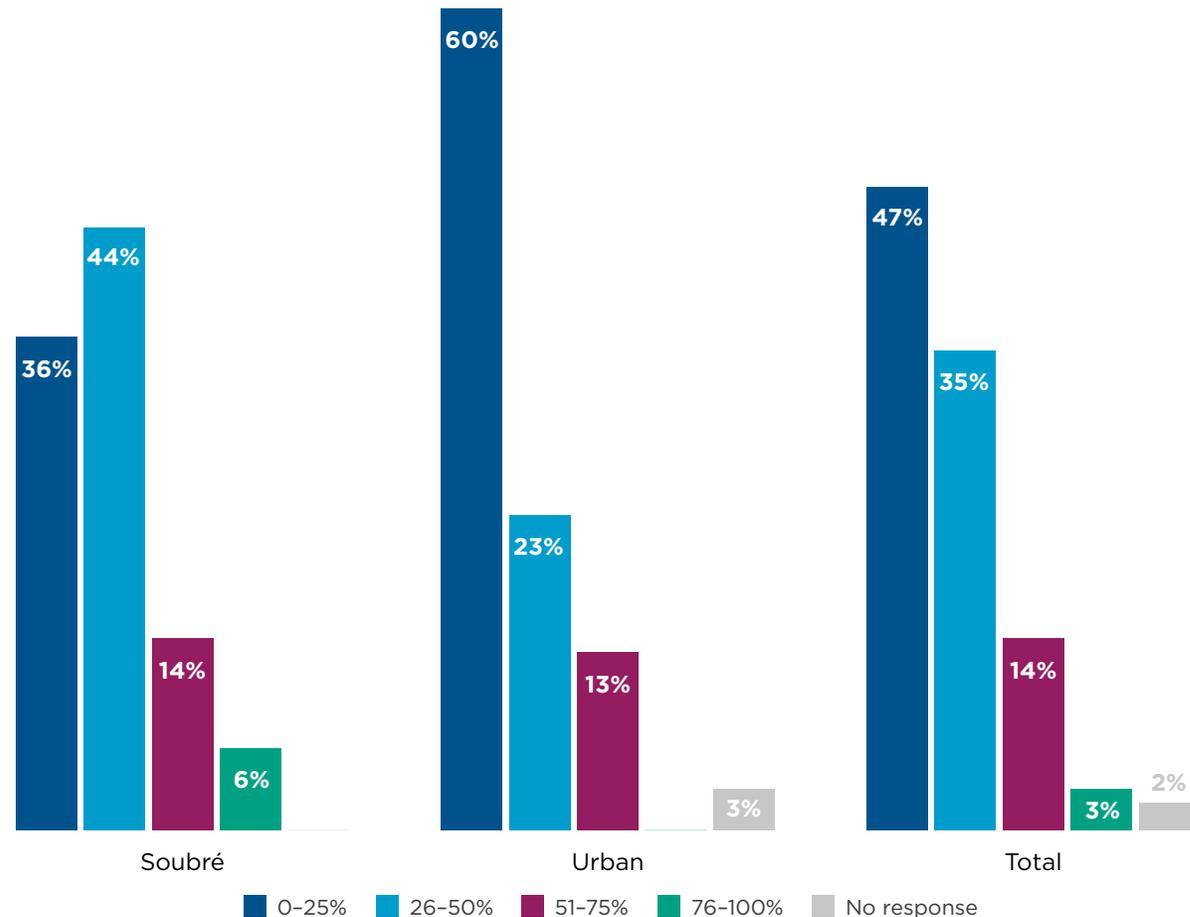




Agents in Soubré engage more in secondary activities

- Responding agents in Soubré have more diversified income sources than those in urban areas, where 60% of agents report that secondary activities constitute as little as 0 to 25% of their overall income.
- In contrast, 44% of Soubré respondents stated that non-mobile money activities make up between 26 and 50% of their income.
- In Soubré, 11 agents explicitly mentioned the critical impact of the cocoa production cycles on their business, as transactions are the highest during the commercial cocoa season (October through March each year).

Income from other businesses, % of agents

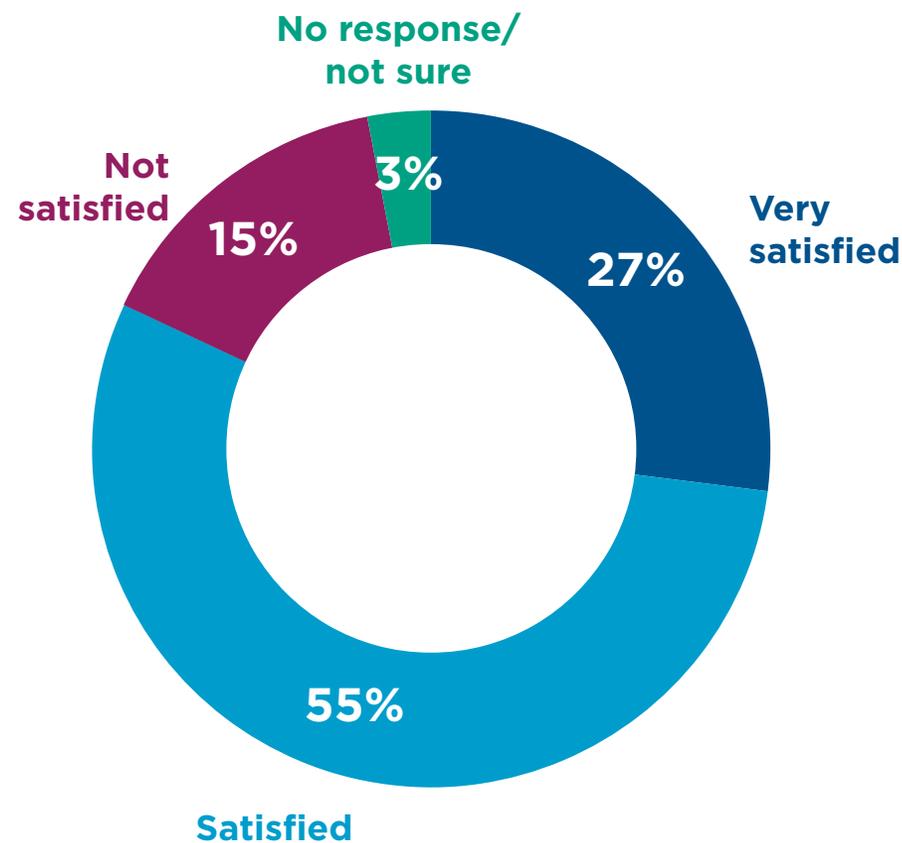




Mobile money provides a suitable source of income to most interviewed agents

- As their primary source of income, commissions play a central role in determining long-term sustainability of the agent business
- In Soubré, satisfaction with mobile money activity is even greater, with 39% of respondents stating to be very satisfied, and 50% satisfied.

Satisfaction with income earned from agent business



N=66



Business confidence and future outlook

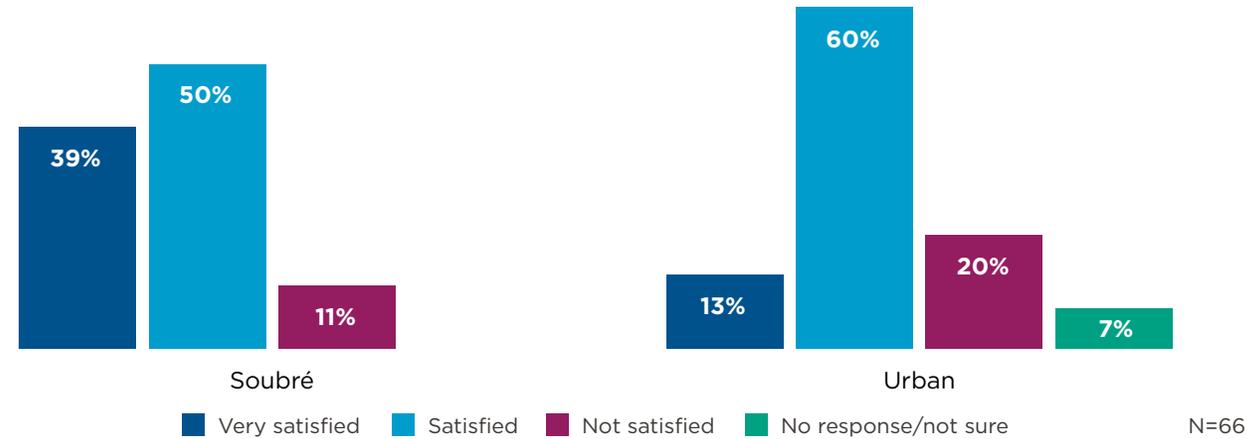




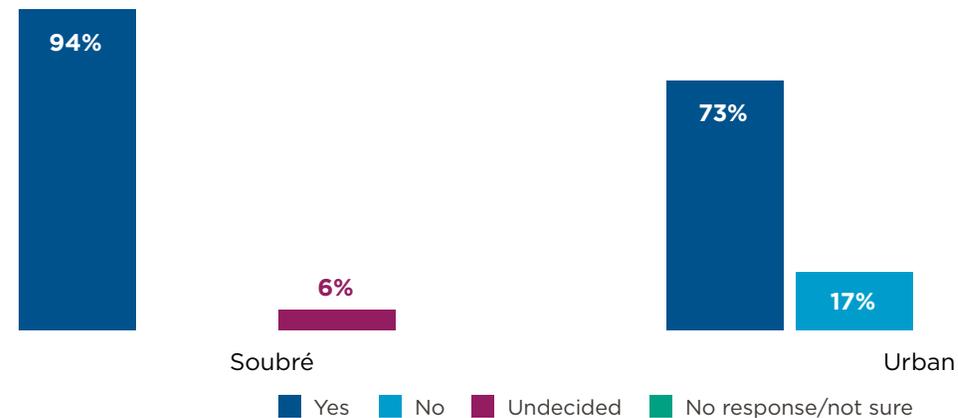
While the overall outlook is positive, Soubré agents have a comparatively more optimistic perspective towards their agency business

- Soubré respondents were generally more satisfied (89%) than urban respondents (73%) with their income levels from their agent activity.
- Soubré agents are more optimistic about the future of their mobile money agency business than their urban counterparts, as 17% of them do not see themselves in the business in the next 1 to 3 years.

Income satisfaction, Soubré vs. urban agents



Do you see yourself in this business in the next 1–3 years? Soubré vs. urban agents





Soubré agents' more positive outlook is primarily explained by their confidence in growing demand for mobile money services

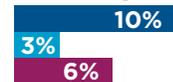
- When prompted about specific opportunities, a large majority of Soubré agents (67%) see the increasing demand for mobile money services as an opportunity they want to respond to.
- A much lower proportion of urban agents see increased demand as an opportunity (17%), who have a more mixed view on future opportunities.
- This discrepancy can be explained by the perceived increase in competition by urban agents, as seen in the next section

Opportunities for growth, % of agents

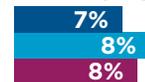
Increasing liquidity capacities to respond to increasing demand



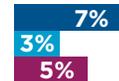
Increasing communication and visibility



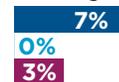
Diversifying products and services



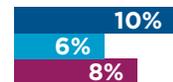
Retaining the existing customers through better service quality



SIM registration/activation



Diversification of the number of service providers



Attracting and responding to the increasing demand for MM services



■ Urban agents ■ Soubré agents ■ Total



Challenges to income



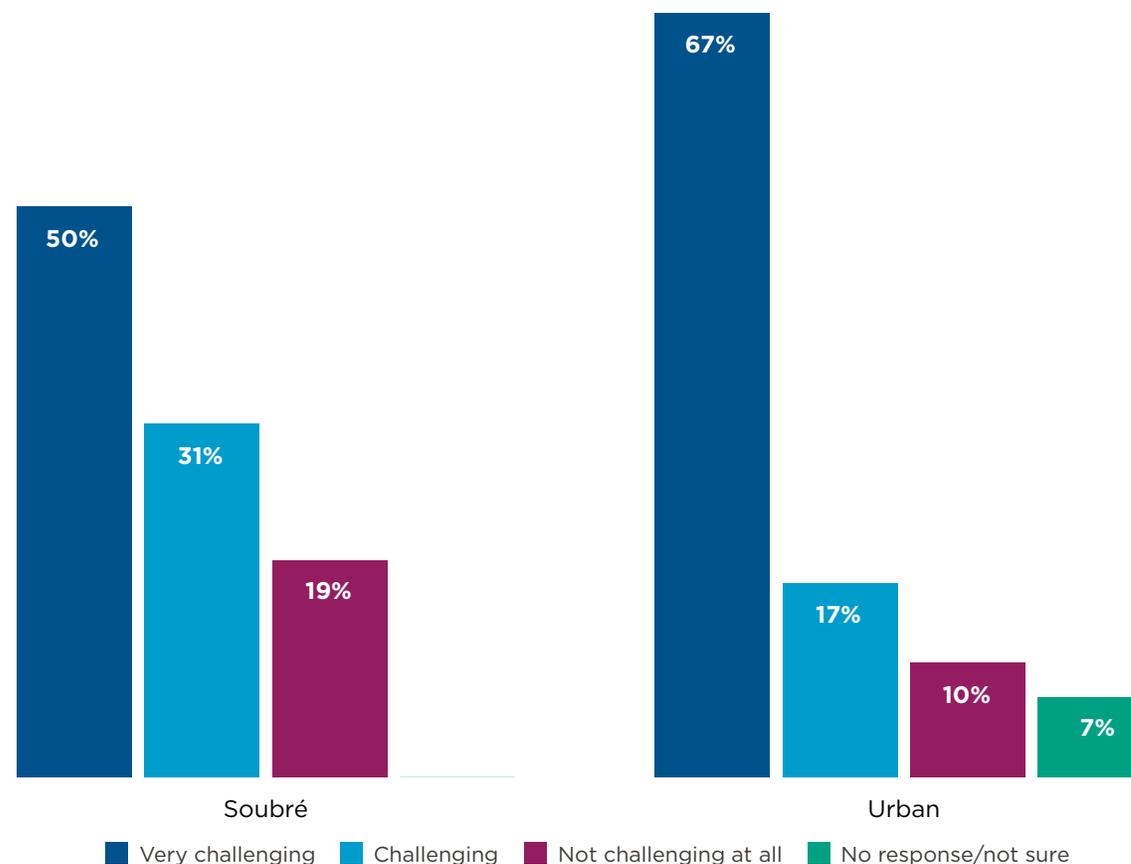


A potential decrease in commission rates by mobile money providers was the main perceived challenge across all respondents

- Potential reductions in commission rates was reported as the greatest concern among respondents. 82% of agents consider it a “very challenging” or “challenging” issue.
- It is worth noting that the majority of surveys were conducted before the price reductions implemented by various MMPs in the market, which could potentially exacerbate concerns on commissions.

Are these aspects challenging to your agency business?

Decrease in commissions



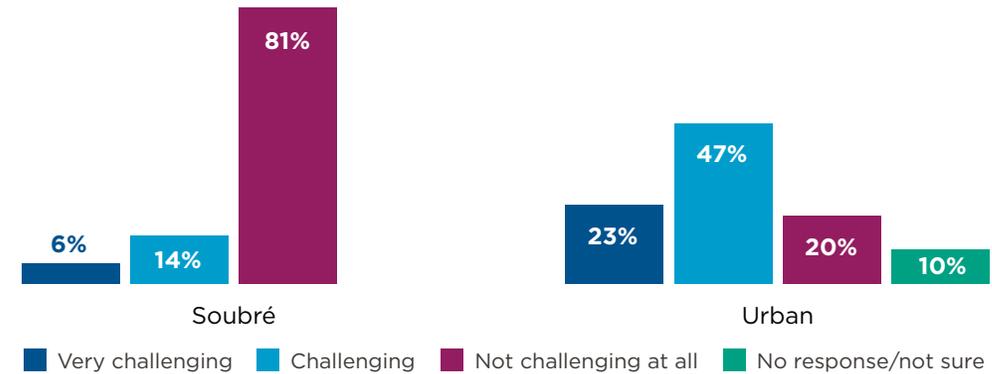


Besides commission rates, perception of challenges vary according to geography (urban vs. Soubré)

- A decrease in activity, through lower numbers of transactions or declining average transacted values, are perceived as challenging or very challenging by 70% of urban respondents, while 81% of Soubré respondents do not consider it a challenge at all.
- Many factors could explain this concern in urban areas. Growing acceptance of mobile money by businesses, government entities, and other actors, which reduce the need for CICO services by keeping funds digital, could be perceived as a risk in the long run.
- Similarly, increasing use of bank-to-mobile and mobile-to-bank transactions, a digital alternative to CICO, could also be seen as a risk, particularly in areas with highly banked populations.
- Growing competition between agents was listed as a challenge by close to half (43%) of urban respondents. According to the BCEAO, the number of accounts per agent has decreased by two thirds between 2016 and 2019

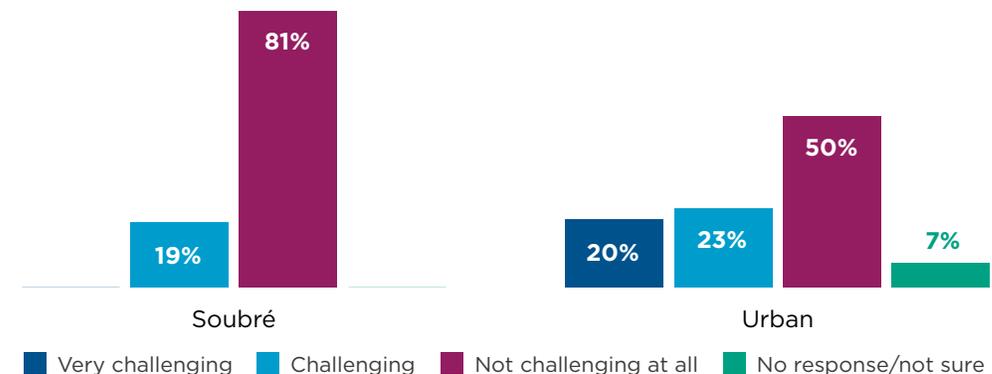
Are these aspects challenging to your agency business?

Lower transaction volumes/values*



Are these aspects challenging to your agency business?

Growing competition between agents



*Figures may not add up to 100% due to rounding

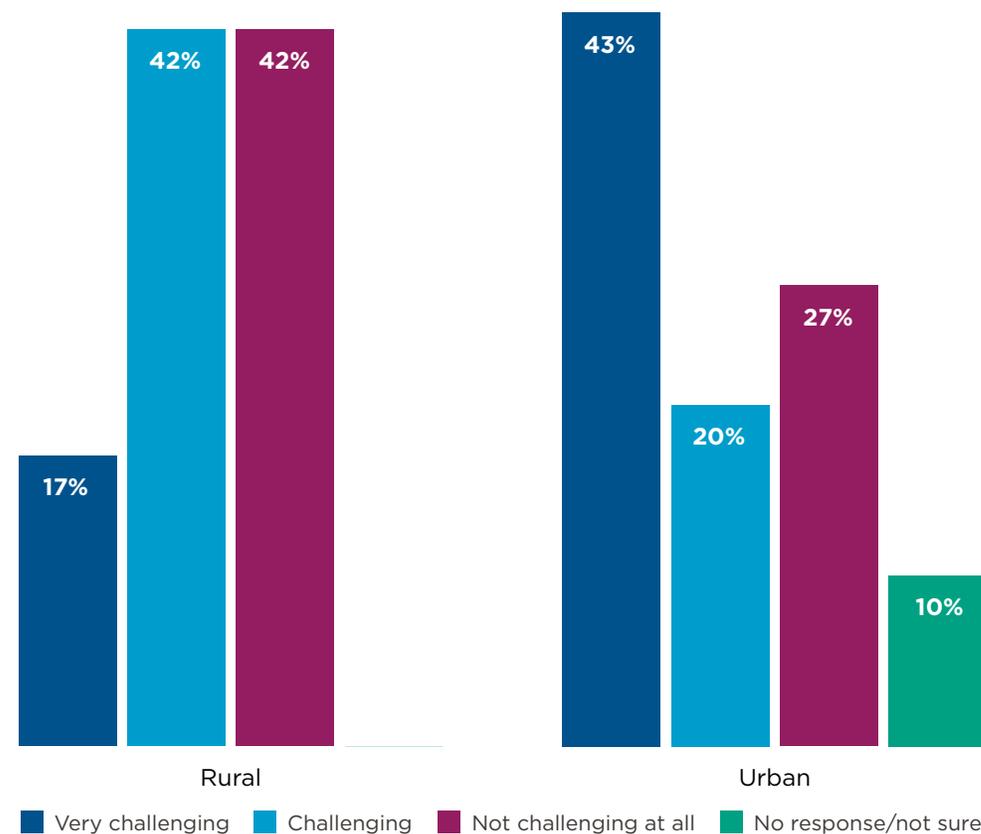


Agents in urban areas see the growth of operating costs as a critical challenge

- Composed of expenses such as rent, salaries and taxes, urban agents expressed disproportionately higher concerns about growing costs over the past 1-2 years. 43% consider it a “very challenging” issue, whereas 42% of Soubré agents do not consider it a challenge at all.
- On average, the monthly cost for urban agents is 25% higher than for Soubré agents.

Are these aspects challenging to your agency business?

Operating cost increase*



*Figures may not add up to 100% due to rounding



Other challenges and risks

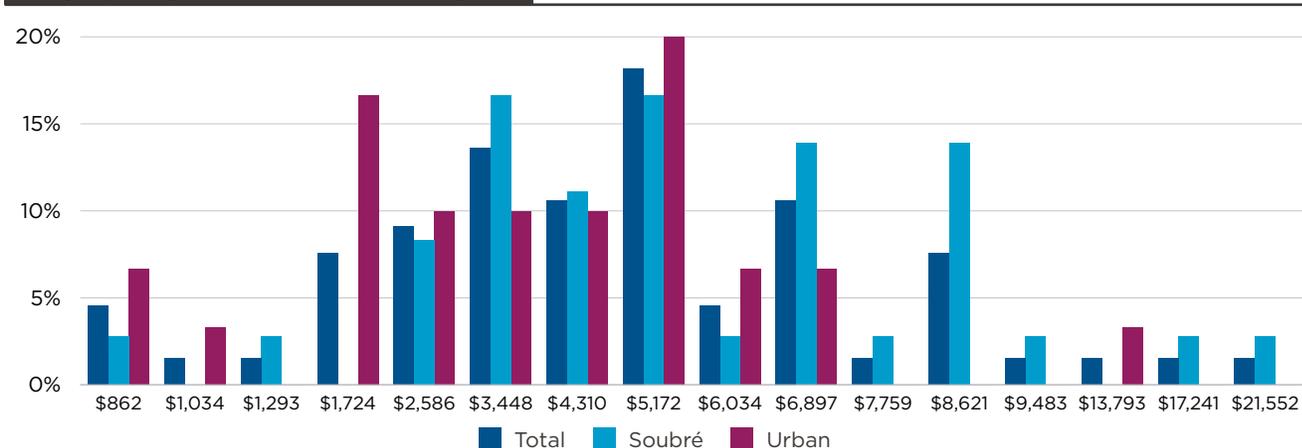




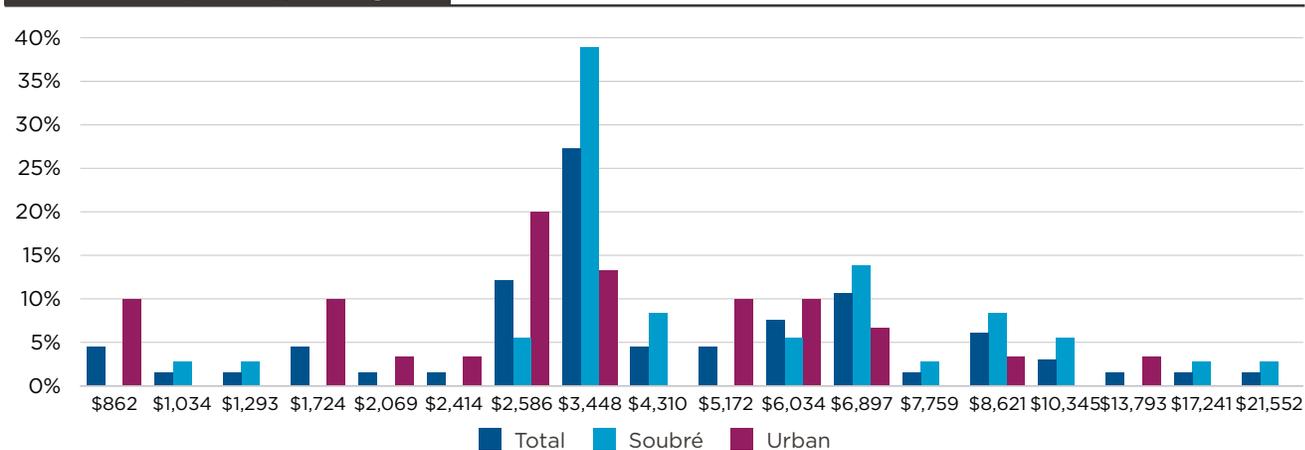
Soubré agents' liquidity needs are not always met

- Soubré agents state that liquidity challenges occasionally make them unable to serve their customers as much as they would like. These needs are higher during peak agricultural seasons (cocoa)
- Based on answers received, agents do not receive liquidity support from MMPs, though some provide float overdraft facilities to their agents, reimbursable within 24 hours.

Daily liquidity needs (in USD), % of agents



E-float needs (in USD), % of agents

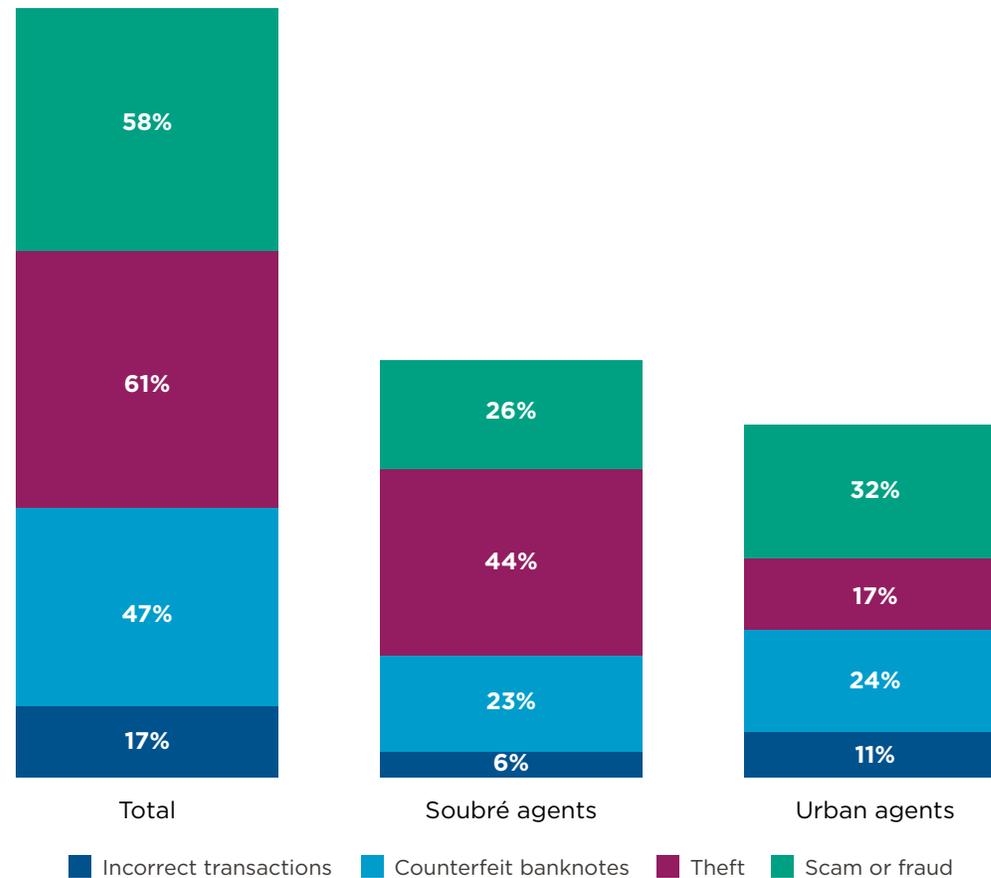




As they serve their customers, agents stated that risks of theft or fraud/scams constitute important challenges

- Theft, scam or fraud, and counterfeit banknotes are the main risks listed by agents.
- Soubré agents are predominantly concerned about theft, while fraud/scams and counterfeit banknotes are more perceived as risks among urban agents.
- While the question related to risks faced while serving customers, a number of agents mentioned the price war as a risk to the sustainability of their business.
- Another challenge quoted by 86% of agents was the occurrence of network outages and other related issues.

Main risks encountered by the agents, % of agents





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