



# Mobile Money agents: sustainability in a digital era

Findings from Mozambique





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The GSMA is a global organisation unifying the mobile ecosystem to discover, develop and deliver innovation foundational to positive business environments and societal change. Our vision is to unlock the full power of connectivity so that people, industry, and society thrive. Representing mobile operators and organisations across the mobile ecosystem and adjacent industries, the GSMA delivers for its members across three broad pillars: Connectivity for Good, Industry Services and Solutions, and Outreach. This activity includes advancing policy, tackling today's biggest societal challenges, underpinning the technology and interoperability that make mobile work, and providing the world's largest platform to convene the mobile ecosystem at the MWC and M360 series of events.

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## **GSMA Mobile Money**

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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.

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# Executive summary

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# Executive summary

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- Agent networks remain the sector's backbone, digitising over USD 700 million per day in 2021. 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.
- 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 sparse in many rural areas in low-and-middle-income countries.
- In light of quickly maturing mobile money markets, growing digitisation and competition, the GSMA commissioned MicroSave Consulting to research cash-in/cash-out (CICO) agent circumstances in three markets in Sub-Saharan Africa, including Mozambique, where 81 agents were surveyed in early 2022. Surveys were conducted in 13 localities across Maputo city, Maputo province and Gaza province.
- As a fast growing mobile money market, Mozambique is home to 56,146 mobile money agents, whose livelihoods considerably rely on their mobile money commissions.



## Executive summary

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- Though interviewed agents accumulate multiple sources of revenue, most respondents claimed that the majority of their income is generated through mobile money commissions (56% of respondents)
- The majority of agents are satisfied with their agent-related revenues. Overall, 78% of agents are either “satisfied” or “very satisfied” with their agent income: 77% in rural areas and 82% in urban areas. However, a higher proportion of rural agents tend to be “very satisfied” with their agent work (57%, vs. 36% in urban areas). A vast majority of agents (87%) intend to continue their agent activity in the coming years.
- Agent activity provides a suitable income source to many, who might otherwise face unemployment. This has led to high satisfaction among agents. CICO agency provides a job, and thus income to individuals who may otherwise be unemployed. Anecdotally, agents also claim to gain confidence and self-esteem from social recognition in their local communities, due to the perceived importance of their agent activity.
- A vast majority of agents claimed that their commissions had increased since they started operating, primarily due to growing acceptance of mobile money: 77% stated that a growing customer base was the main reason for this. In addition, 23% stated that this was linked to a boost in their working capital, providing them with the necessary reserves to handle more (or higher value) transactions.
- Despite overall positive feedback, interviewed agents are challenged by shortages in working capital. Not only does this hinder income growth, but hampers their ability to operate seamlessly in some cases, therefore affecting the quality of service to mobile money users. 74% of respondents claim that they can only rely on CICO transactions to acquire the necessary funds for their agency business.
- Though agent activity can be rewarding, most respondents (90%) admit that it is a risky business. Agents must invest heavily at inception to have the necessary working capital, but fraud or robbery can suddenly offset long-term efforts: 92% of respondents perceive fraud or robbery as a considerable risk. As a result, many believe that mobile money providers could do more to help counter fraud.
- Yet, in addition to their formal function, agents go above and beyond their duty as key members of the community. Almost all respondents (99%) claim to assisting customers with transactions, particularly for elderly ones who may not be able to transact without assistance, due to poor literacy (including digital literacy) or poor eyesight.



# Context and objectives

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# Context

- Even as the mobile money industry becomes increasingly digital, transitioning to a ‘payments-as-a-platform’ model, 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 to 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). This suggests that individual agent revenues could drop if the trend carries on.
  - Reports of decreasing withdrawal fees in several markets could also result in reduced agent commissions.
  - Increased industry digitisation, particularly in mature markets, could potentially threaten the growth of CICO transactions. This is more likely in urban areas, where banked populations and ecosystem transactions may be more prevalent.
  - Agent distribution networks remain relatively underdeveloped in many rural areas in low-and-middle-income countries.



# On average, active agents in Sub-Saharan Africa process about USD 2,000 less in CICO transactions per month in 2021 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 2021, this has fallen by 15% to about USD 9,900 (Figure 1).
- In Eastern Africa\*, similar trends can be observed, with a 20% drop between 2016 and 2021 (Figure 2).

1 CICO transaction values (in USD) per active agent (SSA), 2016-2021



2 CICO transaction values (in USD) per active agent (East Africa), 2016-2021



\*The GSMA uses the United Nations geoscheme, which classifies Mozambique in the Eastern Africa sub-region



# 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.



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 and expand mobile money agent networks, comparing lessons 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 report focuses on **Mozambique**





# Methodology

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# Research methodology

MSC used a mixed-methods approach, employing both qualitative and quantitative methods to collect information about mobile money agent satisfaction and business sustainability. Interview responses were analysed statistically, and nuances in responses were sought to be captured, along with emerging themes among 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 13 locations, covering both urban and rural areas, across Maputo city, Maputo province and Gaza province.



## Sampling

The study covers a sample of 81 respondents (77 agents and 4 super-agents). Details of the sampling and geographical coverage is presented on the next slide.



## 81 agents and super-agents were interviewed across Maputo City, Maputo province and Gaza province

We interviewed 20 agents and 3 super-agents in the southern and northern districts of **Maputo province**, where the population primarily relies on smallholder farming and cattle breeding.

11 agents were interviewed in **Maputo city**, and 4 agents and 1 super-agent in Matola area (Maputo province).

**Gaza Province**, north of Maputo province, has a small coastal area, which hosts touristic activity. The in-land area is quite dry and lacks accessible drinkable water, thus regularly suffers from drought. Irrigated agriculture is practiced along the Limpopo river and in the shallows. The rest of the province relies on rain fed agriculture and charcoal.

In Gaza province, North of Maputo province, 12 agents were interviewed in **Xai Xai** – the province's capital – and 30 agents across the province's rural districts.

ZAMBIA

ZIMBABWE

MOZAMBIQUE

MADAGASCAR

SOUTH AFRICA

Gaza

Xai Xai

Maputo



# Country overview

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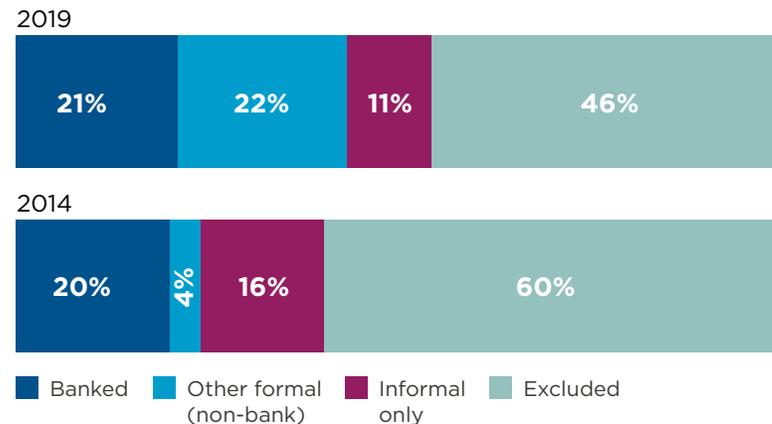




## Country overview

- The Mozambican population witnessed an increase in access to financial services, from 40% in 2014 to 54% in 2019 – an increase of 14 percentage points in the past 5 years.\*
- Increased access to non-bank financial services such as mobile money directly led to this growth, and may have influenced the decrease in informal financial services.

3 Mozambique financial access 2019 and 2014 (%)



\*Source: FinScope Consumer 2019 Survey



## Mozambique



Total population (2020)

**31.3 million**



Proportion of adults (above 15 years)

**56%**

**-1.35%**

GDP growth (2020)



**\$449**

GDP per capita (USD, 2020)



Rural population



**63%**

Access to formal financial services (2019)

**54%**



Source: <https://data.worldbank.org/indicator>, Fin access survey 2019



# A rapidly growing mobile money market

## According to the 2019 FinScope Consumer Survey:

- 29% of adults in Mozambique own a mobile money account as of 2019 (vs. 3% in 2014). However, 2022 numbers are likely to be much higher, given how fast the mobile money market has grown
- 54% of urban adults use mobile money, compared to 13% of rural adults.

### 4 Mobile Money providers (MMPs)

#### MNO-led



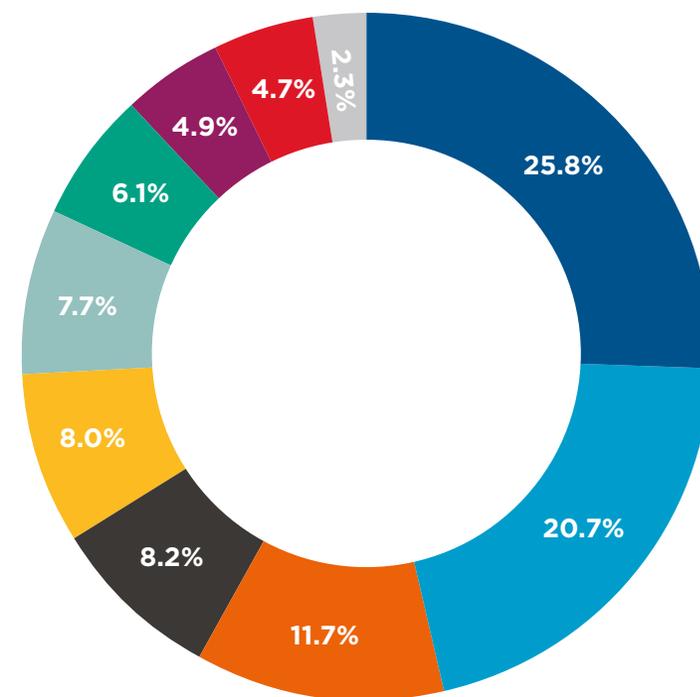


# Mobile money agents are disproportionately concentrated in urban areas

## Mozambique is home to 56,146 mobile money agents

Maputo City is home to Mozambique's largest agent network, followed by the rest of Maputo Province (which includes Matola the, country's largest city, just 15 kilometers from Maputo City).

5 Agent network distribution (2019)





# Agent income and economic profiles

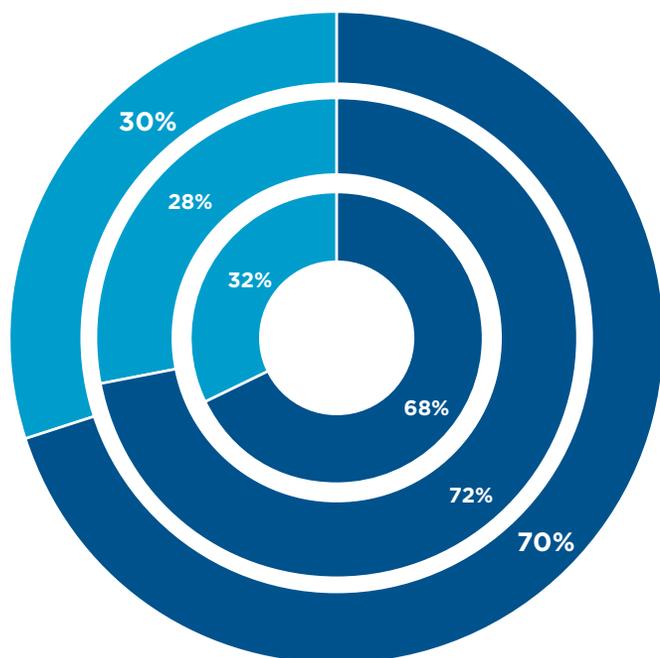
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# The majority of interviewed agents were women, with most having achieved secondary education. Most interviewees are under 35 years old.

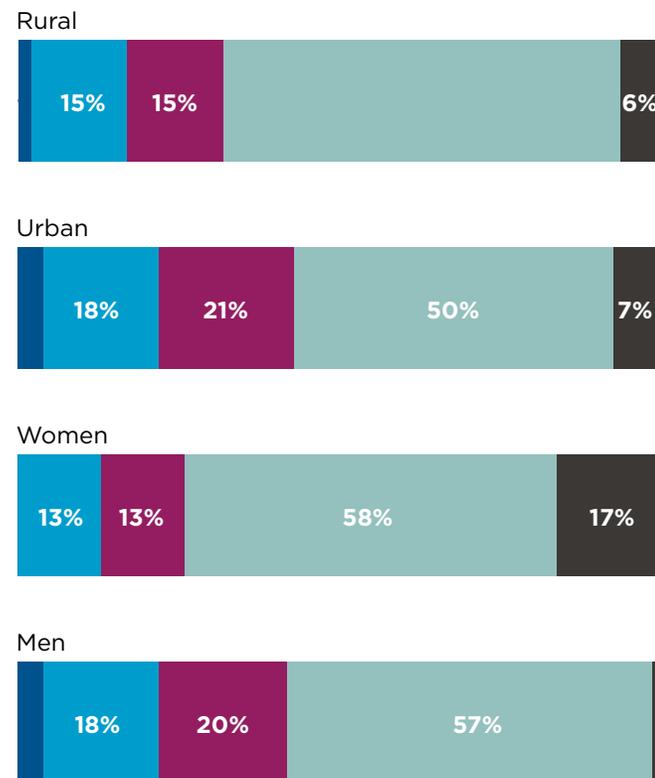
## 6 Gender\*



■ Male ■ Female

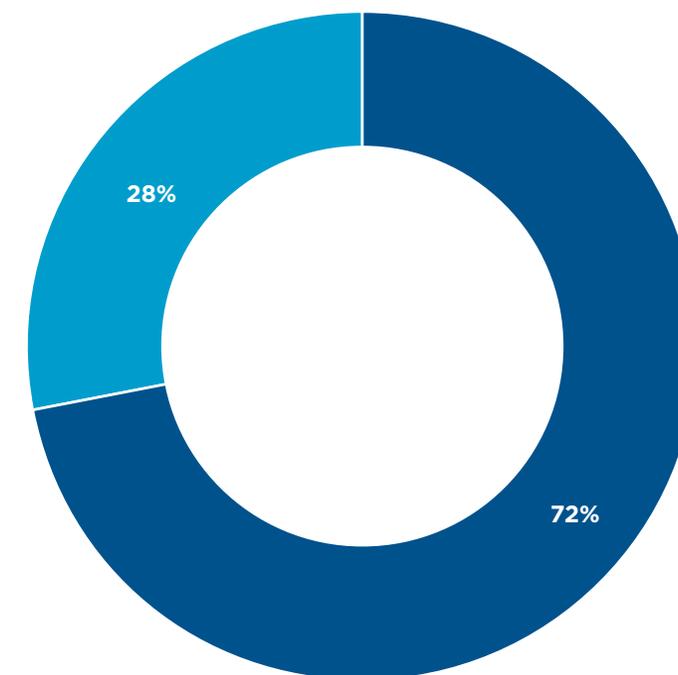
\*Inner circle: urban, middle circle: rural, outer circle: total

## 7 Education attainment



■ No education ■ Primary ■ Secondary (first cycle)  
■ Secondary (second cycle) ■ Higher education

## 8 Age



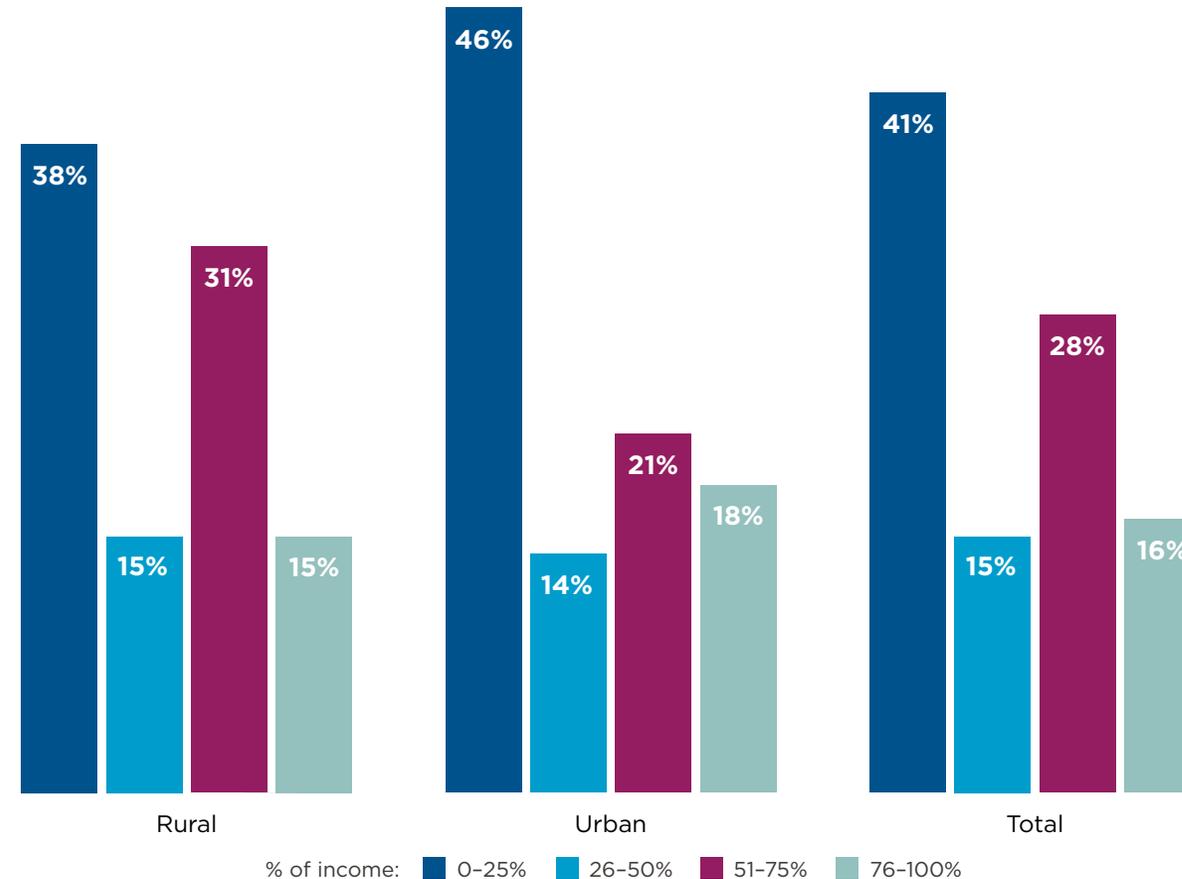
■ Under 35 years old ■ Over 35 years old



## Though interviewed agents accumulate multiple sources of revenue, just over half of their income depends on mobile money commissions

- 44% of interviewed agents claim non-mobile money activity makes up the majority of their income.
- Rural agents are slightly more likely to earn the majority of their income through non-mobile money activities (47%) compared to urban agents (39%).

9 Income from non-mobile money activities, urban vs. rural

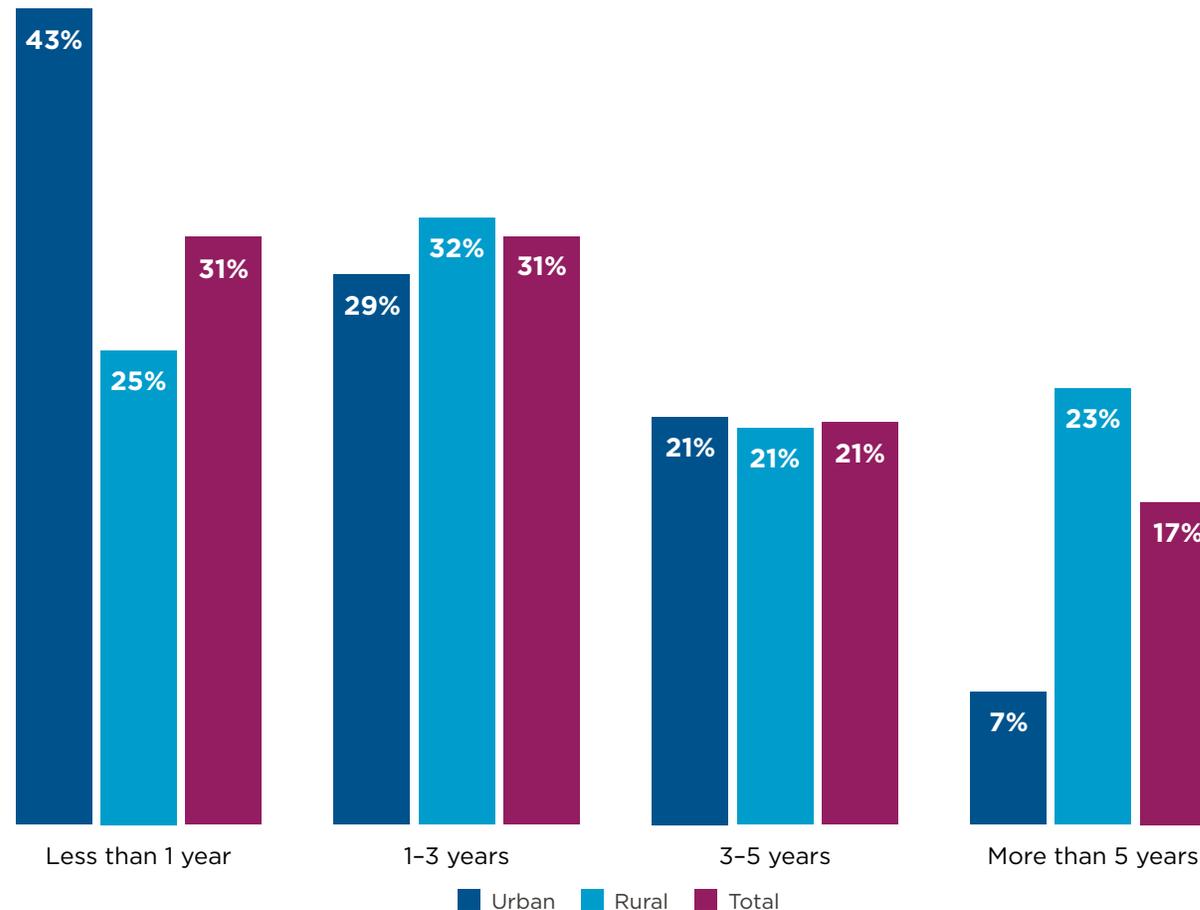




## Close to a third of respondents have less than one year of agent experience: 43% in urban areas and 25% in rural areas

- 31% of the respondents have less than 1 year of agent experience and 17% of them have more than 5 years.
- Rural agents tend to have been in the agent business for longer than urban agents. Anecdotal evidence based on interviews suggests that this is in part due to fewer job opportunities in rural areas, making the agency business an attractive endeavour.
- Overall, observed numbers suggest that the agency business is still attractive to prospective agents.

10 Years of experience as an agent, urban vs. rural





# Business confidence and future outlook

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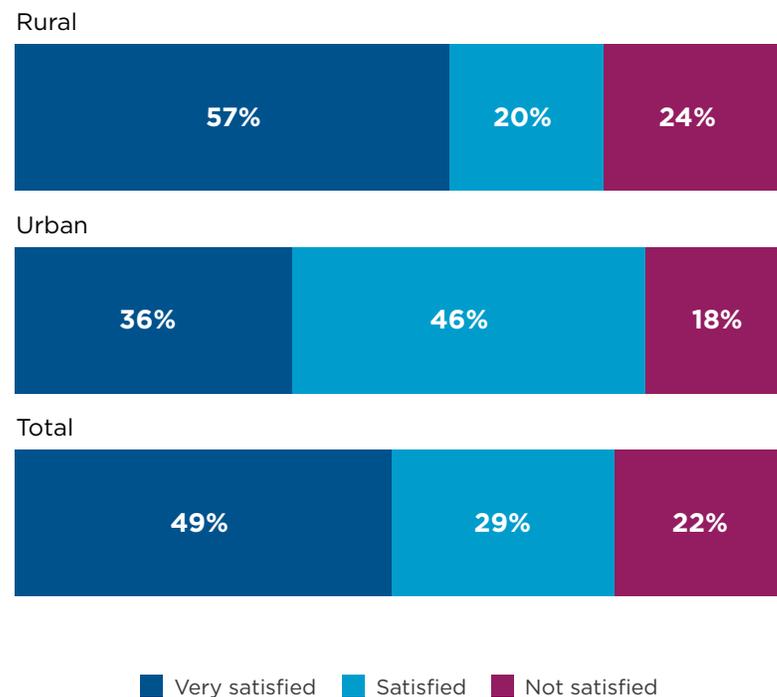




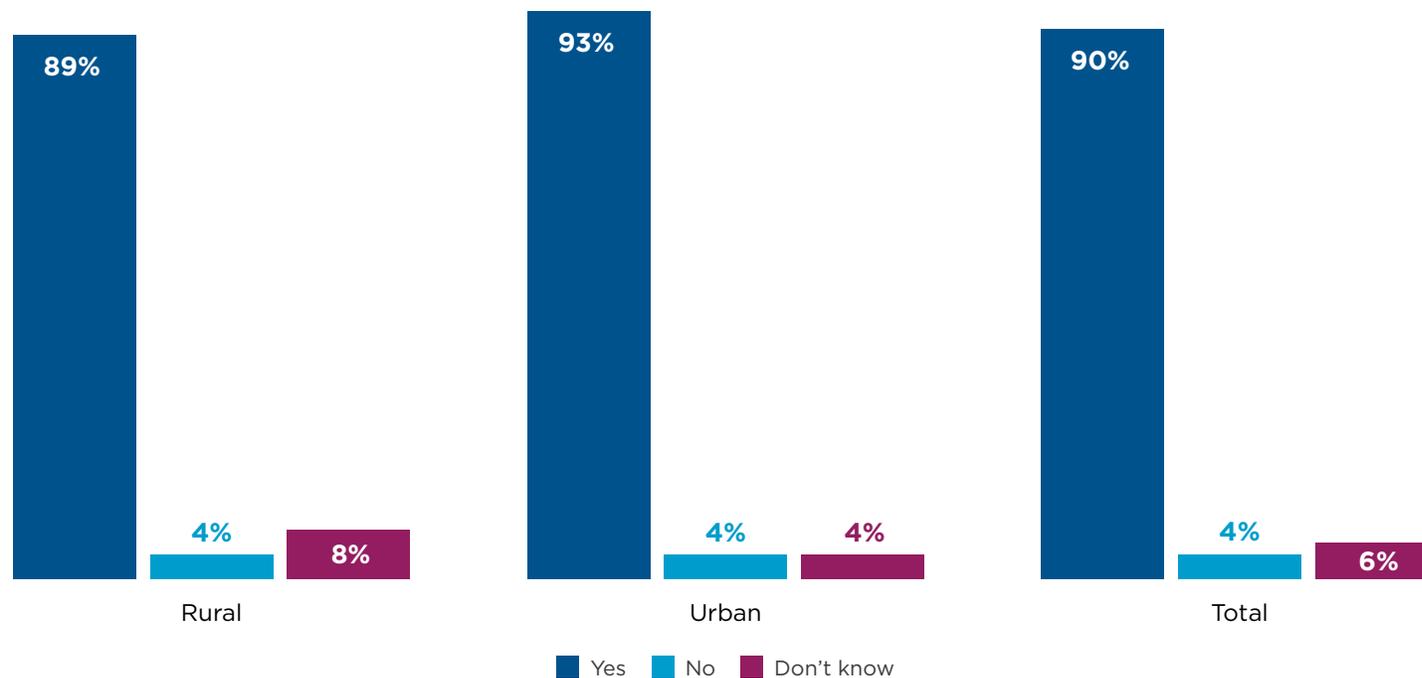
## Most respondents feel that their agent activity provides them with a suitable source of income, and the vast majority intend to stay in the business

- Overall, 78% of agents are either “satisfied” or “very satisfied” with their agent income.
- Additionally, 90% of respondents stated that they see themselves in the agent business in the next 1–3 years, with little difference between urban and rural areas.

11 Satisfaction with income earned from agent business, urban vs. rural



12 “Do you see yourself in the agent business in the next 1-3 years?”, urban vs. rural

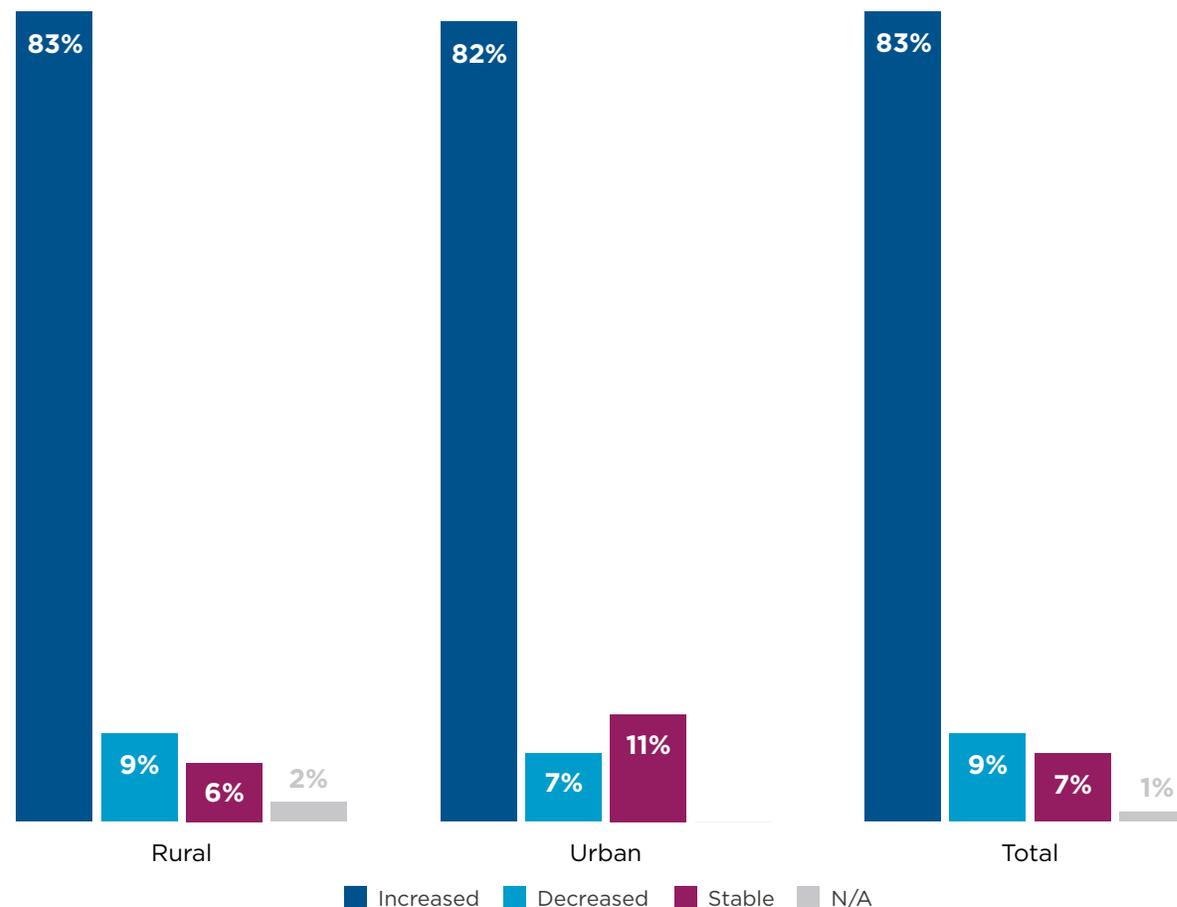




# A vast majority of agents claimed that their commissions had increased since they started operating, primarily due to growing acceptance of mobile money

- **83% of respondents stated that their commissions had increased**, with little difference between urban and rural areas.
- Out of those, **77% claimed that this was due to a growing customer base**, thus more activity.
- **23% stated that this was linked to a boost in their working capital**, providing them with the necessary reserves to handle more (or higher value) transactions, without having to decline transactions as often as before.

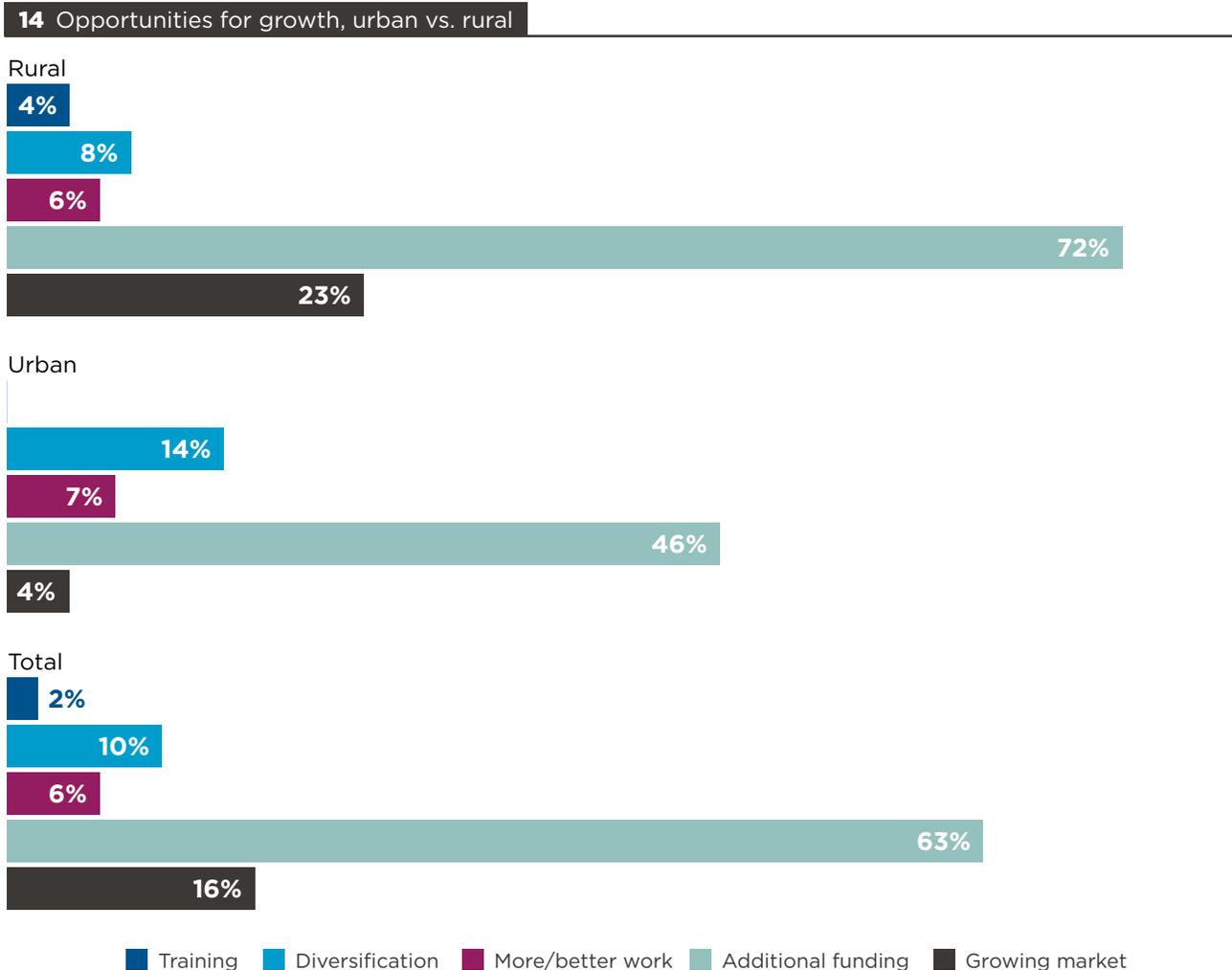
13 Have your commissions increased or decreased since you started working as an agent? urban vs. rural





## Additional funding is the single largest contributor to activity growth, according to agents themselves

- When prompted about growth opportunities, the majority of agents mentioned additional funding, especially working capital for CICO purposes, as a key growth factor. This was particularly the case in rural areas.
- While a growing market and customer base was perceived as the largest contributor to income growth so far (see previous slide), it was only considered a key contributor for future growth by 16% of respondents.





# Perception of challenges

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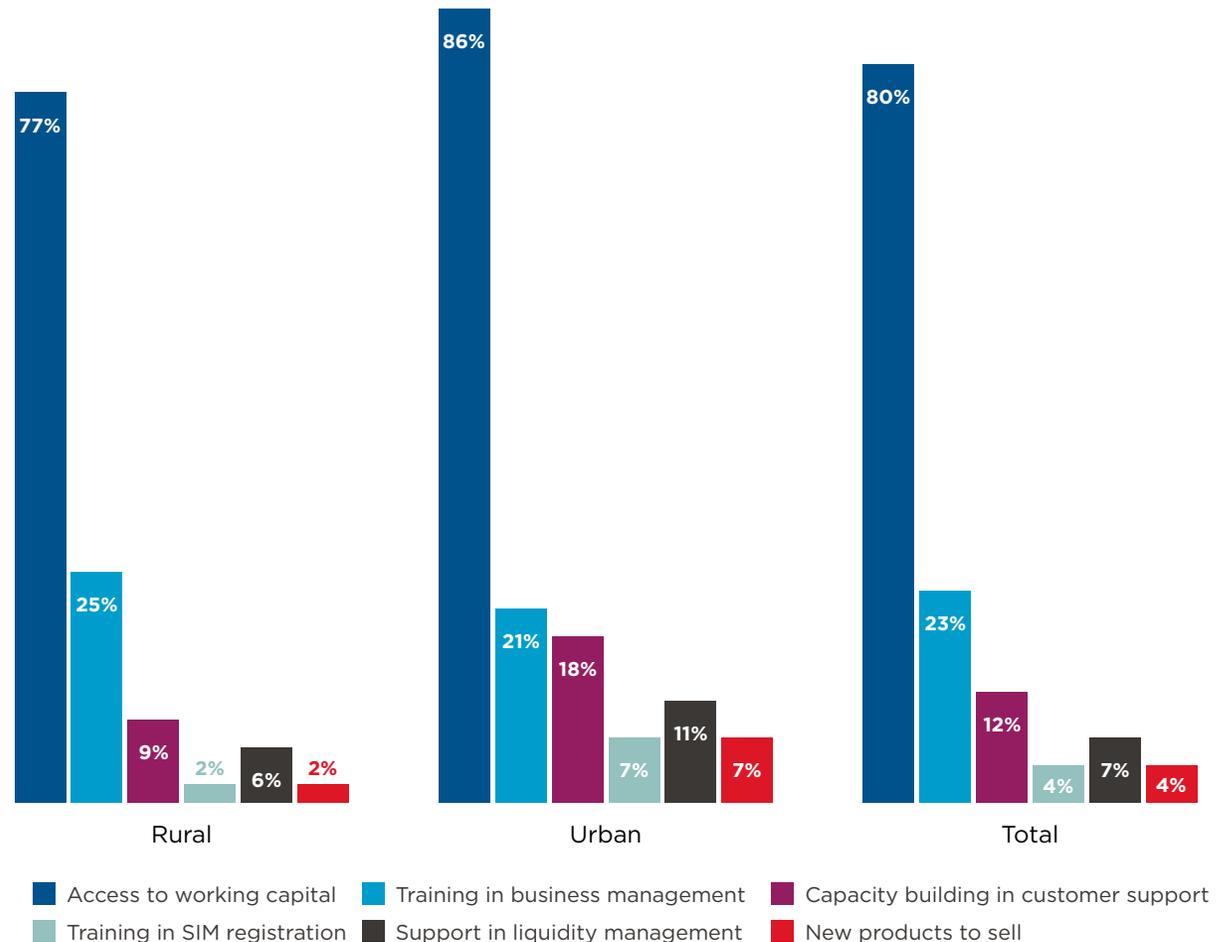




# A lack of working capital is perceived as an important challenge and the area where the most support is needed

- Unsurprisingly, when asked about their main support needs, 80% of agents stated that access to working capital as the most required area of support.
- Without being prompted, approximately 35% of respondents provided responses broadly relating to a lack of funds, preventing agents from handling more transactions.

15 Main support needs, urban vs. rural

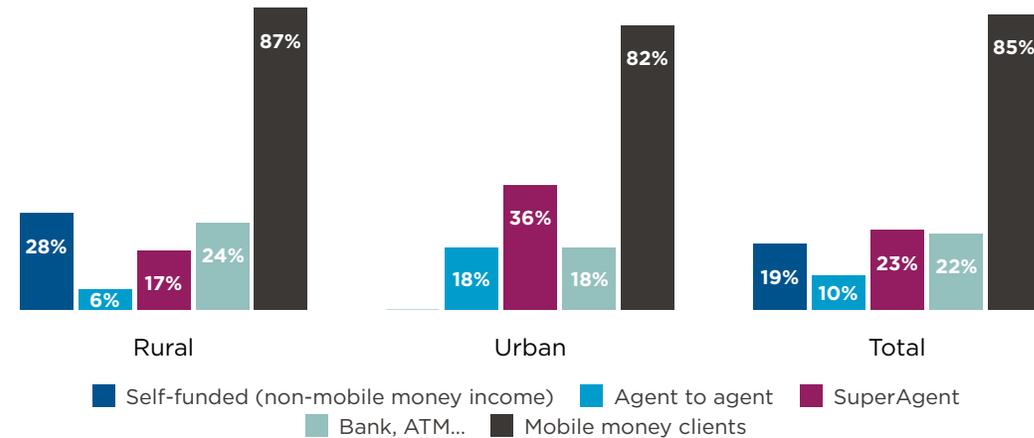




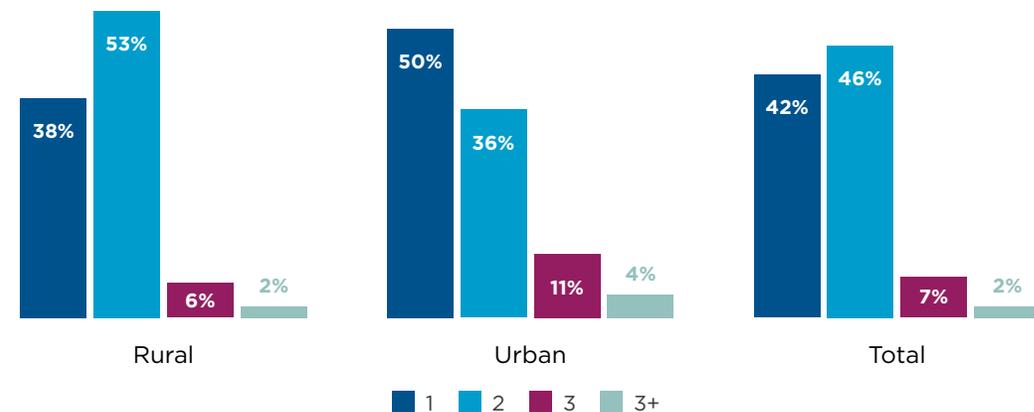
# Agents greatly rely on CICO transactions to rebalance, rather than using financial institutions, super-agents or non-mobile money funds

- Agents heavily rely on CICO transactions to acquire the necessary working capital to operate (cash and e-float). While 85% of respondents claim to at least partly rely on CICO transactions, **74% claim that this is the only rebalancing method they resort to**.
- Only 23% of respondents use the help of super-agents for their rebalancing needs, while a smaller proportion use financial institutions (22%) or non-mobile money funds (19%).
- Though not specified as a response option, a large number of respondents stated that they borrowed funds through informal channels in order to grow their working capital.
- However, the extent and frequency to which other rebalancing methods are used are unclear.
- Rural agents are more likely to resort to more than one rebalancing method, compared to their urban counterparts.

16 Cash/e-float rebalancing methods, urban vs. rural



17 Variety of rebalancing methods

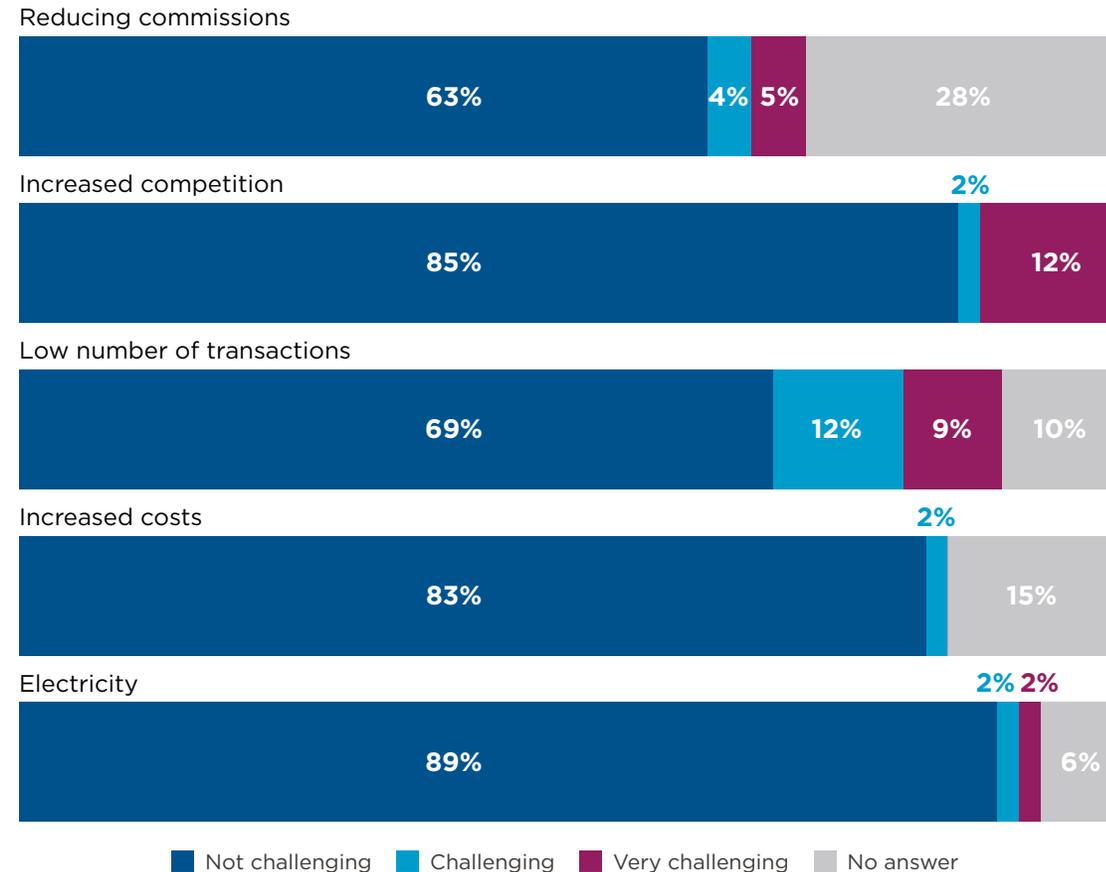




## The majority of agents are concerned about sufficient working capital above all other issues

- Most interviewed agents did not consider reducing commission rates as a potential challenge, though 21% saw insufficient demand as a possible threat.
- Still, the vast majority of respondents did not feel concerned by these issues, as they were primarily concerned with turning down transactions due to cash or e-float availability.
- Similarly, growing competition among agents was only of concern for 14% of agents. Anecdotally, a growing agent network was perceived as a positive occurrence by certain agents, primarily for two reasons:
  - A growing agent network supports a growing customer base and vice versa.
  - Potentially leading to more mutual assistance among agents thanks to a better footprint, especially in terms of agent-to-agent working capital loans.
- Issues relating to inflation or electricity supply were also not perceived as challenges by most interviewed agents.

### 18 Are these aspects challenging to your agency business?



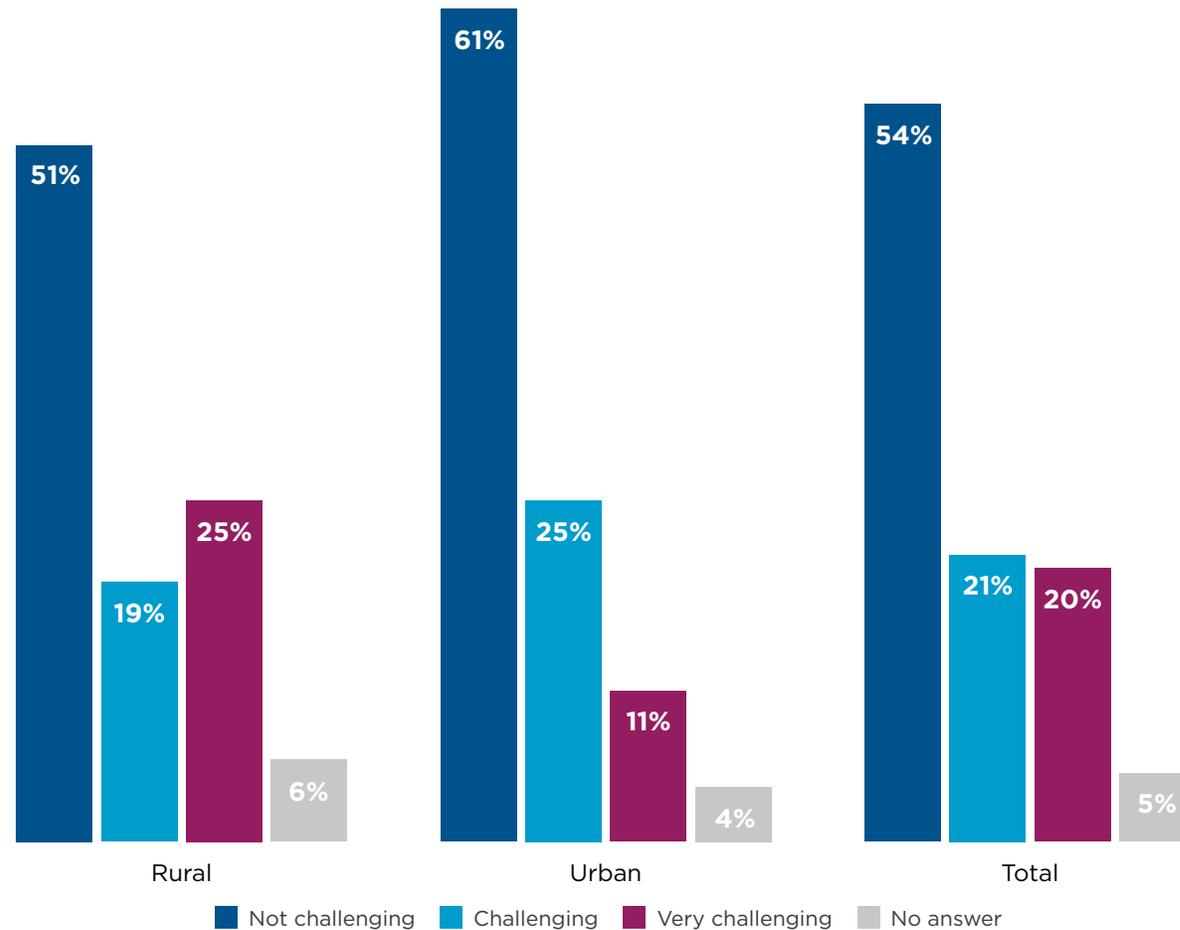


## Network challenges were quoted as an important challenge, particularly in rural areas

- Network issues were reported as a concern by 41% of respondents who find it a “challenging” or “very challenging” issue.
- Rural agents were more likely to find this to be a “very challenging” issue, compared to urban agents.

### 19 Are these aspects challenging to your agency business?

Network challenges

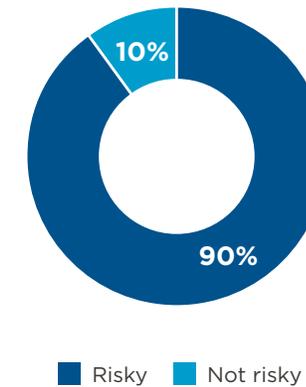




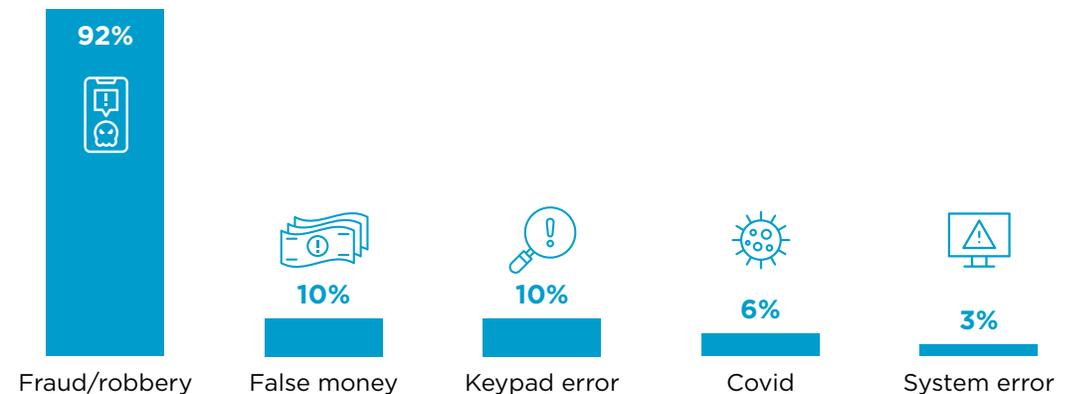
## Most agents report customer-related risks as they operate, particularly fraud or robbery

- The majority of agent respondents (90%) claim that mobile money is a risky business.
- Fraud and robbery (listed as a single risk) was listed as the risk encountered most by agents.

### 20 Is the mobile money agent business a risky one?



### 21 Main risks encountered by agents

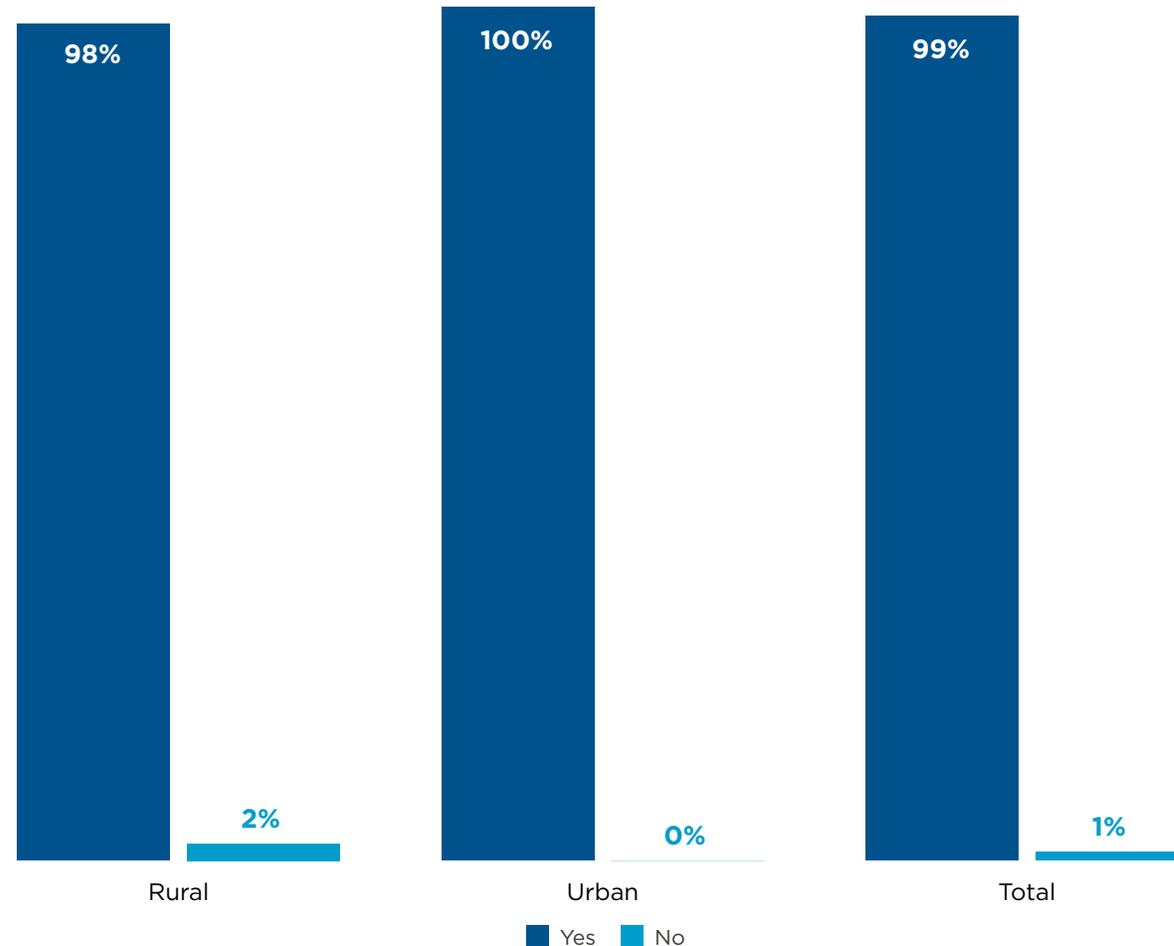




## In addition to their formal function, agents play a crucial role in assisting customers with transactions, particularly for the elderly

- Almost all respondents admit to helping clients with their transactions.
- Agents claim the primary recipients of assistance are elderly clients, regardless of gender or location, who are not able to transact without assistance, due to poor literacy (including digital literacy) or poor eyesight.
- In urban areas, agents also perform transactions for hurried or busy clients, which, they consider part of their job, to provide a “perfect and complete service”, and “to please their customers”.

### 22 Are customers helped with transactions?





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