

Why Advocate for More Women Banking Agents?

Evidence from India shows that women banking agents can have higher sign-up and cross-selling numbers, facilitate bigger transaction sizes and build longer-lasting relationships with women customers compared to male agents. Furthermore, by working as a banking agent, women can become more economically empowered themselves. However, women banking agents face systemic issues in many countries that can hinder their job prospects. Setting industry targets, updating agent hiring and training processes with oversight by financial services providers and analyzing gender-disaggregated data on agents can all support the growth of women banking agent networks.

Introduction

Focusing on increasing the number of women banking agents supports broader financial inclusion goals, especially for women customers. It improves diversity in financial institutions, can unlock new revenue streams and help more women develop meaningful careers in financial services.

While many talk about women banking agents as a channel to promote women's financial inclusion, few focus on the women banking agents themselves. Becoming an agent can be economically empowering as it provides a source of income, increases

financial awareness and confidence and can give offer a respected role within her community.

Thus, it makes sense not only from a business perspective but also from a women's empowerment angle to increase the number of women banking agents. However, men still constitute the majority of banking agents.

This policy brief gives an insight into the benefits of women banking agents, and policy recommendations that can strengthen their enrollment.

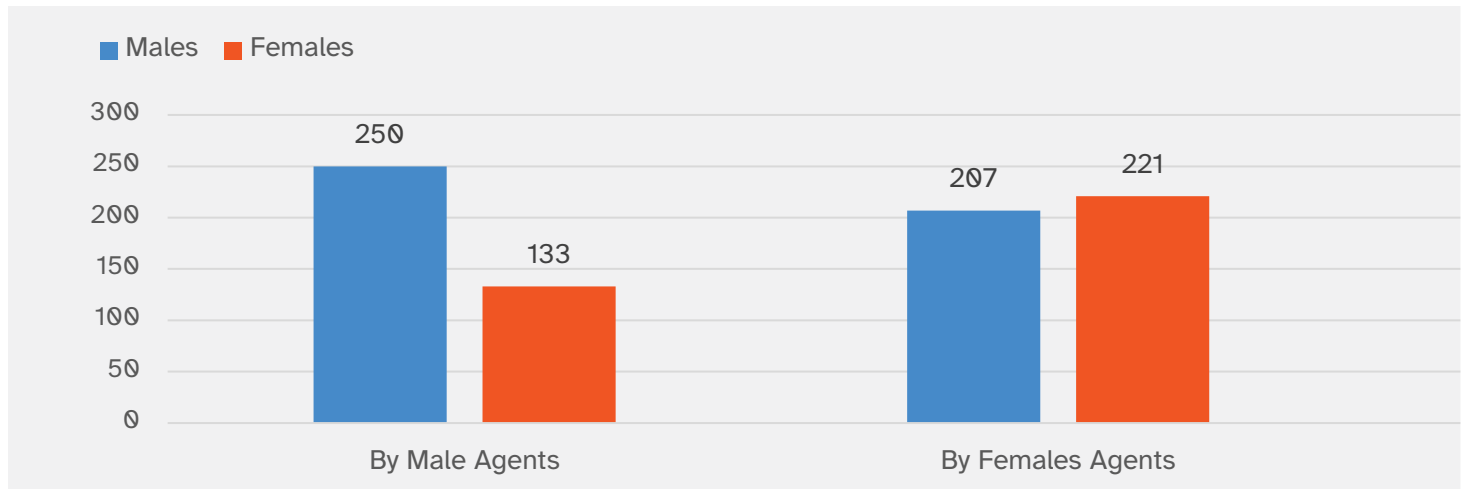
Banking Agents

Banking agents are retail agents engaged by banks to provide services at locations other than a bank branch or ATM. Services can include collecting credit payments and deposits, disbursing funds and making transactions. Depending on the context, banking agents can work for financial services providers (FSPs) full time or as secondary employment—e.g., as street vendors also offering banking services.

The Benefits of Women Banking Agents

Women banking agents have proven to be effective at engaging both men and women customers in a number of geographies.

Figure 1: Average transaction value of male and female clients in the Democratic Republic of Congo (US\$).
 Source: Reitzug et al., 2020



From the perspective of the FSP, women agents can be more lucrative to train as they are more likely to continue with the agency business once they start and more willing to engage “last mile” customers, those without access to financial services.

Data from India suggests that women customers are, on average, 7.5 percentage points more likely to transact with a woman agent, also increasing the bank’s customer base. While there are clear benefits to employing women banking agents, investing in them requires new approaches.

Recruiting women agents can be difficult due to gender norms and may also require different ways of onboarding and training to support their success.

However, their value is clear: in a study from the Democratic Republic of Congo male banking agents generated only half the value of female customer transactions (53%, US\$133) compared to their transactions with male customers (US\$250, see figure). By contrast, female customer transactions were, on average, 66% larger with female agents than those conducted with male agents (US\$221). The difference in transaction values with male customers becomes minor (women customers transact US\$221 on average; men US\$207).

Another advantage of women agents is that they are often better at creating connections with their customers, leading to higher transactions. In India, research points to the fact that women customers generally do not like male agents visiting their households to offer doorstep banking services.

Our research in India has shown that, compared to men, women banking agents in India have:

- 3.6% higher sign-ups
- 59% higher cross-sales of other products
- 19% more transactions
- 45% higher conversions

By being a banking agent, women banking agents can also:

- Gain new knowledge and skills
- Increase social capital
- Increase income

To increase the number of women banking agents, and improve their economic empowerment, we advocate for regulators and other policymakers to:

- Set industry targets for numbers of women banking agents
- Oversee FSPs to make hiring processes more appealing to women
- Set FSP expectations for ongoing training and outreach for banking agents that takes gender into consideration, and make gender diversity part of agent rollout strategies
- Collect gender-disaggregated data on banking agents to measure these effects

Similarly, men prefer their wives to transact with women agents at outlets, particularly when it requires physical interaction between customer and agent—for example, taking customer fingerprints.

It is fundamental to analyze gender-disaggregated data on banking agents and their success indicators to measure these effects. Thus, one of the first steps in increasing the number of women agents should be for regulators to collect gender-disaggregated data from FSPs.

Economically Empowering Women Agents

In some contexts, women agents are micro- and small-business owners looking to leverage the foot traffic in their shops to increase income. In other situations, women agents solely focus on agent banking as a business, providing services for multiple banks or mobile money providers.

Alternatively, agent networks may directly employ women. In all these cases, becoming an agent is a direct source of income for the woman.

By becoming a banking agent, women gain new knowledge and skills, and often become an informal financial advisor for their peers. They are the central point for financial transactions, which elevates their status in the community.

These developments can be seen in Women's World Banking's

project work: for example, in Indonesia.

We partnered with fintech DigiAsia and the midwives' association, Sehati, to enable midwives to become banking agents. The midwives found benefits in terms of additional income, more "traffic" to their clinics, and an opportunity to grow their businesses.

In Pakistan, Women's World Banking partnered with mobile money provider JazzCash and consumer goods company Unilever to onboard women agents in rural areas. During the pilot, women agents increased their income by Rs.1,080 (USD9.40) per month on average. Furthermore, they had a positive perception about becoming an agent as it increased customer footfall and supplementary sales.

Case Study: Bank of Baroda, India

In India, Jan Dhan, the national program to provide access to financial services, has more than 56% (more than 220 million) women customers. However, fewer than 15% of India's banking agents, known as business correspondents (BCs), are women.

Women's World Banking's work with the Bank of Baroda supported its BC system that focuses on a direct connection with customers by training the

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BCs and setting up a system for them and their customers. Our work showed that banking agents are a powerful engagement channel, as women trust and prefer to transact with their local BCs, especially local women BCs.

Our work showed that women BCs in India perform better than male BCs because they have stronger relationship skills and that women BCs can also improve their financial independence: They gained greater buy-in within their families to take part in household financial decision-making and improved their ability to manage money.

The Indian government and Department of Financial Services recently formed a BC committee that recognizes the gap in the number of women BCs. Their key recommendations, with input from Women's World Banking, are to increase the number of women BCs to 30% and to train men BCs on soft skills and gender-sensitization modules to strengthen their engagement with women customers. It has directed each state in India to increase the number of women BCs to strengthen the broader BC network and better support women customers.

Implementing these recommendations would mean at least 30,000 new women BCs by 2027. If each woman engages 100 women customers, this would reach an additional three million low-income women.

Furthermore, if male banking agents are trained on soft skills and gender sensitization, and assuming just a 20% increase in women customers, each male agent could engage at least 100 additional low-income women customers. With this initiative, the number of women impacted by greater financial inclusion and education could easily reach an additional 3.5 million women by 2027.

Recommendations for Policymakers

Advocating for more women banking agents is critical as policies around agent banking are an important enabler of—or hindrance to—greater financial inclusion. Policymakers in India and Nigeria have explicitly expressed interest in this topic, and FSPs around the world are asking for support in this area.

To leverage this current interest, we recommend the following practices for policymakers:

- ✓ **Set industry targets for the number of women banking agents.** Implementing quotas for FSPs to include a certain percentage of women banking agents, should they have a banking agents model, can be a steadfast way to ensure gender diversity of agents in the short term, while also increasing women's empowerment in the longer term.
- ✓ **Oversee FSPs to make hiring processes more appealing to women and implement gender sensitization to training processes.** When setting up banking agent systems, FSPs should prioritize making hiring processes more appealing to women and ensure their male banking agents are trained on soft skills and gender sensitization.
- ✓ **Set FSP expectations for ongoing training and outreach for banking agents that take gender into consideration and ensure women agents are part of agent rollout strategies.** Ongoing training and outreach to potential new agents increase the effectiveness of banking agent systems. Adding elements that take gender preferences into account—and train male agents around gender sensitization—can increase the number of women customers and the economic empowerment of women overall.
- ✓ **Collect gender-disaggregated data on banking agents.** Support the development of data infrastructure and best practices to collect gender-disaggregated data on banking agents—e.g., from industry working groups.

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Note: Most of the evidence reflected in this brief stems from Women's World Banking's work in India. India's agent banking system is widespread and well observed, and Women's World Banking's long-term experience in India collecting data on women agents (regionally known as business correspondents), together with Indian financial sector providers, enables unique insights. Given that data from a number of other countries points to similar trends, we are confident that increasing and supporting women banking agents will lead to similar impacts in other environments.

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