



## Financial agency in Mozambique

Impacts of COVID study report

August 2020



# Executive Summary

- WIN and FSDMoz have joined efforts to conduct a study with the goal of informing financial services actors and mobile money operators (MNOs) in Mozambique i) on the impacts of COVID-19 on the agents in their networks and ii) share potential solutions of how better to support them
- The study revealed significant negative impacts of COVID-19 at all levels of agent network operations and agents: decrease in volume and value of all major types of transactions, decrease in the number of new and active clients and ultimately, on the commissions received by agents
- The report shows that agents, both men and women, are suffering the consequences of COVID-19 which are largely translated through dropping commissions. The recommendations below are aimed at minimizing this impact for agents while improving overall transaction frequency and/or the potential for new customers' acquisition for the operators:
  - Create conditions for more agent flexibility in service delivery, e.g. door step services where agents go to clients and enable them to transact (if and when current agent regulation accommodates such arrangement)
  - Create incentives (increased commissions) for agents to recruit more clients
  - Ramp up communication outreach to clients, namely using agents as part of the communication/marketing machinery
  - Build/ expand agent networking and provide support (call center, WhatsApp groups & SMS)
  - Improve float management solutions for agents, especially women
  - Continue to digitize payments to and from the Government to unlock opportunities for consumers, Government and providers.
  - Work towards concluding interoperability between mobile money operators, with affordable costs for the final consumers, especially in rural areas.

# Study methodology

- The report includes the perspectives of a sample of 33 agents in the Maputo region and of 3 key players in the Mozambican sector: 1 mobile money operator and 2 financial services providers
- The survey and data in which this report is based were conducted/ collected in April 2020, about one month to a month and a half after the first confinement measurements due to COVID-19 were implemented in Mozambique (mid-March)

# A close look at the effects of COVID-19 on companies and agents



# Agents reported a decrease in volumes and values of transactions



76% of agents report a decrease in volumes of withdrawals by clients and about half report a decrease in average value of those withdrawals

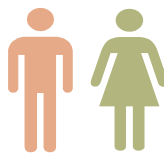


88% of agents report a decrease in volumes of deposits by clients and 73% also report a decrease in average value of those deposits



94% of agents report a decrease in volumes of account openings

- Overall women agents seem to be less impacted or more optimistic than men
- Non-dedicated agents seem to be less impacted regarding values or are more optimistic than dedicated agents

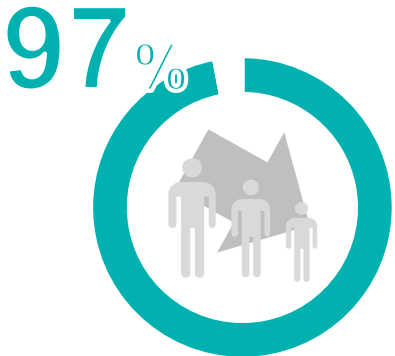




# Other important changes agents felt in their businesses since COVID-19

% of agents that mentioned the following topics as main changes

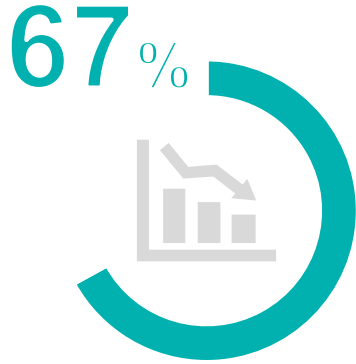
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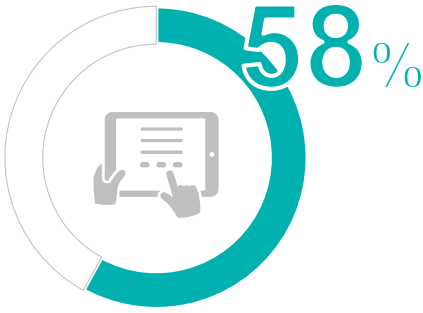
DROP IN THE N° OF ACTIVE CLIENTS



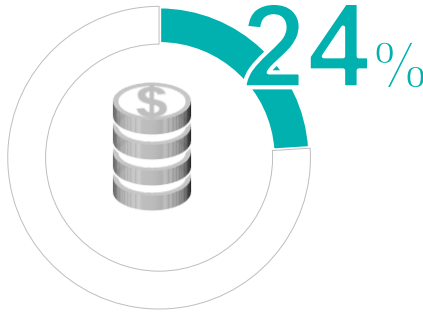
CHANGE IN WORKING HOURS



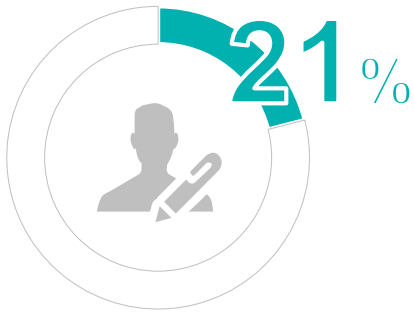
DROP IN COMMISSIONS



DROP IN THE VOLUME OF TRANSACTIONS



INSUFFICIENT FLOAT<sup>1</sup>



DROP IN THE N° OF NEW CLIENTS

<sup>1</sup> Agents presented as justifications the following: overall lack of transactions, lack of clients in the primary business or clients doing mainly withdrawals and not deposits



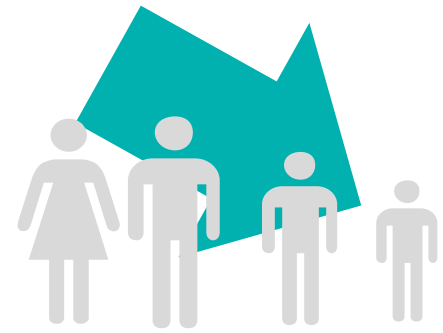
# A closer look at women and men agents' answers show how they are impacted differently



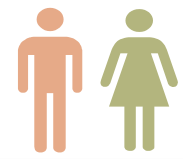
50% of women agents mentioned insufficient float as an issue, while no men agent did. This can be related to the size of the main businesses they operate, the access to capital/credit men and women agents have and/or the main type of transactions by men and women agents. Women agents noted much greater volumes and values of deposits in comparison to withdrawals, whereas men agents did not report such discrepancies between deposit and withdrawal volume and values<sup>1</sup>.



More male agents compared to women agents highlight as main changes a drop in commissions (76% vs. 56%), in the volume of transactions (65% vs. 50%) and in new clients (29% vs. 13%)



Most women agents mentioned a drop in the n° of active clients as the main change they witnessed



- Women and men agents are impacted differently and require a gendered approach for solutions
- Women may already have issues with float before COVID and this has become exacerbated now.

<sup>1</sup> While only 6% of women agents report that their volume and value of deposits increased 'after COVID-19', 25% report that the volume of withdrawals increased and 38% report that the value of withdrawals increased – this creates an imbalance of float that is larger for women agents than it is for men (6% of men report the volume of deposits increased and 12% the value of deposits increased vs. 18% that report that the volume of withdrawals increased and 24% that value of withdrawals increased)



## Companies overall report similar impacts to the ones agents do



3 in 3 companies interviewed also report a decrease in volumes of withdrawals and 2 of those also report a decrease in average value of those withdrawals

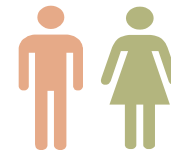


2 in 3 companies also report a decrease in volumes of deposits by clients and 2 of those also report a decrease in average value of those deposits



3 in 3 companies also report a decrease in the number of active clients. In addition 2 in 3 also report a decrease in the number of active agents

Overall impacts to men and women agents follow similar negative trends even though the % variation may differ







# When it comes to commissions earned and paid to agents, the impacts are predictable given the impacts in operations

N=33



**94%**  
of the agents believe their commissions fell due to COVID-19

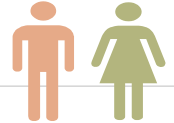
Agents are unable to transact the same volumes namely due to the fact that:

- Establishments are forced to close sooner
- There are less clients in the streets due to COVID-19 restrictions

The average % drop estimated in commissions is 54% (n=5)



**1 in 2** of the companies that provided data on commissions paid to agents report having paid lower commissions to agents 'post COVID-19'



For the company where agents earned lower commissions post COVID-19, **women** seem to have been more affected than men, **decreasing their commissions by 31% a day compared to a 10% decrease for men.**

Overall women already generally earn lower average commissions than men.



# A closer look per province can illustrate some differences



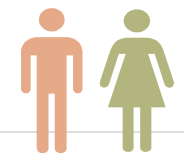
			Inhambane	Niassa	Maputo	Nampula	Gaza
	Withdrawals	#	▼	▼	▼	▼	▼
		\$	▼	▲	▲	▼	▼
	Deposits	#	▼	▲	▼	▼	▼
		\$	▲	▲	▲	▼	▼
	Transfers	#	▼	▲	▼	▲	▼
		\$	▼	▲	▲	▲	▲
	Account openings	#	▼	▲	▼	▼	▼
	Commissions paid	\$	▼	▲	▼	▼	▼

- Overall, the volume of withdrawals and deposits decreased homogeneously in all provinces
- Similarly, for almost all provinces account openings and commissions paid also decreased
- **However, while in most provinces generally volumes and values of all major types of transactions decreased (Inhambane, Gaza and Nampula), for others, especially Maputo, values of major types of transactions increased**
- Niassa seems to have had remarkable results compared to other provinces, a conclusion which is aligned with the results from the FinScope Consumer Survey 2019

Key measures taken by women and men agents, and companies, to cope with the crisis and adapt their services



# How are agents currently managing liquidity/ float?



N=33

**Conclusions are similar for women and men agents:**

- 81% of women agents mention they **encourage clients of the main business to use mobile money** vs. 88% of men agents
- 69% of women agents mention they **encourage clients of the main business to pay for products and services using mobile money** vs. 65% of male agents

<sup>1</sup> To deposit and withdrawal cash, for money transfers, to pay for services (e.g. airtime), charging their phone etc. | \* Only mentioned by 1 male agent



# Key actions undertaken by companies to support agents...

## ... in liquidity management

- **Most companies tried to support agents through:**
  - Recruitment of agents to restore float accounts
  - Incentivizing agents to replenish their accounts regularly as transactions in branches are lengthy due to COVID restrictions
  - Having field teams intermediating the processes between agents and physical branches to reduce time spent in these operations
  - Identifying agents with higher and lower liquidity and 'matching them' by phone calls (so that lower liquidity agents can work in closer physical proximity to higher liquidity for support when needed)



## ... in commissions and incentives

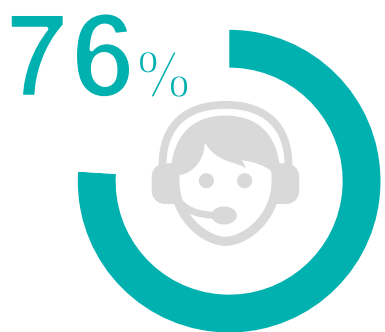
- **Overall commission tables of companies for agents have not changed due to COVID**
- One company mentioned wanting to increase commissions to agents by increasing the fees charged to clients but Banco de Moçambique has rejected the request of increasing customer fees
- As an alternative, one company has created 2 incentives for agents:
  - Extra commission for accounts opened with a minimum set account balance
  - Providing promotional gifts for agents with over 1.000.000 of deposits in COVID months
- Some companies referred they are not willing to provide incentives to agents in the current context as currently the priority is to 'survive as a business and reduce operation costs'



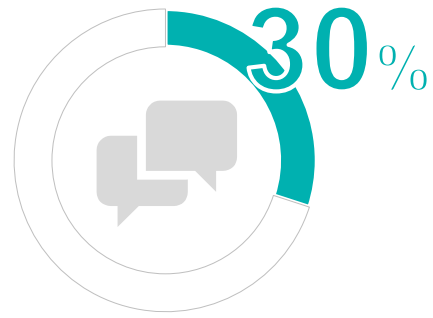


# How are agents currently managing other issues?

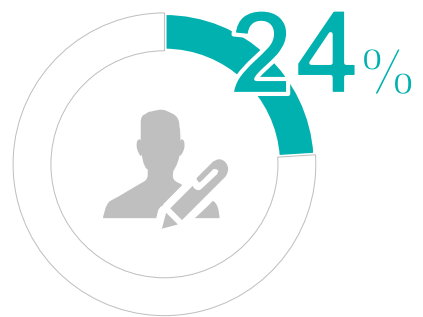
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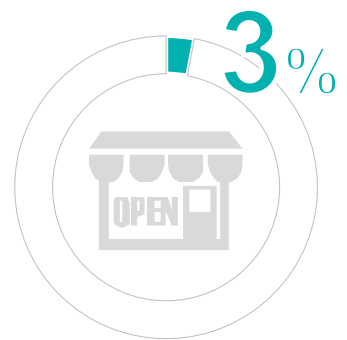
CALLS TO THE CALL CENTER



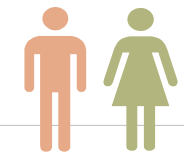
ASKS FOR SUPPORT FROM OTHER AGENTS



WITH SUPPORT FROM INSTITUTIONS' TECHNICIANS



PERSONALLY GOES TO AN INSTITUTION STORE



- **The majority of agents seem to be turning to the call center for support**, with more female agents referring this compared to male agents (81% vs. 71%) <sup>1</sup>
- **Some agents turn to other agents for support**, with more male agents referring this compared to female agents (35% vs. 25%) <sup>1</sup>

<sup>1</sup> 5 out of 7 dedicated agents (71%) refer using the call center, 3 refer asking for support from other agents (43%) and 2 refer asking for support from institutions' technicians (29%); as far as non-dedicated agents are concerned, 77% of agents refer using the call center, 31% refer asking for support from other agents and 19% refer asking for support from institutions technicians – overall, the % of agents that reports calling to call centers is similar between dedicated and non-dedicated agents but dedicated agents seem to ask for more support of other types more than non-dedicated agents



# Other measures being implemented to support agents

- **Most companies tried to support agents through:**

- Creation of WhatsApp groups to share information with agents and received feedback on key challenges faced
- Phone line dedicated to agents for inbound and outbound calls
- Dissemination of messages to agents around COVID prevention/ hygiene measures and incentivizing usage of mobile money
- Distribution of COVID kits to active agents (including, for example hand sanitizer or a bucket and soap, info. graphic poster around COVID and/or revised pricing tables)
- In person visits when necessary



+28% <sup>1</sup>

Calls to call center

- One company mentioned that they didn't believe that further advertising would make a difference as what is influencing the usage of mobile money platforms are macro-economic conditions



'People are staying more at home, don't have money in their pockets as they are losing their jobs and businesses'

<sup>1</sup> Data for company A only (other companies didn't have available information)

Call for action: Improving the support to agents networks and the efforts to promote digital services





## Many agents are struggling...

- None of the 33 agents became an agent for an additional company since COVID-19 'started'
- At the time of the survey only 1 agent had quit one of his agent services due to COVID-19 (Mkesh)

<sup>1</sup> but 6 additional agents (18%) <sup>2</sup> predicted they would or were unsure if they would interrupt their work as agents in the next 30 days due to COVID-19's impact on (in order of relevance):

- Lack of clients
- Issues with electronic systems
- Lack of float
- Closure of the main business



21% of agents have already or are unsure if they will interrupt their work as agents in the next 30 days due to COVID-19

N=33



# How would agents like institutions to support?

N=33

- 1 PROVIDE INCENTIVES ON COMMISSIONS
- 2 MARKETING TO INCENTIVIZE CLIENTS TO USE MOBILE MONEY
- 3 PROVIDE MASKS/ GLOVES/ HAND-SANITIZER
- 4 GIVE TIPS ON HOW TO MANAGE AGENCY BUSINESS IN TIMES OF CRISIS
- 5 REACTIVATE ASSISTANCE LINE EXCLUSIVE TO AGENTS

Others mentioned by few agents: give incentives to clients, improve electronic systems (as delays cause the loss of clients), give tips on how to manage the main business in times of crisis, provide digital equipment to agents and give information on preventive measures on COVID-19

# Call for action – Key actions proposed

1

## Flexibility in service delivery

Create conditions for more agent flexibility in service delivery, e.g. door step services where agents go to clients and enable them to transact<sup>1</sup>

2

## Incentive schemes

Create incentives (increased commissions) for agents to recruit more clients

3

## Increasing communication efforts

Ramp up communication outreach to clients, namely using agents as part of the communication/marketing machinery

4

## Expanding agent networking

Build agent networks namely for peer-to-peer support, especially for women agents

5

## Improve float management solutions

Support more effectively agents in managing float so that they can boost transaction volumes and values

6

## Increase digital payments (G2P and P2G)

Continue to digitize payments to and from the Government to unlock opportunities for consumers, Government and providers

7

## Continue the interoperability process between mobile money operators

Work towards concluding interoperability between mobile money operators, with affordable costs for the final consumers.

<sup>1</sup>If and when current agent regulation accommodates such arrangement



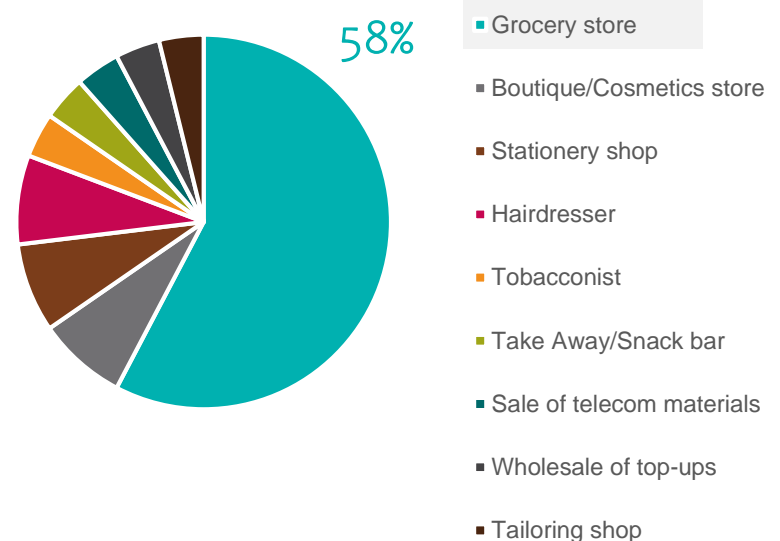
# APPENDIXES

A detailed look at the findings



# Overall sample characteristics for the agents' survey

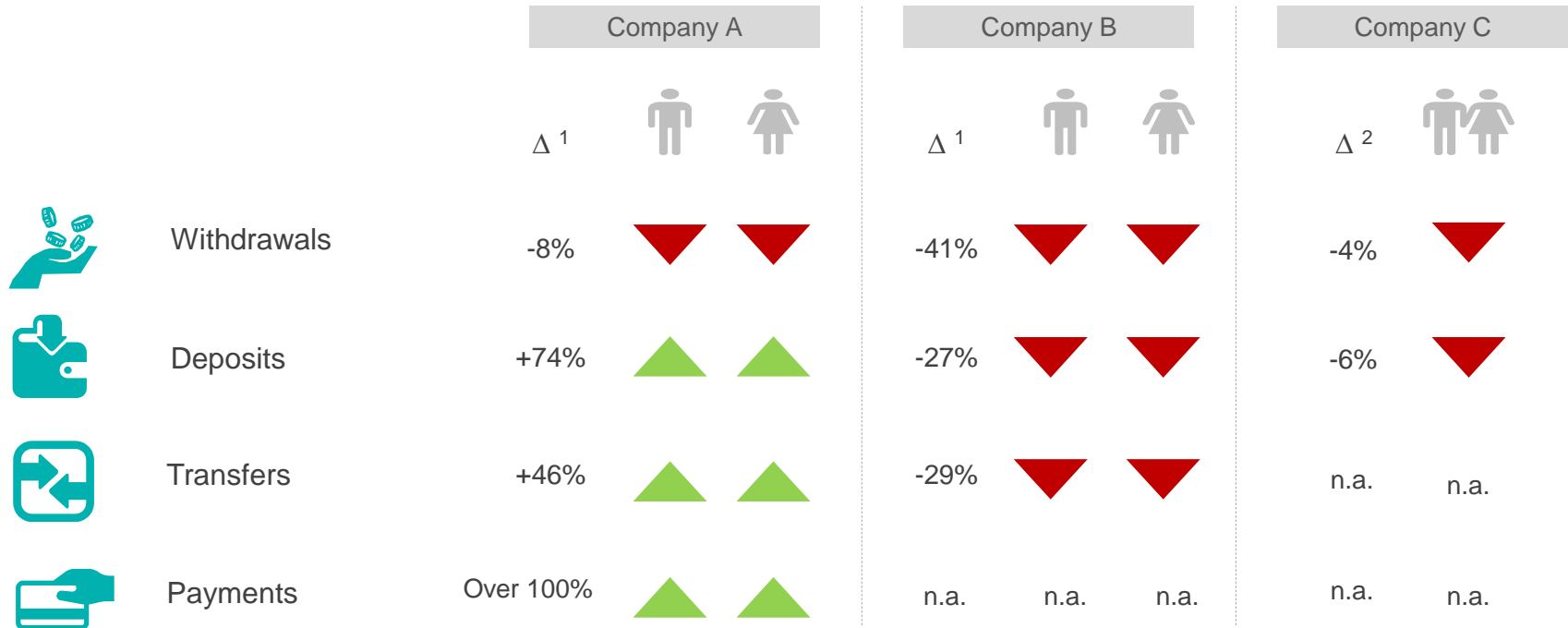
- Days of data collection: 24<sup>th</sup>, 27<sup>th</sup> and 28<sup>th</sup> of April 2020
- 33 agents: 17 men, 16 women (~50% each)
- All agents surveyed are from Maputo region
- 26 are non-dedicated agents (79%) and 7 are dedicated agents (being an agent is the only occupation)
- Non-dedicated agents are mostly grocery stores <sup>1</sup>
- 17 are exclusive agents of M-pesa (52%), 2 are exclusive agents of BancABC and the remaining 14 are agents for more than one services
- Financial services offered by agents pre-COVID:
  - 31 are agents for M-pesa
  - 15 are agents for BancABC
  - 5 are agents for Letshego
  - 2 are agents for E-mola
  - 2 are agents for Prepay now
  - 1 is agent for Top Up
  - 1 is agent for RecargaAKI
  - 1 is agent for Mkesh



<sup>1</sup>See graph for details



# Impacts on the volume (nº) of digital transactions pre and post COVID vary except for withdrawals which fell for all companies surveyed



- For company A the volume of most transactions has risen after COVID, especially mobile money payments, while companies B and C present decreases in volume of all types of transactions



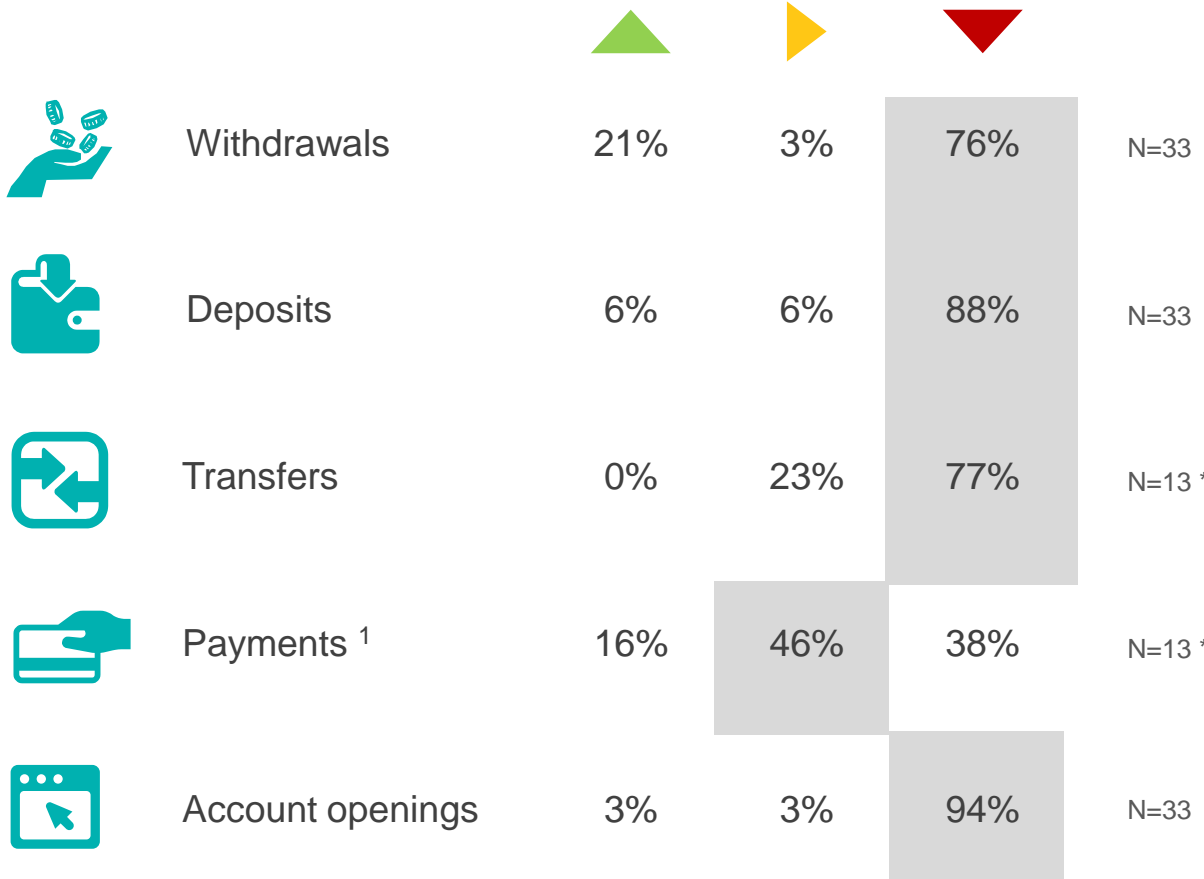
Impacts to men and women agents follow similar trends even though % variation might differ for some of the types of transactions

<sup>1</sup> Comparison of overall daily averages for February and Abril (used daily averages to eliminate potential effects that different nº of days a month could have and disregarded data for March as it doesn't represent neither pre-COVID context neither post-COVID context – first confinement measures in Mozambique in mid-March | <sup>2</sup> Comparison of overall monthly amounts for March and May



# For the majority of agents, almost all types of transactions decreased in volume, except for digital payments that remained the same

% of agents that report that volumes increased, remained the same or decreased



- The majority of agents reports that **almost all types of transactions decreased in volumes, the only exception being payments** that remained the same for most agents
- Almost all agents saw drops in volumes of **account openings and deposits**

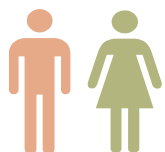
<sup>1</sup> E.g. Credelec, Recargas | \* Is a M-pesa agent only (which means he doesn't do transfers/payments for clients) or doesn't know the answer | \*\* 7 agents are dedicated agents so don't have a "main business"



# Impacts on the value of digital transactions pre and post COVID-19 also vary for each company



- Interestingly, for companies A (who saw an increase in volume of transactions) and C, **values of most types of transactions have decreased**, while company B has seen an increase in values (though they reported a decrease in volume)



Impacts to men and women agents follow similar trends, the only exception being for company B where **withdrawals have decreased for women agents** and increased for men

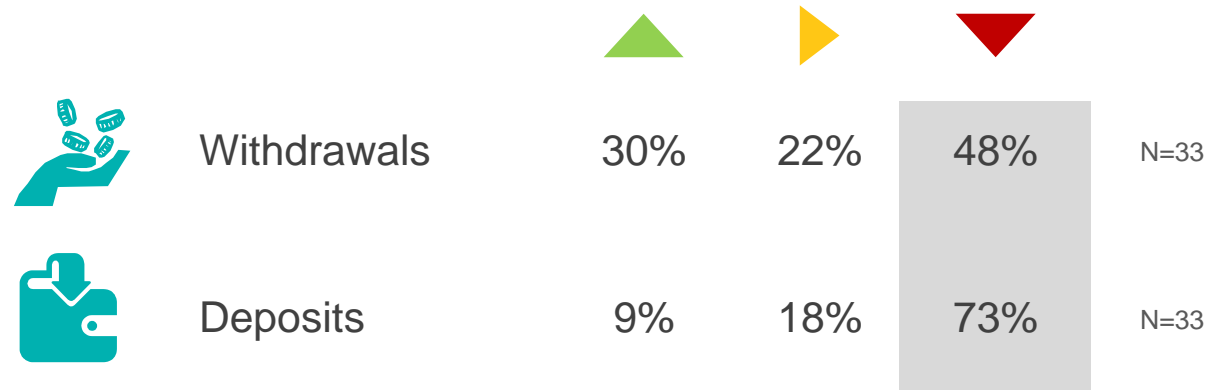
<sup>1</sup> Comparison of daily averages for February and Abril (used daily averages to eliminate potential effects that different n° of days a month could have and disregarded data for March as it doesn't represent neither pre-COVID context neither post-COVID context – first confinement measures in Mozambique in mid-March | <sup>2</sup> Comparison of overall monthly amounts for March and May





# The majority of agents reported that the average value of deposits and withdrawals fell since COVID-19 started

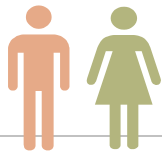
% of agents that report that values increased, remained the same or decreased



- The trend is less obvious for withdrawals than it is for deposits, where half the agents say the average value decreased, while the other half reported it either increased (30%) or remained the same (22%).



# The impact in the n<sup>o</sup> of new mobile money accounts opened and closed pre and post COVID vary for each company as well



Men and women follow opposite trends for both companies

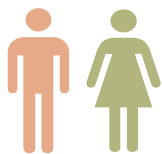
<sup>1</sup> Comparison of daily averages for February and Abril (used daily averages to eliminate potential effects that different n<sup>o</sup> of days a month could have and disregarded data for March as it doesn't represent neither pre-COVID context neither post-COVID context – first confinement measures in Mozambique in mid-March | <sup>2</sup> Comparison of overall monthly amounts for March and May



# All companies faced a decrease in the n° of existing active clients, while their n° of active agents vary per company



- The fact that companies have increasing active agents and decreasing clients or have decreasing active agents in a lower % than clients seems to point to **less efficient operations to companies**, as the ratio of clients per agent decreases and also **lower commissions to agents** as they have to “share” less customers



- The drop in clients per sex varied for each company.** Active women clients decreased more than active men clients (12% vs. 9%) for Company A while for Company B, the number of active men clients decreased more than active women clients (52% vs. 42%)
- However, both companies saw an **increase in the number active women agents compared to men agents during COVID-19.** (12% vs. 5% for company A and -11% vs. 13% for company B)

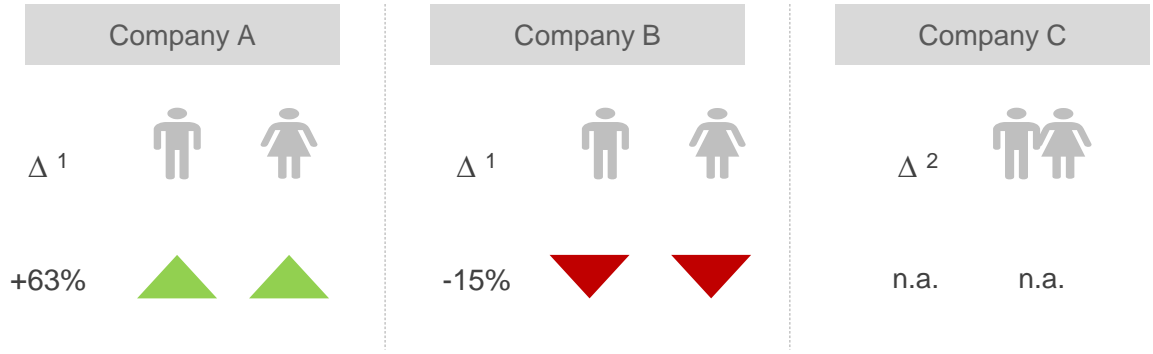
<sup>1</sup> Comparison of daily averages for February and Abril (used daily averages to eliminate potential effects that different n° of days a month could have and disregarded data for March as it doesn't represent neither pre-COVID context neither post-COVID context – first confinement measures in Mozambique in mid-March | <sup>2</sup> Comparison of overall monthly amounts for March and May | <sup>3</sup> Transacting at least once a month



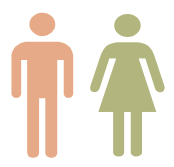
# The impact on commissions paid to agents vary greatly per company and sex of the agent



Commissions earned by agents



- Company A commissions earned by agents increased, perhaps as a result of increased volumes of transactions, while company B commissions earned by agents decreased, perhaps as a result of decreased volumes of transactions. **This would mean that volume, rather than value of transactions is what affects agents' commissions.**
- Company C reported that **agents are complaining about their drop in commissions**, as they are forced to close their establishments sooner and have witnessed a drop in clients due to COVID-19. Many street vendors and agents have also been forced to different places outside the city due to municipal enforcement laws (not COVID related).



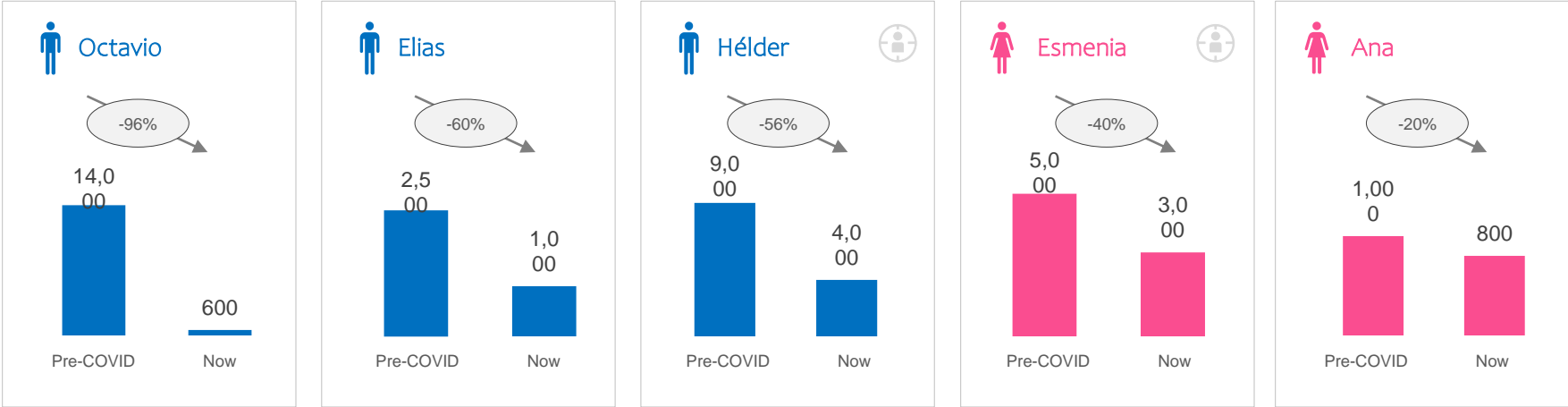
Company A's **women's commissions increased more than men's commissions** (76% vs. 62% respectively), though overall women earn lower commissions than men. Company B's women seem more affected than men, **decreasing their commissions by 31% a day** compared to a 10% decrease for men.

<sup>1</sup> Comparison of daily averages for February and Abril (used daily averages to eliminate potential effects that different n° of days a month could have and disregarded data for March as it doesn't represent neither pre-COVID context neither post-COVID context – first confinement measures in Mozambique in mid-March | <sup>2</sup> Comparison of overall monthly amounts for March and May



# However, almost all agents believe their commissions fell due to COVID-19

- Only 15% of the agents surveyed were able to estimate the average values of commissions earned \*:



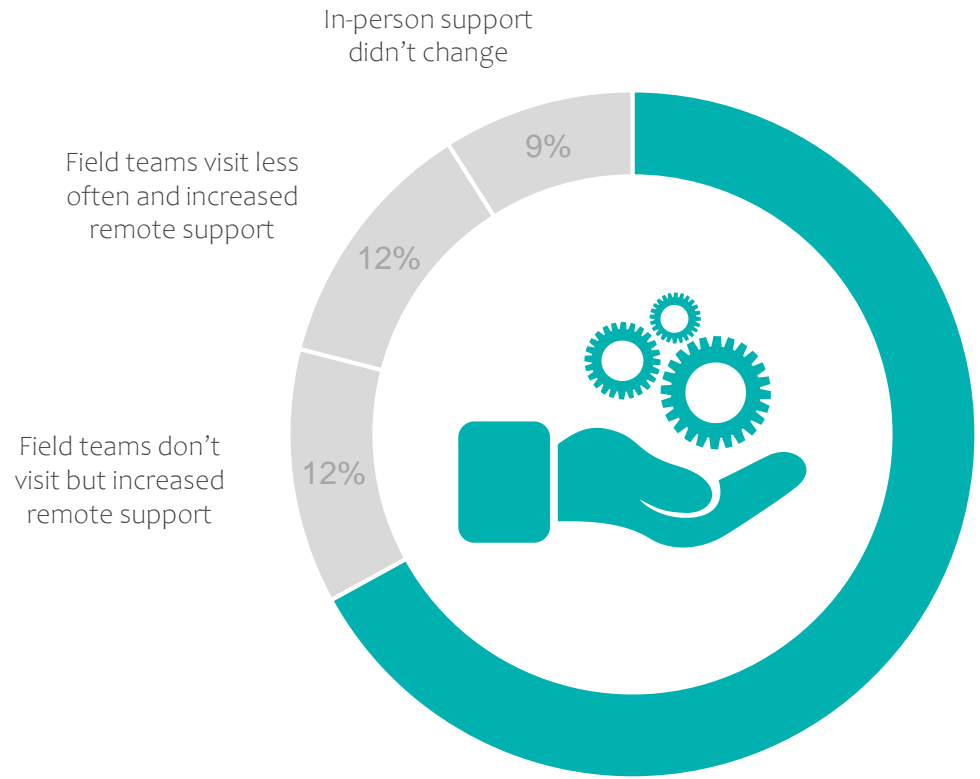
- For these, **average % drop in commissions is 54% (n=5)** <sup>1</sup>
- Out of the remaining (the ones not able to estimate commissions earned), 93% also believes they are lower since COVID

Legend: Dedicated agents

\* Or were willing to share data; The data shown here was provided by real agents but their surnames were hidden for confidentially purposes | <sup>1</sup> Looking at the only commission values available, the average % drop of female agents would be 30% (n=2) and the % drop for male agents is 70% (n=3) meaning male agents report the highest % drops in margins; For dedicated agents the % drop is 48% (n=2) and for non-dedicated agents the % drop is 59% (n=3)



# How do agents perceive changes in field support since the State of Emergency was declared?



67% of agents report that field teams don't visit anymore and redirect agents to the call center <sup>1</sup>

N=33

<sup>1</sup> 6 out of 7 of the dedicated agents fall in this category of response (86%) – none responded that field teams still visit



# Awareness of agents of government measures taken



Aware



Not aware



Free transfers up to 1,000 MZN daily

91%

9%



Increase in per transaction limit from 25,000 to 50,000 MZN

70%

30%



Increase in daily transaction limit from 125,000 to 250,000 MZN

45%

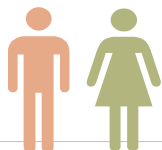
55%



Increase in annual transaction limit to 400,000 MZN

33%

67%



N=33

- The share of male and female agents that is not aware of the measures is quite even with a slightly bigger share of women that are unaware of measures compared to men (on average men represent 40% of the unaware agents and women 60%)



# Perception of gov. measures around electronic platforms <sup>1</sup>

## Positive

- Measures are showing customers that several transactions that are usually done in traditional branches can be done remotely and digitally which may bring longer-lasting behavioral changes in customers that are favorable
- By having customers to transact more in electronic platforms, banks can reduce traffic in their physical branches



## Negative

- Customers usage is decreasing regardless of these measures, both in terms of volume and value, which is also affecting the commissions of agents <sup>2</sup>
- Besides, if a certain amount of daily transactions is free and customers don't transact more than that free threshold companies make no income:
  - Some customers are dividing the amount of transfers in several days of transfers to that they stay below the threshold above which transactions are paid



'What the government should do is to remove these measures and introduce money in the system (e.g. as social support to families) because if less money is available in the system the lower the n° of transactions will be. The government could do that via mobile money

<sup>1</sup> E.g. free transfers up to a certain threshold | <sup>2</sup> Measures are mainly around transfers but customers usually complain about the fees for deposits and withdrawals that have not changed