

# The Challenges and Experiences of India's Banking Agents and Opportunity's Agent Training

## Opportunity Market Research on Banking Correspondent Training Shows Promise

### Project Overview

Recognizing the potential of women agents in financial inclusion, Opportunity, in collaboration with its training partners, embarked on a Banking Correspondent (BC) training program designed with female agents - and female customers – in mind.

### Key Research Findings

- General Characteristics of BC businesses:** Most Banking Correspondents (BCs) represent a single bank and run the BC business alongside another business.
- Marketing and Marketing Engagement:** BCs attract customers with diverse strategies and prioritize respectful communication and customer care to build trust with customers.
- Financial Performance and Expectations:** BC revenues increased after the training; however, earnings are often not sufficient to cover costs.<sup>1</sup>
- Response to BC Training:** BC Training satisfaction is high, with gender training influential.
- Demand for Training:** BCs are confident, seek more training, and prefer mobile-based, online learning formats.
- Demand for Investment Products:** Some BCs are familiar with investment products and interested in being trained in and offering investment products, but more research is needed to mitigate BC and customer risk.
- Financial Inclusion and Economic Development:** BCs highly value their contribution to financial inclusion and economic development within their communities, and gain respect from being BCs. To better serve marginalized populations like the elderly and less literate customers, BCs likely need better tools and training.
- Gender:** The gender training component was influential in improving BC customer service to women, and the main advice BCs have for female BCs is, "Get trained and be confident."

### RESEARCH CONTEXT

Despite the active efforts of the government and the Reserve Bank of India to promote financial inclusion, a significant portion of Indian society, especially those with low incomes, still face barriers to formal financial and digital access. This issue is more prevalent among women, with 23% remaining excluded from formal finance. Although 77% of women have bank or savings accounts only 35% of such accounts are active. Women are also 28% less likely than men to own a mobile phone.<sup>2</sup> To address this challenge, the Reserve Bank of India initiated the Business Correspondent (BC) program in 2006. This program aims to enhance banking services in underserved areas through BCs. These agents, often grassroots entrepreneurs, such as grocery store or petrol station owners, are equipped to conduct banking operations and are compensated through commissions and fees. As of 2020, there were almost 1.2 million BCs in India with close to 3.3 million outlets. Yet, less than 10% of BCs are women.<sup>3</sup> ♦

### OPPORTUNITY'S BC TRAINING

Recognizing the potential of women agents to better serve female customers, Opportunity, in collaboration with its training partners, embarked on a BC training program designed with female agents and customers in mind. In 2022-2023, Opportunity successfully piloted a

blended in-person and on-line training in which 98% passed the certification exam. In 2023, Opportunity scaled up tutor-facilitated online training for participants. As of March 2024, there were 2,115 of participants from 6 regions using two Indian languages. Half of participants were women. Although the training focused on becoming certified, it covers the fundamentals of the BC business. ♦

### THE RESEARCH METHODOLOGY

In January 2024, Opportunity conducted a telephone survey in India with the aim of gaining deeper insights into–

- The effectiveness of Opportunity's training for participant BC operations;
- The interest and demand for further training to enhance the success of BC businesses; and
- Information about the BC businesses to shape the direction of future program design.

A total of 60 individuals participated in the survey, conversing in two different languages. Half of these participants had undergone Opportunity's BC Training, and approximately half were female. The results should be seen as preliminary indications rather than conclusive evidence. However, the outcomes provide noteworthy trends. It is advised that subsequent research should expand the pool of respondents to strengthen the data's reliability.<sup>4</sup> ♦

## RESEARCH FINDINGS

1. **General Characteristics of BC Businesses:** Most BCs represent a single bank and run the BC business alongside another business (80%). Over 61% of BCs run their business alone, while the rest have assistance from either family or hired employees. The main services offered by BCs are fundamental banking services of account opening and cash transactions.



BC Shishu in Bihar, India

2. **Marketing and Customer Engagement:** BCs use diverse means to attract customers, from foot traffic to active marketing strategies. A significant portion of BCs finds it easy to attract customers due to the clear benefits and convenience offered by BC services. Trust-building with customers is primarily achieved through respectful communication and customer care.
3. **Financial Performance and Expectations:** The majority of respondents (69%) reported increased revenue following the BC training.<sup>1</sup> Despite this, more than half of the BCs do not earn enough from their BC business to cover their costs. There is a wide variation in income expectations among BCs, reflecting the diversity of their business models and personal financial goals.
4. **Responses to BC Training:** High satisfaction was reported among participants of the BC Training (84% satisfied). The “Outlet Transactions” module was particularly popular, underscoring the importance of transactional knowledge for BCs. The training's focus on gender equality had a positive influence on the way BCs market to and serve female customers, for the majority of respondents (58%).
5. **Demand for Training:** BCs report a high level of confidence in their banking and business management skills (98% of respondents) but there remains a strong interest in further training among BCs (70% of respondents), particularly in business management and customer service. BCs show a preference for online training, specifically through videos on mobile devices. Many (82%) seem willing

to pay for such training opportunities, but this needs to be market tested.

6. **Demand for Investment Products:** Half of the BCs are familiar with investment products, indicating a base level of knowledge in this area. There is a perceived low customer interest in investment products (only 25%), suggesting a need for customer education. A majority of BCs surveyed (57%) believe that offering investment products could increase their income, and most (62%) are keen to learn more about these products.
7. **Financial Inclusion and Economic Development:** The vast majority of respondents (98%) place high importance on their role in fostering financial inclusion and economic development in their communities. They provide convenient financial services that save their customers both time and money. BCs also engage in socially valuable actions by responding to emergencies and helping customers navigate government schemes, thereby demonstrating the social impact of their work beyond mere financial transactions. However, they encounter communication barriers with specific demographics, such as the elderly and those with limited literacy.
8. **Gender:** The gender equality training provided to BCs was influential, with many (58%) reporting better engagement and service to female customers. Most BCs (70%) reported no gender-specific challenges for female BCs, indicating a perceived level of gender equity in the work environment. Advice for aspiring female BCs focuses on obtaining thorough training and maintaining confidence. More women than men were influenced by the gender training, and more women recognized problems related to being a female BC. ♦



BC Manju in Bihar, India

## DISCUSSION

- 1. Training for Start-Up or Experienced BCs:** Although the BC Training was developed for start-ups, many experienced entrepreneurs benefitted, which means future training should take this into consideration.
- 2. Marketing:** Although respondents find it “easy” to attract customers, other findings – low portion of respondents covering their costs, and low portion using pro-active marketing – indicate the need for additional marketing support.
- 3. Links between Training and Revenue:** That revenues increased after the BC Training speaks to program strength,<sup>1</sup> but more can be learned about the links between training and BC revenue/profitability. For example, most respondents are not covering the costs of BC operations, which raises substantial sustainability and research questions.
- 4. Training Improvements:** The training is on the right track, although there may be room for development – i.e. respondent interest in more training in customer and business management.
- 5. Demand for More Training:** Although respondents have high confidence in their banking and business skills, they are interested in more training. The preferred delivery mode is aligned with the BC Training. Respondents seem willing to pay for training, although more research is needed on that point.
- 6. Demand for Investment Products:** Further investigation is merited to understand effective and latent market demand for investment products, as well as the risks, regulatory environment and potential support for BCs to deliver investment products.
- 7. Financial Inclusion:** Although BCs consider financial inclusion and economic development to be integral to their business, they may need better tools to reach out to populations facing challenges, such as the elderly and less literate.
- 8. Gender:** The finding that most respondents do not see gender constraints facing female BCs runs counter to other information about gender discrimination in general and in India. Along with other comments, the suggestion that female BCs need to focus on being confident suggests that some female-only experiences would be beneficial for female BCs. ♦

## RECOMMENDATIONS

- 1. Customize training for diverse BC business structures:** Training should be applicable to BCs operating in the context of larger businesses as well as BCs operating independent BC Businesses.
- 2. Target marketing strategies for customer outreach:** Focus marketing training on specific challenges – reaching customers who will make more transactions, and reaching the elderly and less literate customers, using better tools. Conduct **further research** on relevant and effective BC marketing.
- 3. Conduct further research on financial performance:** Obtain agreements with a sample of training participants on sharing of financial data with the program. Research and document a set of diverse BCs’ financial performance and drivers. Develop financial management case studies for training.
- 4. Enhance BC training modules:** Continue to offer the BC Training. Possibly strengthen modules based on expressed areas of interest.
- 5. Tailor training payment schemes and content:** Consider ways to address topics of interest (e.g., customer and business management). Conduct further research to better assess BC willingness to pay for training.
- 6. Investigate investment product potential for BCs:** Research what investment products/services are feasible as options to consider. The options can then be used to undertake more accurate research regarding demand.
- 7. Enhance financial service tools for vulnerable groups:** Continue to incorporate elements of financial inclusion and economic development in BC training. Develop and offer better tools for serving the elderly and less literate customers.
- 8. Continue to focus on gender equality initiatives in BC training:** Continue to address gender issues in BC training. Offer some female-only BC training. There is a need for deeper dive research into the experience of women BC agents. ♦

### This study shows Opportunity’s strengths in—

- On-line adult education (training) and understanding clients through market research.
- Progress in last-mile outreach to further financial inclusion.
- Gender-sensitive digital engagement to strengthen gender and digital equity.

<sup>1</sup> Respondents noted that “profits” had increased, but given other answers regarding costs and average income, we strongly suspect that they meant “revenues.”

<sup>2</sup> Sunaina Kumar, “Financial Inclusion of Women: Current Evidence from India” (Observer Research Foundation: 2023).

<sup>3</sup> Akhand Tiwari, Gayatri, Sonal Jaitly, “Women’s Agent Network – the Missing Link in India’s Financial Inclusion Story: as Supply-Side Perspective” (MSC Policy Brief #26).

<sup>4</sup> For a copy of the full report, please contact Opportunity Knowledge Management at [km@opportunity.org](mailto:km@opportunity.org).