AGENT SELECTION CHECKLIST

Making decisions about which organizations to partner with in indirect distribution models and which retail outlets to use as agents is the most important step in designing your agent strategy, so don’t rush it no matter how pressured you feel. If you rush your decisions, you risk choosing agents that will not support your mobile financial services business. Since these individuals will be the points of contact for your customers, their performance – or lack thereof – will be a direct reflection on your company and your services. Once soured, it will be very difficult to turn disillusioned customers around.

First, you need to determine what you want from the channel. Second, you need to determine what the agents want. Then you need to find the closest possible match between these two objectives.

Develop a list of criteria that express what you and your customers want from the agents, and apply that list to each distributor, or agent, you meet.

You might want to consider what incentives will be required to have your agents actively sell your products to the customer. What would be required to turn your agents into sales people for your services as well as access points for cash-in/cash-out? What would a partnership with the various members of your distribution channel look like?

The number of selection criteria you use are entirely up to you. You may have twenty to thirty or as few as five. Regardless of the number, your criteria should cover your most important business issues combined with your end user satisfaction requirements.

This document contains a fairly comprehensive list of the types of criteria you might want to incorporate in your selection process. An accompanying comparative chart shows the criteria that are being used by some mobile banking businesses around the world to give you a sense of how other companies have made their selection choices.
REGULATORY CRITERIA

BUSINESS AND OPERATIONAL CRITERIA

1. Business Strength
   - Business type
   - Legal status of enterprise
   - Years in operation
   - Financial security & minimal float
   - Security
   - Required documentation

2. Reputation
   - Among customers
   - Among other vendors
   - Among peers
   - Among bankers

3. Professional background of key executives

4. Cash management
   - Cash on hand
   - Systems and capacity to accept and disburse cash

5. Sales revenue performance
   - Overall sales
   - Complementary product line sales
   - Competitive product lines represented

6. Number of active customer accounts

7. Product variables
   - Technical expertise
   - Individual unit value
   - Newness
   - Knowledge of your product line

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1 The following sections were adapted from “Managing Channels of Distribution: The Marketing Executive’s Complete Guide”, Rolnicki, K. American Management Association. 1998. p75-85.

2 Highlighted criteria appear to be particularly important in among mobile money businesses

Developed by Janine Firpo (2010)
8. Customer support capabilities
9. Knowledge of local market conditions
10. Employee quality
11. Managerial “chemistry”
12. Overall condition of facilities

**LOCATION, LOCATION, LOCATION**

13. Present territorial coverage
   - Overlay with intended market
   - Overlay with mobile infrastructure
   - Proximity to banking infrastructure
   - Convenient for clients
   - Level of commercial activity

14. Branch network
   - Number of outlets
   - Urban/rural locations

**SALES AND MARKETING CRITERIA**

15. Type of market coverage offered
   - Horizontal
   - Vertical
   - Both

16. Proportion of internal to external sales people

17. Sales force compensation

18. Sales cycle performance requirements
   - Presale
   - Transaction
   - Postsale

19. Sales competency
   - Number and quality of salespeople
   - Technical competence of sales people

20. Sales and marketing aggressiveness
   - Local marketing activities
   - Customer and order pursuit

Developed by Janine Firpo (2010)
Dealing with competition

21. Internal sales and marketing support resources and capabilities
22. Price integrity
23. Ability to develop new markets
24. Distributor advertising and sales promotion programs
25. Training programs
26. Consent to sign a contract
27. Agreement to accept a sales quota
28. Willingness to share data and local market information
29. Willingness to participate in joint sales and marketing programs
30. Inventory management expertise
31. Future growth prospects

Motivation Level

32. True desire for your product line
33. Willingness to become a customer themselves
34. Willingness to commit resources to your product line
35. Willingness to undergo training
36. Willingness to participate in strategic business planning with your company
**REGULATORY CRITERIA**

Mobile money is highly regulated in most countries. Entities that are allowed to perform cash-in, cash-out, and other agent services are often mandated by central authorities. Requirements in some countries, such as India, Vietnam, and Indonesia, have seriously restricted the implementation of mobile money businesses. Even in the Philippines, a pioneer in mobile money, regulatory hurdles have limited agent build-out among smaller retailers because the regulatory provisions are too burdensome for them.

The national regulations, and their implications on agent networks, need to be scrutinized and deeply understood by any mobile financial service provider.

**BUSINESS AND OPERATIONAL CRITERIA**

1. **Business Strength.** It is very unusual for a mobile financial service provider (MFSP) to own its own channel. Generally, the MFSP has to work with, and sometimes even adhere to, the demands of key players in the distribution chain. In Tanzania, the lack of relationship between a mobile operator and its distributors compromised the willingness of the distributors to co-finance associated risks or to adopt the operator’s branding. It is important to look across a wide range of potential distribution partners to find the types of businesses that will be most conducive to the needs of both the MFSP and its customers.

The criteria that are applied to the agents’ business – type, legal status, years in operation, minimal float, security, technical requirements, and documentation – may all differ depending on the type of business that is being investigated. The level of these criteria may also change depending on whether a distribution partner or a stand-alone agent is being considered.  

The number of years in which a potential agent – whether a distribution partner or a stand-alone retailer – has been in business is an important indication of their business experience, market credibility, and consumer awareness.

One way to ensure the safety of customers’ transactions is to require a minimum float from agents. These are funds that the agent must deposit in a bank account, against which transactions are posted. The size of float can change depending the size and type of the agent. M-PESA’s distribution partners are required to invest:

- $1,270 (Kshs 100,000) per store
- $1,270 (Kshs 100,000) for sim replacement cards
- $1,270 (Kshs 100,000) per store for additional outlets

In contrast, stand-alone agents need to deposit $2,540 (Kshs 200,000).

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3 For specific example, refer to the M-PESA Agent Requirement document. M-PESA has one set of standards here for their large distribution partners, and other criteria for special categories of agents and yet other criteria for stand-alone resellers.

Developed by Janine Firpo (2010)
Security is a significant issue for the MFSP, the agent, and the customer. Determine the types of security measures that will be required of all agents. These could include a full range from nothing at all to a safe on the premises. In several geographies, MFSP are adopting an approach that places security responsibilities on the agents themselves. The responsibility could be at the level of the MFSP, the level of the distribution partner, or at the level of the retail agent.

While not as critical at the retail agent level, consider the technical requirements that should be imparted on distribution partners that will be managing a network of retail agents. It would be valuable for these companies have computers, internet connectivity, scanners, and other equipment that will enhance communication between the MFSP and its distribution partners.

Documentation should be required from potential partners, even at the retail agent level, to validate their business and their operational capacity. The level of document required should vary, depending on the scale of the business and may be as simple as identification at the retail agent level.

2. Reputation. Trust of the solution is one of the most important aspects of the customer value proposition. This requirement is likely to include the retail agent. Therefore it is important to thoroughly check the reputation of not only distribution partners, but the types of retailers they bring into their network.

To discover the candidate’s reputation among customers, consider some channel research that identifies who they purchase products from and why. These comments can provide an excellent base for evaluating each candidate’s credentials.

To research potential distribution partners’ reputation among other vendors, obtain information about the other products the company represents. Contact the marketing managers at those companies, explaining your interest in their distributor. Ask for their candid opinion of their business relationship with the distributor. For the best information fit whenever possible, seek out companies whose products are financial in nature. Their concerns and criteria are likely to be similar to those of the MSFP.

Reputation among peers can be easy to establish. Great distributors know each other. Peer identification can actually be one of the strongest tools in finding new partners in other geographic areas. Once a relationship is formed with one distribution partner, ask for recommendations in other geographic markets where representation is required. Even ask your initial partner to make requisite introductions.

Since mobile money is a financial product that requires a high level of integrity and financial acumen, contact the prospect’s banker to learn about repayment history and overall credit worthiness. This tool can be used not only for distribution partners, but also for stand-alone agents. Those candidates that do not have bank accounts will
require other forms of scrutiny, and may need to be tracked through their early history with the mobile money solution.

Also talk to some of the retail outlets in a potential distribution partner’s network to determine how valuable their customers find their services. This will be a good indication of how loyal the network is to the distribution partner.

3. **Professional background of key executives.** Obtain or compose a profile of the distribution partner’s mainline managers to further ensure channel compatibility. A gulf between the professional personalities of candidate managers and MFSP staff and goals could eventually be a tremendous source of irritation.

This criteria is more important when evaluating distribution partners, but background and experience check can also be important at the retail agent level.

4. **Cash management.** Managing liquidity across the distribution chain is one of the most vexing challenges of a mobile money business. Liquidity levels and cash management capabilities need to be evaluated at the distribution partner level, across the network, and right on down to the retail agent. Retail outlets should have sufficient cash on hand to handle demand. It is also advantageous if they can offset cash-in transactions with cash-out, minimizing cash management costs. It is important to sleeve agents that have a surplus of cash.

The amount of cash that retailers will require can be modeled in advance based on cash flow dynamics, such as type and scale of business revenues, current profitability and profit margins, and expected sales volumes.  

Validate that the prospects have the systems and capacity to accept and disburse cash. If a business does not have cash handling systems in place, then they are most likely not suitable agents because these are skills that cannot be taught easily.

5. **Sales revenue performance.** It is going to be important to understand how revenues from mobile money transactions will compare to revenues that the agent is receiving from other income streams. Experience shows that distributors and retail agents will be most interested in participating when they see a revenue stream that is attractive relative to their other income.

For some time, it has been thought that airtime resellers would make the best mobile money agents. But this has not proven to be true in many markets because mobile money does not offer these resellers high enough commissions and overall revenue increases relative to their mainstream business. Rather, the best agents in some markets appear to be smaller, hungrier shops that see an association with a significant MFSP brand as a way to build credibility and attract customers. The additional

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4 Refer to agent modeling tools.
income generated from mobile money is also more attractive to them relative to their other income streams.

Airtime resellers in many geographies offer services for multiple mobile operators, thus reducing their overall value to any one mobile company. It is still too early to tell whether similar competitive pressures will result in financial agents representing a number of different MFSP in one country. Where they can, MFSP are attempting lock up their agent network by signing exclusive deals with their distribution partners and retail agents.

6. **Number of active customer accounts**. This is a good barometer of service. A potential distribution partner’s customers include both the outlets in its network as well as the end consumer. Ask distributors how many accounts they have, how many customers they serve, and their transaction volumes. Try to validate the information through analysis of financials.

At the retail agent level, customer volume is going to be an important indicator of the business’ ability to add an additional revenue stream through mobile money. If the potential retail agent does not have a large enough customer base, achieving attractive income numbers is going to be difficult.

7. **Product variables**. Can the candidate and the retailers in its network handle a mobile financial services product? Determine the product variables that the candidate will have to take into consideration.

- **Technical expertise**. Do all the members of the chain have the technical expertise required? Whether they have successfully used an electronic airtime top-up service is a strong indication of technical competence.
- **Transaction fees**. Will the agents consider the transaction fees too high for their customers. High prices may mean it is more difficult and time-consuming to sell the financial services. Furthermore, the candidate may not feel comfortable supporting or selling a product they consider too expensive.
- **Newness**. Candidates do not always react positively to new products, often preferring product lines that are easy to sell. Frequently, new products require extra time, effort, training, and expense. Unless the MFSP covers the costs of these requirements in some way or demonstrates a high percentage of revenues from the financial products, it could be an uphill battle to convince agents to actively sell the services.
- **Knowledge of your product line**. Does the prospect have an elementary or advance knowledge of the mobile money – or none at all? Identifying the candidate’s experience level helps determine the size of the training task ahead. A candidate with some working knowledge of the products faces a shorter learning curve – a very definite channel selection criteria advantage. It may be possible to jump start the training by finding ways that potential agents can use mobile money services to enhance or simplify their own business process. Remember that mobile money requires considerably higher
entrepreneurial capacities than airtime sales due to higher working capital movements and required treasury management expertise.\(^5\)

8. **Customer support capabilities.** What will be the role of the distribution partner and other members of the value chain in customer support? Will they serve as the first line of support or will that be the responsibility of the MFSP? Even if the distribution chain will not provide primary support, what role should they be expected to play? Is the required level of technical competency available?

9. **Knowledge of local market conditions.** All candidates should be able to intelligently discuss the overall condition of its surrounding geographic business environment. If it cannot, it may not be the best candidate for the mobile money business as there may be limited market commitment or increasing the sales of financial services. This attitude is a negative characteristic that you want to avoid.

10. **Employee quality.** This business yardstick further indicates the business compatibility between prospects and the MFSP. If the MFSP has employees that are professional and disciplined in all endeavors but a potential distribution partners associates are disorganized and lack attention to detail, an uncomfortable atmosphere could be created. Sometimes it is better to walk away from a potential candidate than to accept them out of “need” and end up regretting the decision because the partnership becomes burdensome, time consuming, and not cost effective.

11. **Managerial “chemistry”.** Look for chemistry in direct and indirect communications with candidates. Friendly meetings, emails, or phone calls indicate an overall openness and point to a high-quality relationship. Assess the level of comfort felt by MFSP staff during engagements with the prospect. If there is not strong managerial chemistry, then future business closeness is questionable.

12. **Overall condition of facilities.** Before signing up a distribution partner, tour the candidate’s operations to visually verify feelings as to “wellness” of the company. Walk through all departments and observe vital signs, or lack thereof, such as overall appearance of personnel, technology used, level of staff’s comfort with technology, orderly office facilities, level of record keeping, and the level of communication between office employees and outside individuals. This could be eye-opening, especially if a serious deficiency is found.

**LOCATION, LOCATION, LOCATION**

13. **Present territorial coverage.** Do potential distribution partners have geographic reach into areas that the MFSP wants to cover? Is there a match with the intended market? Is there adequate mobile phone infrastructure? How close are the retail agents within the prospects channel to banks? Are they so far way that it will be


Developed by Janine Firpo (2010)
difficult for them to manage their liquidity? Do stand-alone retail agents provide coverage in still sparsely covered locations?

Are the locations within potential distribution partners channel convenient for end customers? What is the proximity of the locations to commercial centers? If the location is too far away, customers are unlikely to visit. In the Philippines, those retail agents that are not on major streets in the capital city receive significantly less traffic than their counterparts, which are more centrally located. What is the level of footfall that is likely to go by this location? What about the size and cleanliness of the store? Is it likely to be a welcoming environment for financial customers? Is there sufficient staff? Are the hours long enough that customers can come before work, after work, or on the weekends? How broad a range of customer needs can the retail agent fulfill?

Are there other retail agents in the same vicinity providing financial services for the MFSP or a competitor? How far away is the nearest retail agent? Will this location get enough business or will it cannibalize the business of other agents? Will specific agents have a large enough potential customer base to warrant adding mobile money to their business line?

14. **Branch network.** How big is the retail network of the prospective distribution partner? Does it have reach into more than one region of the country or is its reach centralized in a particular area? The larger the network provided by a distribution partner, the more attractive they will be as a partner for your business. Some mobile money providers, such as M-PESA in Kenya, will only work with distribution partners that have outlets in at least 2 different provinces.

Does the prospect have reach in urban as well as rural areas? If one of the target products of the mobile money solution is domestic money transfer or international remittances, this urban/rural mix will be critical to uptake.

**SALES AND MARKETING CRITERIA**

15. **Type of market coverage offered.** What kind of market coverage does the candidate offer? If seeking a horizontal strategy and the prospect sells its product lines to all types of customers with no regard to any form of market specialization, a match is likely to exist. But if a vertical market is desired, then a distributor with a high degree of expertise in a specific marketplace is required. If both horizontal and vertical markets are the end goal, then a candidate that can serve both should be found.

16. **Proportion of internal to external sales people.** With potential distribution partners determine how much of their “sales” force are managed directly by the company and how much of the force is managed by sub-contractors. Also establish how this mix is likely to change as the distributor goes their network on behalf of the mobile money
business. Determine what level of control is expected between the distributor and all the retail agents in their network.

17. **Sales force compensation.** Are potential distribution partner’s salespeople on straight commissions, straight salaries, or a combination plan? Find out this information so it is clearer how the distributor motivates their sales team and what will be required from the MFSP to ensure a rapid build-out of agents, adequate support, and end customer growth and satisfaction.

18. **Sales cycle performance requirements.** What specific sales abilities are required from the channel candidate to have in each of the three phases of the sales cycle?

- **Presale.** Should the distributor’s sales team demonstrate the product or conduct certain promotional activities with retail agents? Should retail agents recruit end customers, demonstrate the product, or perform promotional activities?
- **Transaction.** Should retail agents be able to acquire a new customer, perform KYC, perform cash-in/cash-out services, accept mobile money payments for goods and services, process bills, and/or process loan payments?
- **Postsale.** What level of support should the distribution partner provide end customers? What level of support should retail agents provide end customers?

Be sure that distribution partners and retail agents are capable of, or even interested in, performing the duties required.

19. **Sales competency.** There are two issues to consider when evaluating sales competency: the number and quality of salespeople and their technical competence.

It is always a good idea to meet some of the distributor’s sales people and, if possible, go along on a few visits to potential retail agents. This way, it is possible to get a feeling for the company as well as firsthand evidence of the salespeople’s ability to convince potential retailers to join the network. Or if the retailer is already a member of the network, to get a sense of their working relationship with the distributor.

On the technical competence criteria, the level of training, how sales people will be training, and by whom should be considered. It may even be important to certify the distributor’s team to ensure they have the level of competence required.

At the retail agent level, it appears that globally the majority of agents are not from the poorest segments of the population. Rather, retail agents seem to represent a growing entrepreneurial, middle-class - what have been termed ‘opportunity’ entrepreneurs as opposed to ‘survival’ entrepreneurs. These are the types of people who have the potential to grow a business, employ others, raise productivity, and increase incomes on a sustained basis.
20. **Sales and marketing aggressiveness.** How creative and organized is the candidate about local marketing activities? How do its marketing programs, if any, map to the MFSP’s needs? How does the prospect pursue an order in all three phases of the sales cycle? Is the level of aggressiveness a match with MFSP’s needs?

Consider the way potential distribution partners deal with their other product lines. Does the candidate share the local market business or does it want to be the dominant distributor in the area? This is a key question because some distributors are complacent and not at all interested in growing their businesses.

21. **Internal sales and marketing support resources and capabilities.** Does the candidate’s sales and marketing support (customer service, technical support, internal distribution, record keeping, channel management) meet the MFSP’s requirements? If it doesn’t, what will it take to bring it to their standards? Serious non-conformity should be strategically considered as it could lead to problems later.

22. **Price integrity.** Is the MFSP setting the prices that retail agents will charge end customers or is pricing set by agents? If the former, how can the MFSP be sure that agents are really adhering to pricing schedules? What oversight will be implemented? What organization or organizations will be responsible for managing the oversight? What punitive actions will be taken in cases of abuse?

23. **Ability to develop new markets.** New market development is a key factor for many companies choosing a channel partner. If the plan is to rely heavily on the channel to penetrate new markets, make sure the candidate knows it up front. Distributors are often not enthusiastic about venturing outside of their comfort zone or everyday marketplace to exert missionary sales efforts in new markets. But a forward-thinking distributor is always on the lookout for new market opportunities and plans its marketing strategies accordingly.

24. **Distributor advertising and sales promotion programs.** It is a plus when a distributor’s marketing efforts and goals are similar to the MFSP. Complementary marketing characteristics down the value chain can form a very powerful result that carries through from a national to local market image. When a distributor’s marketing philosophy dovetails with the MFSP, a win-win situation and increased sales revenue can be ensured, because the same target audience will be reached by a two-or-three pronged coordinated approach.

25. **Training programs.** This selection criteria should be close to the top of the most-wanted list. Find out the details of distribution prospects internal training programs. How frequently do personnel meet? What subjects are covered in training? How important are those topics? Who conducts the training? How much time will they devote to training that the MFSP provides? Will the MFSP be allowed to train personnel? These questions are significant, because product and sales training are key elements to success with products as new and innovative as mobile money. Always strive for the maximum amount of training commitment.

Developed by Janine Firpo (2010)
26. **Consent to sign a contract.** Many candidates, especially at the retail agent level, are family-owned, entrepreneurial businesses that occasionally operate on a handshake. Depending on the regulatory environment, it may be a requirement to have a contract at even the retail agent level. If the regulations do not require a contract, it is still preferable to have one. But on occasion, it may be necessary to operate without one.⁶

27. **Agreement to accept a sales quota.** It might be advantageous to strive toward annual sales targets with your distribution partners. Seek targets that are measured and discussed over the year in business review meetings. The distributor should exhibit a sincere belief that it can and will do everything possible to attain the goals.

28. **Willingness to share data and local market information.** The retail is the last link in the channel of distribution. They make the final sales contact with the end customer. Retail agents and their distribution channel managers know that this information about the sales contact is valuable, and they often try to keep it secret. While there are ways to improve the channel relationship and communication flow even when the distributor does not give the MFSP this information, it’s a plus when a distributor openly provides information about whom it sells to, at what price, and any other marketing intelligence (competition, special product application, emerging markets) that is available to the distributor and not the MFSP. Openness at the outset prevents problems later on.

29. **Willingness to participate in joint sales and marketing programs.** Channel partnerships are based on a give-and-take relationship. The distributor’s receptiveness to the MFSP’s sales and marketing programs is a clear indication of the solidarity of the relationship. An “oil and water” attitude toward the overall marketing direction may presage a mismatch in channel partners.

30. **Inventory management expertise.** What do other vendors working with the distribution partner candidate have to say about the company’s ability to management inventory? How will this capacity parlay into the prospect’s ability to manage float across the retail agents in its network? Does the company have the technology it needs to provide oversight to cash balances across its network? Is the candidate willing to work with the MFSP to obtain these skills, if necessary?

31. **Future growth prospects.** Look into the future and judge whether or not the channel candidate will or could be a viable fit in the MFSP’s strategy marketing plan. Based on what has been learned, is the candidate capable of launching the MFSP’s mobile money products and penetrating new, emerging markets and market segments? Look for channel partners who can and will grow with the mobile money business.

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⁶ Refer to sample contracts for elements that should be included in the terms.
32. **True desire for your product line.** It is certainly advantageous for all parties to be enthusiastic about the new partnership and to openly communicate their positive business feelings. Are the distributor’s customers “calling out” for the mobile money products? If so, desire for the products already exists with the distributor’s customers. This is a very good sign, and one that will likely come after the mobile money product has been in the market for a while. Kenya’s M-PESA is now enviously the recipient of such a call from the market. But in most geographies selling the customers and the distribution channel is going to take time and investment. Thus, it is very important to be sure that the prospect and all the members of the value chain are truly interested in being financial agents, that they understand the business dynamics, and have a realistic idea of expected commissions, projected volumes, and the time required for scale-up.

33. **Willingness to become customers themselves.** Mobile money services can provide a mechanism for retailers to pay for their stock through electronic payments in lieu of cash. Small retailers and airtime resellers are unlikely to have bank accounts. Thus they are excellent candidates for a mobile money solution. Are potential distribution partners willing to use the product to pay their channel members? Are unbanked retail agents willing to use the solution for their own financial needs? A willingness to move toward mobile money services themselves is an indication that potential partners will become strong advocates of the product with their customers.

34. **Willingness to commit resources to your product line.** Try to determine the level of commitment that the prospect will pay to the mobile money products and services. How excited are they about offering this service to their customers? What commitments are they willing to make in regards to advertising, branding, training, and adherence to the MFSP’s merchandising policies?

35. **Willingness to undergo training.** Training is going to be a key element of the success of a mobile money solution. This is true at the distribution partner, retail agent, and end customer levels. How willing is the distribution partner to work with the MFSP to ensure that all the members of their channel are trained? How willing is that prospective partner to work with their channel to train end customers? How willing are the retail agents to participate in training, and then to provide training to new customers? All of these factors are important to the successful penetration of the mobile money solution into the market as well as the level of customer uptake.

36. **Willingness to participate in strategic business planning with your company.** The candidate’s willingness to participate in future strategy business planning activities, such as new products and services, is a clear sign of the importance of, or lack therefore, of mobile money products to their business.