Agent Banking and Brazilian Financial Inclusion - Case Study -
Adopted Business Models - Active Agent “Full Services” and “Credit Agent”

- Receiving and forwarding applications for deposit and saving accounts (account opening);
- Receipts and payments relative to accounts (deposits and withdrawals);
- Payment services (receipt + payment);
- Receiving and forwarding loan requests and/or credit card applications.

Market Share – Services Points

“Full Services Agent” 60%

“Negotiation Agent” – credit ONLY

Credit Agent 40%

Full Services Agent 60%
2013: Agent Banking Provided Services

- Bill pay: 74.4%
- Withdrawals: 9.5%
- Deposits: 9.1%
- Benefit payments: 4.9%
- Others: 1.2%
- Credit: 0.38%
- Account opening: 0.27%

Source: Febraban – December 2013
Dominant Players in (Active) Agent Banking “Full Services”
Bradesco/Caixa Econômica Federal/Banco do Brasil

Source: Febraban – December 2013
Dominant Players in the Agent Banking Model
“Credit Agent Only”
BV Financeira/HSBC/Itaú-Unibanco

Market Share – Service Points

BANRISUL
1%

BV Financeira
29%

Itaú-Unibanco
26%

HSBC
25%

Caixa
19%

Source: Febraban – December 2013
Dominant Players in the Agent Banking Model ("Full Services" + "Credit Agent Only")
Bradesco/Caixa Econômica Federal/Itaú/HSBC

Market Share – Service Points

- Bradesco
- Caixa
- HSBC
- Itaú-Unibanco
- Santander
- BANESSEL
- BANRISUL
- Brasil
- BV Financeira
- SICREDI

Source: Febraban – December 2013
Case Study 1: Banco do Brasil’s Agent Banking Achievements and Opportunities (2013)

- Account opening, loans and credit card applications;
- receipts;
- social benefits payments.

Network

“Full Services Agent”

Agent - Account Opening

2.4 million new account holders

1.4 million

Agent - Loan Request

1.2 million requests

13% BB credit for consumer
Case Study 1: Banco do Brasil’s Agent Banking Achievements and Opportunities (2013)

Networks

Points/Full Service

MAIS

10,400

BB did not have any kind of presence

55% BB total volume

TRANSACTIONS

6,100

BANCO POSTAL

556 million transactions

1,600 new cities

BB did not have any kind of presence
Case Study 1: Banco do Brasil’s Agent Banking Achievements and Opportunities (2013)

Loan request for house acquisition: 35,000 requests

Loan request for car acquisition: In its early stage, it also occurred in association of agent banking channel.

Pronaf (small farmers’ loans): 26,600 loans
Case Study 1: Banco do Brasil’s Agent Banking
Why is Agent an efficient channel?

☑ Efficient: it allows the expansion of Bank’s presence (increased penetration of its network for product placement and services) in less time (deployment infrastructure and at a lower cost than traditional model) = broader presence + quicker

☑ Effective: it brings banking system to the poorest and those who are in most remote places in the Country where the existence of the traditional = financial inclusion
Case Study 1: Banco do Brasil’s Agent Banking Challenges

- Technology = greater use of technology, automation services;
- Consolidation of Agent Model (economy):
  - Specific piece of law;
  - Creation of specific profession for Agents.
Case Study 2: Bradesco (private sector) Achievements and Opportunities (2013)

Network

“Full Services Agent”

- Forwarding proposals for opening accounts
- Withdrawals and deposits
- Extracts and balances
- Forwarding of loan proposals
- Credit card applications
- Bill pay
- Mobile Recharge
- Payment of social security benefits

Commercial establishments with their own personnel:
- Supermarkets;
- Drugstores;
- Building material;
- Bakeries;
- And...
Case Study 2: Bradesco (private sector)
Achievements and Opportunities (2013)

Network

Monthly transactions: more than 43 million
Case Study 2: Bradesco (private sector) Achievements and Opportunities (2013)

Agent’s Customer Income

<table>
<thead>
<tr>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1 minimum wage</td>
<td>66%</td>
</tr>
<tr>
<td>From 1 to 3 minimum wages</td>
<td>29%</td>
</tr>
<tr>
<td>More than 3 minimum wages</td>
<td>5%</td>
</tr>
</tbody>
</table>

94.8% have income up to 3 minimum wages

Map showing income distribution across different regions of Brazil.
Case Study 2: Bradesco (private sector)
Achievements and Opportunities

Financial Inclusion

- Over 75% of customers have some amount invested in savings.
- 100% have debit card.
- More than 14.2 million accounts opened.
- Payment of more than 2.4 million Social Security benefits monthly.
Case Study 2: Bradesco (private sector)
Success Factors of Bradesco Express

✓ Since Bradesco foundation 71 years ago, Bradesco strategy is to provide services to all Brazilians, and to be present at all locations = presence everywhere and for everybody
✓ Bank’s policy to disclosure Bradesco Expresso.
✓ Benefits to the stores, especially increased flow of people.
✓ Benefits to the community for the convenience of proximity and attendance at non-banking hours
✓ Portfolio of services offered. Bradesco Expresso is not just a bill pay Agent. It offers withdrawals, deposits, forwarding account opening and loan applications, with additional revenue for retailer.
✓ Club benefits: relationship program that generates benefits for participant, such as tariff exemption, most attractive rates for loans and applications
Case Study 2: Bradesco (private sector)  
Challenges

✓ Reducing cash flow in stores, encouraging use of electronic payments.

✓ Transforming Agent to generate more financial services such as loans and account opening.

✓ Lack of specific law. Agent banking is not a banking branch for all legal purposes.

✓ Restrictions imposed by local regulations.
Case Study 3: HSBC-Losango (private sector)
Achievements and Opportunities (2013)

Network

- 43 years in the market, HSBC group company since 2003;
- Integrated solutions for Retailers:
  - consumer credit;
  - credit cards;
  - personal loan;
  - insurance
- Leader in Consumer Credit
  (Goods for home = electro, furniture, building materials)
  17.8% (Bacen, fev.14)

Credit Agent

- 2,000 cities
- 20,000 partner stores
- 2 million credit cards
- 13 million loan proposals/year

- 60% production from small and medium retailers
- Agents banking operating with Internet (Crednet) solution
- Credit decision within 10 seconds
Case Study 3: HSBC-Losango (private sector)
Achievements and Opportunities (2013)

Advantages to stores:

- Another payment alternative for consumers.
- Fast sales process with credit decision within 10 seconds.
- Tailored commercial terms.

Advantages to consumers:

- Access to consumption and credit, primarily to unbanked population.
- Installments of up to 36 times.
- Simple and fast process.
- Different forms of payment: booklet, check or debit.
Case Study 3: HSBC-Losango (private sector) Challenges

- Make credit an ally, contributing to build sustainable retail

- **Training** partners and their sales force to better serve with transparency. Ex.: online training for retail salespeople, with 65K courses held since 2012. (portalparceiros.com.br)

- Bring **information** to consumer in order to decide your purchase consciously, guiding him on how to control your personal finances and avoiding over-indebtedness.
Thank you.

servicosbancarios@febraban.org.br
+55 11 3244-9828