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Adoption of Agent Banking as a Financial System and its Benefits to involved Financial Stakeholders: A case of Bank of Kigali and Equity Bank Rwanda

By

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DECLARATION

I declare that this Dissertation contains my own work except where specifically acknowledged

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May God bless you all!!!!

APPROVAL

This is to approve that this research work entitled "*Adoption of Agent Banking as a Financial System and Its Benefits to Involved Financial Stakeholders: A case of Bank of Kigali and Equity Bank Rwanda*" was developed by NYIRAHABINEZA Asterie under my supervision.

Supervisor:

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ABSTRACT

The study about agent banking and its benefits to involved Financial Stakeholders was conducted in the banking Sector, comprised of two objectives: explore the process for adoption of agent banking for the creation of a financial system: A case of BK and Equity Bank Rwanda; and identify the benefits of agent banking as a financial system for financial stakeholders, including agents and commercial banks, central bank, Access to Finance Rwanda and customers. The agent banking is designed to help commercial banks increase their outreach without incurring additional costs of setting up physical branches. This study used an exploratory case study research design and sample size of 26 respondents. Data were collected using interviews and analyzed using content analysis. The study identified the process of adoption of agent banking as a financial system and benefits to involved financial stakeholders banking to follow the proposed steps. This study found that agent banking adoption process starts with Central bank issuing agent banking guidelines and Commercial banks apply to obtain prior written approval of the Central bank. In this process, commercial banks invite interested agents to apply seeking permission to provide financial services on their behalf. Technological devices such as mobile phone and POS machines and computer machines are used in the process to provide the financial services after signing the contract between a commercial bank and an agent. It benefits Central bank and Access to Finance Rwanda in terms of promoting financial inclusion; increasing the market share and market penetration especially in remote areas for commercial banks. Agents benefit from it, in terms of commission received for agents and customers get convenient access to bank services, for customers. The study concluded that, agent banking that should be adopted by all the commercial banks in order to speed up the promotion of financial inclusion in Rwanda. It therefore recommended that the central bank should provide online approval to easy the process. Commercial banks should keep increasing the number of agents to reach potential customers in unbanked locations. They should also adopt other technological devices to provide agent banking services and offer micro loans via agents. Increase the threshold of cash in and cash out transactions an agent cash effect.

Key Words: Agent, Agent Banking, Stakeholders, financial services, financial system.

LIST OF SYMBOLS AND ACRONYMS

AFR: Access to Finance Rwanda
ATMs: Automated Teller Machines
BANCOR: Banque pour la Confiance d'Or
BBA: Bachelor in Business Administration
BCR: Commercial Bank of Rwanda
BCs: Business Correspondents
BCs: Business Correspondents
BDO: Banca de las Oportunidades
BK: Bank of Kigali
BNR: Bank National du Rwanda
CBB: Central Bank of Brazil
CBK: Central Bank of Kenya
COGEBANQUE: Compagnie Generale de Banque
DC: District of Colombia
Dr: Doctor
EBL: Equity Bank Limited
etc: et cetera
NGOs: Non-Government Organisations
I & M: Import and Export
ICT: Information Communication Technology
ID: Identity
KCB: Kenya Commercial Bank
MFIS: Micro Finance Institutions
MSMEs: Micro, Small and Medium Enterprises
MTN: Millennium Telecommunication Network
NB: Note Bien
NBCs: Non-Bank Correspondents
NBR: National Bank of Rwanda
KYC: Know Your Customer
OPM: Oxford Policy Management Limited
PhD: Philosophiæ Doctor
POS: Point of Sale
RBI: Reserve Bank of India
Rwf: Rwandan Franc
TV: Television
UK: United Kingdom

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Agency banking refers to contracting of a retail or postal outlet by a financial institution or a mobile network provider to process bank clients' transactions (Njagi, 2013). According to OPM (2011), regulations related to agent banking were originally developed in Brazil in 1979. However, agent banking did not really take off until 1999-2000 when the Central Bank of Brazil's (CBB) regulations allowed a wider variety of services to be offered by agents, notably receiving account opening applications, performing deposits and withdrawals and effecting bill payments (OPM, 2011). Banca de las Oportunidades (BDO) of Columbia has been involved in several regulatory changes, including the creation of agents, called 'Non-Bank Correspondents' (NBCs), and low-value savings. The Reserve Bank of India (RBI) allowed banks to use agents such as Business Correspondents (BCs) to deliver financial services outside bank branches (OPM, 2011).

In Africa, Agent Banking developed in 2010. According to the Chiteli (2013), the Central Bank of Kenya (CBK) issued guidelines on the operations of agent banking by financial institutions. Yet little is known about the adaptation of agent banking and its impact by commercial banks. National Bank of Rwanda (NBR) furthermore, presented significant improvements in the banking sector with the introduction of agent banking in Rwanda since agent banking constitutes an innovative delivery channel that seeks to bring access to financial services much closer to users (NBR, 2014).

Agent banking in Rwanda was launched as a result of the spread of regional and pan-African groups of commercial banks since 2003. It challenged the performance of domestically based commercial banks such as the Bank of Kigali, former Commercial Bank of Rwanda (BCR), BANCOR. Such change attracted regional commercial banks such as Kenya Commercial Bank, Equity Bank, Crane Bank and I & M Bank and some pan African group of commercial Banks (i.e. Access Bank, Ecobank). These banks adopted agent banking as the best channel for the financial system to benefit varied financial stakeholders (i.e. government, businesses, customers and agents (NBR, 2015).

Considerable progress was made to restructure and renovate Rwanda's banking system (BNR 2015). The motivation for adopting agency banking was to enable Rwandan financial institutions to take advantage of the cost saving and accessibility brought about by the branchless banking (Mwangi et al,.2016). Banking in Rwanda consists of twelve commercial banks, of which eight are foreign, one development bank, three microfinance banks and one cooperative bank (NBR, 2016). It is highly concentrated, but aggressive in core markets. Innovation such as mobile, internet and agent banking have the potential to change existing business models for providing services to presently under-served population and reduce the cost of mobilizing savings.

In 2012, Kenya Commercial Bank took the lead in launching agent banking in Rwanda. BK followed in 2012, Equity Bank in2012, and finally Cogebank in 2014. The launch of agent banking services improved the financial service delivery to customers who were initially unable to reach the formal branches of these banks. In Rwanda, a bank agent is a commercial entity that has been contracted by commercial banks and approved by the National Bank of Rwanda to provide the specific services on behalf of the bank (Mwangi et al., 2016). Mwangi et al., (2016), further said that agents are equipped with the skills necessary to provide basic banking services according to standards set by the banks with commercial bank key objectives of offering the full range of banking services to their customers without them having to visit branch.

1.2. Problem Statement

Recently, Rwandan banking industry operates in a dynamic environment as they compelled to look for new markets and the need to bank the unbanked in remote areas. Some commercial banks adopted the use of agent banking to reduce financial exclusion in Rwanda (Mwangi, Kigabo, Kihonge & Kibachia, 2016). Agent banking enhances financial inclusion by reaching people that traditional branch based structure would have been unable to reach (BNR, 2016).

There are a number of studies on agent banking operations in different part of the world. Adopting agent banking is a way to reach people in remote areas (Njunji, 2013) in her qualitative study conducted in Kenya. Agent banking narrows the costs with the possibility and availing financial services at much lower cost to consumers (Bean 2009) in his qualitative research conducted in Kenya. Njunji (2013) in her quantitative study conducted in Kenya identified three types of agent banking delivery channels: POS, cell phone and account linked to a bank wallet. Kiburi (2016) citing Kasekende (2008) in their quantitative study conducted in Kenya presented that regulation enabling agent banking allows for sufficient business incentives for both agents and financial institutions to increase outreach by delivering financial services through a network of agents.Agent banks offer similar services in the range of cash in and cash out, disbursement and payment of loans, transfer of funds and issuance of mini-bank statements (Kiburi, 2016) in his quantitative research in Kenya. BNR report (2016 page 22) revealed that the adoption of agent banking brought in 4342 agents compared to 2978 in 2015.

Despite the existing studies there is no study conducted on the process to create financial system by means of agent banking and its benefits to involved financial stakeholders. There are also no studies conducted on this topic in Rwanda. This type of studies is important to advance our knowledge on agent banking given that this is a practice adopted in Rwanda.

1.3. Research Objectives

1.3.1. General Objective
The main objective of this study is to explore the process by which commercial banks create an agent banking financial system that aims to benefit financial stakeholders. To fulfill this purpose, we rely on an exploratory case study of Bank of Kigali and Equity Bank operating agent banking located in Rwanda from the point of view of financial stakeholders i.e. Central bank managers, commercial bank managers, agents of BK and Equity, Access to Finance Rwanda (AFR) manager and the customers using agent banking services

1.3.2. Specific Objectives
- To examine the process of adoption of agent banking for the creation of agent banking financial system in the case of Bank of Kigali and Equity Bank Rwanda.
- To identify the benefits of the agent banking financial system for the involved financial stakeholders including the Agents and Commercial banks, Central bank, Access to Finance Rwanda and Customers accessing bank products.

1.4. Research Questions
- What is the process of adoption of agent banking as a financial system in the case of Bank of Kigali and Equity Bank Rwanda?
- What are the benefits of adopting agent banking as a financial system to involved financial stakeholders including the Agents and Commercial banks, Central bank, Access to Finance Rwanda and Customers accessing bank products?

1.5. Significance of the Study
This thesis aims to make a contribution to the literature on agent banking particularly focused on the context of Rwanda. The existing literature indicates that there is little knowledge about the process to adopt agent banking. The thesis is relevant to Commercial Banks that have adopted agent banking, bank agents, Central bank, Access to Finance Rwanda and Customers using bank agents. For the Central bank, the results of this thesis can help in preparing the proper adoption guidelines for commercial banks and bank agents. For Commercial Banks, this thesis can raise awareness of adoption process to implement agent banking and generate benefits.

For Access to Finance Rwanda, this thesis can help to know how use of agent banking contributed to promotion of financial inclusion. For agent banking customers, the study can help them to become aware of the functionality of agent banking and financial services to be accessed without necessarily visiting the traditional bank branches.

1.6. Limitations

The use of exploratory case study in this thesis presented a number of limitations. This study involved conducting interviews with key financial stakeholders such as managers of the central bank, managers of commercial banks BK and Equity Bank Rwanda, manager of Access to Finance Rwanda, collecting primary these managers was also an arduous task. They postponed appointments on several occasions. In addition to that, there was a limited literature on adoption of agent banking on the grounds that this topic seems to be new. Besides, five agents and four customers from each commercial bank (BK and Equity Bank) in Nyarugenge district out of many. A bigger number of agents and customers would have been good the increase the external validity of the case study in Nyarugenge district for both BK and Equity Bank Rwanda. Furthermore, the translation of the interviews with bank agents and customers from Kinyarwanda to English was not easy at all. Moreover, several respondents did allow to record the interview. However, the findings and analysis were double check with them.

1.7 .Key Words

17.1.Agent

BNR guidelines (2011and 2017) define an agent as a company contracted by an institution and approved by the central bank to provide the services on its behalf. Mwangi et al., (2016) highlighted that a bank agent is a commercial entity that has been contracted by commercial banks and approved by the national bank of Rwanda to provide the specific services on behalf of the bank.

17.2.Agent Banking

Ndirangu Duncan Kabira (2011) pointed out that agent banking is about the provision of financial services outside bank branches using non-bank retail outlets that depend upon technologies i.e Point of Sale machines and mobile phones to effect transactions.

1.7.3.Mobile Banking

This refers to the performing the banking activities which primarily consists of opening and maintaining mobile accounts and effecting cash in and cash out transactions using mobile devices (Afework, 2015).

1.7.4.Internet Banking

It can be defined as a provision of banking services and the initiation and performance of payments through the banking system by electronic means and other advanced technologies (Apostolos, 2006).

1.7.5.Financial system

Boot & Thakor (1997) pointed out that financial system function is to facilitate the transfer of resources from savers to those who need funds in efficient way. It is complex comprising many types of private sectors, financial institutions including banks, insurance companies, mutual funds, finance companies and investment banks, all of which are heavily regulated by the government (Mishkin, 2001)

1.7.6.Financial Service

It refers to the full array of functions performed by financial institutions, including but not limited to the acceptance of deposit, lending, payment services, securities underwriting and trading, asset management, financial advice, settlement and clearing services (Apostolos, 2006).

1.8. Organization of the thesis

Chapter one included the introduction, background to the study, problem statement, research objectives, research questions, significance of the study, limitations of the study and organization of the thesis. Chapter two comprises of the introduction, concept review, theoretical review, conceptual framework, empirical review and the research gap. Chapter three presents the research design, study population, sampling techniques, sampling design, data collection methods, data analysis and ethical consideration. Chapter four presents the analysis and interpretation. Chapter five covers findings, conclusion and recommendations.

CHAPTER TWO: LITERATURE REVIEW

2.0.Introduction

This chapter reviews literature on basic concepts, perspectives and conceptual framework, empirical studies on agent banking. It also discusses the research gaps.

2.1.Conceptual Review

2.1.1.Agent Banking

BNR guidelines (2011) defines an agent as a company contracted by an institution and approved by the central bank to provide the services on its behalf. Mwangi et al., (2016) highlighted that a bank agent is a commercial entity that has been contracted by commercial banks and approved by the National Bank of Rwanda to provide the specific services on behalf of the bank. Ndirangu Duncan Kabira (2013) pointed out that agent banking is about the provision of financial services outside bank branches using non-bank retail outlets that depend upon technologies i.e. Point of Sale machines and mobile phones to effect transactions. The services can include mobile baking and Internet banking. Mobile banking refers to the performing the banking activities which primarily consists of opening and maintaining mobile accounts and effecting cash in and cash out transactions using mobile devices (Afework, 2015).Internet banking refers to the provision of banking services and the initiation and performance of payments through the banking system by electronic means and other advanced technologies (Apostolos, 2006)

2.1.2.Financial system

Boot & Thakor (1997) pointed out that financial system function is to facilitate the transfer of resources from savers to those who need funds in efficient way. It is complex comprising many types of private sector, financial institutions including banks, insurance companies, mutual funds, finance companies and investment banks, all of which are heavily regulated by the government (Mishkin, 2001). The agent banking financial system aims to provide financial services and financial inclusion. The financial services refer to the full array of functions performed by financial institutions, including but not limited to the acceptance of deposit, lending, payment services, and financial advice (Apostolos, 2006). According to the World Bank (2017), agent banking provides financial inclusion. Financial inclusion means the provision of range of quality and available financial services to the underserved and financially excluded (World bank, 2017).

2.1.3Agent Banking in Rwanda

Mwangi et al., (2016) elucidated that a bank agent is a commercial entity that has been contracted by a commercial bank and approved by the National Bank of Rwanda to provide specific services on behalf of the bank. The BNR report (2016: p.g 22) highlighted that, the banking sector continued to expand with banks' total assets increasing by 13.9% in June 2016 from Frw 2.0 trillion in June 2015 to Frw 2.3 trillion in June 2016.

BK annual report (2016: p.g 13) revealed that agent banking has been a big opportunity for expanding access to financial services almost anywhere in Rwanda and inclusion for Rwandese. The same report presented provision of bank services through the BK audited report (2016: p.g 4) presented that BK YACU platform is used by 1280 Bank's agents to connect customers to their accounts in BK core banking system to effect cash in and cash out transactions.

The annual report also revealed that over 1,450,000 transactions had been performed through the Agent Banking network, with net deposits amounting to over Rwf 151.5 billion (BK, 2015:p.g 10). The similar report of Equity Bank Rwanda (2016) presented that over 392,000 customers spread across a network of 11 branches strategically located countrywide, supported by 1700agents 126 merchants, 15 ATMs, mobile and Internet banking services. (Equity bank, 2015)

BNR guidelines on agent banking (2011:p.g 1, 2017: p.g 65) state that "an agent may provide the banking services as may be specifically agreed between it and the institution. These bank services include cash deposit and cash withdrawal, cash disbursement, collection of documents in relation to account opening, loan application, and any other activity as the central bank may prescribe".

2.1.4. Agent Banking as a Financial System

Agent banking is a model for providing financial services that involves a bank to partner with a retail agent in order to extend financial services especially in remote, rural areas or low population density where the cost of opening a branch may not make business sense (Kanini, 2011) citing Mas, 2008; Mas & Siedek, 2008). Kanini (2011) emphasized that agent banking allows customers conducting a limited range of financial transactions at third party retail outlets

including post offices, supermarkets, general and grocery stores, pharmacies, and gas stations, among others, located in remote areas.

Agent banking is a branchless banking model that opens up new windows of opportunity for financial institutions to reach out to more people. Boot & Thakor (1997) pointed out that financial system function is to facilitate the transfer of resources from savers to those who need funds in efficient way. Siddiquie (2014) argued that agent banking is one of the most popular financial service in the world where there are difficulties in accessing geographical location easily. Barasa and Mwirigi (2013) in citing Kasekende (2008) revealed that regulations enabling agent banking allows for sufficient business incentives for both agents and financial institutions to increase outreach by delivering financial services through a network of agents.

Hanning and Janson (2010) further identified that policies that enable banks to contract with non-bank retail agencies as outlet for financial services have proven highly successful in advancing financial inclusion where bank branches are not economically viable.

They went ahead to point out that collaboration among banks and agents has become possible as technology which reduced the cost and risks of the remote exchange of information to carry out financial transactions. Kiburi (2016) portrayed that financial service businesses all over the world are increasing using agents to conduct activities that businesses themselves would normally have undertaken. There are several perspectives that have examined agent banking; this includes branches banking that specifically investigates bank–led theory, non-bank–led theory and bank-focused theory (Njagi, 2014). While these perspectives do not necessarily approach it from a system perspective, it an initial attempt to identify the different aspects of a system. This new financial "banking" system represents a new way of distributing financial services which involves financial institutions to do so outside traditional bank premises.

2.1.5. Conceptual Framework

This thesis investigates its objective and research questions in line with conceptual framework. The adoption of agent banking in Rwanda must follow the following steps by starting with the central bank as a regulator which issues agent banking guidelines. These guidelines enable commercial banks to operate agent banking after obtaining written approval of the Central Bank. Commercial banks in their internal regulations invite interested agents to apply seeking permission to be providers of financial services on their behalf. Central Bank in collaboration with commercial banks specifies the electronic devices (POS, mobile phone and computers)

required to operate agent banking. These technological devices vary from one commercial bank or bank agent to another, depending on whether the commercial bank/ agent uses mobile banking or internet banking. The adoption as per the model below specifies the territorial coverage, number of agents required, services to offer as well as most important elements of the contract between the parties. The process to adopt agent banking finally gives benefits to financial stakeholders in quality of Central bank; customers; bank agents, the commercial banks and Access to Finance Rwanda.

Figure 2.1.: Conceptual Framework of Agent Banking System

Agent regulatory framework
- Central Bank's internal controls
- Commercial bank Agent's operational controls

1

Setting IT infrastructure
- Internet banking
- Mobile banking

2

Agent banking Operations
- Territorial coverage
- Number of Agent's
- Services to offer

3

4

Benefits to Stakeholders:
1. Commercial banks
- New markets
- New customer service channel
- Cost saving
2. Bank Agents
- Commission received
- New created jobs
  any time
- Economic growth

3.Customers
- Security from long walk
- Ease of Access
Convenient any time
4.Cental Bank
- Financial Inclusion
Economic growth
5.Access for Finance Rwanda
- Financial inclusion

Source Research's own work (2017)

2.2. Theoretical review

2.2.1. Agency Theory

In agency relationship, the principal delegates work to an agent (Kiburi, 2016).In relation to bank-led theory, Njagi (2014) highlighted that a licensed financial institution delivers financial services through a retail banking. Njagi (2014) citing (Lyman, Ivatury and Staschen, 2006) argued that the bank develops financial products and services but distributes them through retail agents who handle all or most customer interactions. The bank led theory deals with customer requests financial services and retail agent checks customer's ID and processes transaction,

either directly through bank infrastructure (POS) or through payment processing agent, which enables bank credits and debits bank accounts of customer and other party to the transaction.

2.2.2: The Bank Process Models

Table2.1: The bank-led process model

Customer	Retail Agent	Bank
Step1: Customer requests financial services Examples of services offered: Deposits and withdrawals, money transfers, loan/bill/tax payments, loan application and disbursal, account opening and credit card application acceptance.	Step2: Retail agent checks customer's ID and processes transaction, either directly through bank infrastructure (POS) or through payment processing agent. Example of retail outlets (grocery stores, lottery outlets, pharmacies, etc.) Socially motivated organizations, post offices.	Step3: Bank credits and debits bank accounts of customer and other party to the transaction. Example of other parties: Includes retail agent (for deposit or withdrawals) and recipients of money transfers (other customers, utility companies, tax authorities,etc.

Source: Adapted from Haziq and Fuzi (2013).

In this model, the bank must conduct an audit of its agents to make sure that the agents work within the generally accepted rules and regulations in order to protect the interests of the bank, agents and the customers (Sunguti, 2013). In relation to non-bank-led theory, he went further citing (Kumar et al., 2006) that Non-bank led theory, customers do not deal with a bank nor do they maintain a bank account. Instead, customers contract with a non-bank firm either a mobile network provider or prepaid card issuer and retail agents serve as the point of customer contact. Under this model the Customer requests sale or financial services using cell phone or smart card, the retail agent checks customer's ID and ceases the transaction on behalf of nonbank using either phone or smart card reader and the non-bank registers transaction updates the virtual e-money accounts belonging to the customer and the other party to the transaction. This manages individual customer accounts and finally the bank holds the non-bank's issuance of e-money on behalf of nonbank. Bank does not have a relationship with customer or retail agent. In this model, the bank must conduct an audit of its agents to make sure that the agents work within the

generally accepted rules and regulations in order to protect the interests of the commercial bank, agents and the customers (Afework, 2015).

Table2.2: Non-bank led-process model

Customer	Retail Agent	Non-Bank retail agencies	Bank
Step1: Customer requests sale or financial services using either cell phone or smart card.

Examples of services offering deposits to and withdrawals from customer's e-money account (cash –in and cash-out) item purchases, money transfers, loan disbursal/ repayment, bill/tax payments. These services may also be accessible directly via cell phone without visiting a retail agent. | Step2: Retail agent checks customer's ID and ceases transaction on behalf of nonbank, using either cell phone or smart card reader.

Examples of retail agent: Airtime vendors, department stores, supermarkets, other commercial enterprises. | Step3: Non-bank registers transaction, updates the (virtual)e-money accounts belonging to the customer and the other party to the transaction. Nonbank manages individual customer accounts. Examples of other parties: Includes retail agent (for deposits, withdrawals, or item purchases), recipients of money transfers, (other customers, utility companies, tax authorities, etc.) | Steps4. Bank (generally) holds net funds from the nonbank's issuance of e-money on behalf of nonbank. Bank does not have a relationship with customer or retail agent. Examples: This is the practice of mobile phone operations in the Philippines and Kenya, as a simple matter of business prudence, although not required by regulatory authorities in the country. |

Source: Adapted from Haziq & Fuzi (2013).
In relation to bank-Focused theory, he mentioned that, the theory emerges when a traditional bank uses non-traditional low-cost delivery channels to provide banking services to its existing customers (Kapoor,2010).

2.2.3. Stakeholder Theory

According to Spitetzeck and Hansen (2010) citing of Freeman (1984) argued that, a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholder theory integrates the *supervisory power model,* which claimed that the reason of a corporation is the maximisation of corporate wealth. Nevertheless, this increased the problem of directors acting in their own self-interest, as they support policies

that led to the protection of their positions and powers in the company (Hutton, 1995; Kay and Silberston, 1995). Indeed, the executive power model claimed that the purpose of corporation is the maximisation of stakeholders' wealth as a whole. (Nwanji & Howell, 2004)

From the corporate perspective, some stakeholders such as employees and customers are critical for corporate survival as they provide the organization essential resources. In the researcher point of view, it clear that for this study financial stakeholders such as Central bank, Commercial Banks, Bank agents, Access to Finance Rwanda and the customers were identified as critical stakeholders who directly were involved in the implementation of agent banking in Rwanda

This line of reasoning is usually referred to as instrumental stakeholder theory and provides a basic rationale for the question of why stakeholder concern should be considered in the way in which an organization is directed and controlled.According to Nwanji & Howell (2004) presented that since 1980s stakeholder theory has developed the position that the organization has a ethical relationship with groups other than investors (Freeman, 1984). This is from the assumption that an organizations as well as individuals hold moral status and consequently should operate in an ethical answerable way. Evan and Freeman (1993) considered that acting in a moral responsible manner involved two important principles. The first principle entailed harming the rights of others and was based on deontological ethical reasoning. The second principle being accountable for the effect of the organization's actions and was based on teleological ethical reasoning.

2.2.3.1. Stakeholder Value Theory

The intention of stakeholder theory is to offer an alternative purpose of the firm. Stakeholder theory suggests the purpose of the firm is to serve broader societal interests beyond economic value creation for shareholders alone. It is becoming central to the important story of business in society. The concept of Stakeholder theory is ascribed to R. Edward Freeman (1984) whose original concept was that managers have a moral obligation to consider and appropriately balance the interests of all stakeholders. Evan and Freeman (1993) stated, "A stakeholder theory of the firm must redefine the purpose of the firm…the very purpose of the firm is…to serve as a vehicle for coordinating stakeholder interests" (pp. 102-103).

2.2.3.2. Instrumental Stakeholder Theory

According to Saint & Tripathi (2006) citing Donaldson and Preston (1995), the instrumental view "establishes a framework for examining the connections, if any, between the practice of stakeholder management and the accomplishment of different corporate performance goals".

2.2.3.3. Normative Stakeholder Theory

Normative stakeholder theory therefore is the "elementary basis" of stakeholder theory (Donaldson & Preston, 1995, p. 68). Saint, & Tripathi, (2006) explained that normative stakeholder theory supposes that all stakeholders have central value and no stakeholder has a priority of interests over other stakeholders. The normative aspect has two assumptions that are different from shareholder value theory: relational interest compared with self-interest and balancing instead of maximizing. According to the BNR (2015) the main stakeholders that benefits from the existence of agent banking include the central bank, commercial banks, bank agents, customers using bank agents' services and Access finance Rwanda.

2.3. Previous Studies on Agent Banking

The empirical studies have produced conflicting results. In a study focused on the regulations, Watiri (2011) in her qualitative research conducted in Kenya targeting managers of commercial banks noted that, comparing to Kenya, the South African regulatory framework provides open caution to banks to use nonbank third parties to give banking services outside their conventional bank branch, either as agents or through outsourcing arrangements. This is similar to agent banking in Rwanda which started by the central bank guidelines on agent banking. It also gives a clear picture of the list of financial services to be offered outside the traditional bank network using agents.

In another study by Mwando (2013) in his quantitative research that was conducted on agents and commercial banks in Kenya, citing Bold's study (2011) conducted in Brazil identified that some countries restrict the locations of agents though such transactions are sometimes eased when regulators recognize that regulators create obstacles to financial inclusion. In addition to

this, Mwando (2013) in his quantitative research conducted in Kenya, on both agents and commercial banks citing Tarazi and Breloff (2011) found that regulations often impose some form of "fit and proper" requirements, mandating a form of agent due diligence that requires financial institutions to verify that potential agents have good reputations, no criminal records, and no history of financial trouble or insolvency.

Moreover, Mas and Siediek (2008) in their study, viewed that a bank without a large network of branches faces a challenge of failure to bank with another bank due to associated charges. Ivatury and Mas (2008) in his qualitative study in Russia portrayed a system whereby the agent has a contract with at least one bank but may service customers of other banks with which it does not have a direct contract as long as the agent transactions for these other issuing banks are governed by the contract between the agent and its own acquiring bank and a separate agreement between the issuing bank and acquiring banks.

Kanini (2011) in another quantitative research that was carried out in Kenya on the managers of commercial banks, found out that the success of agent banking is based on the simplicity of banking by the agent. In Brazil for example, the existing IT infrastructure allows any agent to cash -in in any bank to be deposited to his own bank at no fee. It is consequently not required for an agent of one bank to travel long distances to deposit cash, in his own bank branch.
Bean (2009) in the qualitative research conducted in England argued that an agent banking has narrowed the costs and improves efficiency in the financial sector with the possibility and availing financial services at much lower cost to consumers. Njunji (2013) in citing Podpiera (2008) in her quantitative study conducted in Kenya found that Agent banking improve the economics for these institutions compared with branches, especially for high-transaction, low-balance accounts that are familiar among poor users. Njunji continued by identified three types of agent banking delivery channels: POS, cell phone and account linked to a bank wallet.Kiburi (2016) citing Kasekende (2008) in his quantitative research conducted in Kenya presented that regulation enabling agent banking allows for sufficient business incentives for both agents and financial institutions to increase outreach by delivering financial services through a network of agents. Agent banks offer similar services in the range of cash in and cash out, disbursement and payment of loans, transfer of funds and issuance of mini-bank statements (Kiburi, 2016).

2.4.Research Gaps

In different countries, research studies were conducted on agency banking services. However, none of these studies focused on the process of adoption of agent banking by involving different financial stakeholders in Rwandan commercial banking context. This research however, will therefore explore the process of adoption of agent banking and its benefits to involved financial stakeholders for commercial banks, Central Bank, agents, Customers as well as Access to Finance Rwanda. To identify the benefits to financial stakeholders, this thesis examines the process that commercial banks go through to create financial system by means of agent banking.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter covers the research design methods and techniques that were used in the data collection, the various sources of data a collected, the main research instruments that were used in data collection the techniques that were used to analyze data as well as the ethical consideration.

3.2. Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2008). This study conducted an exploratory case-study. This is initial research that tries to look for patterns in the data. In this type of research, you would collect data on a phenomenon that is scarcely research, i.e. agent banking adoption process and benefits for financial stakeholders. The case study is an exhaustively exploration of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). This was the most suitable plan since only two commercial banks were studied and it provided an in depth analysis of Bank of Kigali and Equity Bank and the adoption of agency banking and its benefits to involved financial stakeholders.

3.3. Area of Study

The area covered by this study is the City of Kigali, in Nyarugenege district. This area was preferred because of having many agents who represent both Bank of Kigali and Equity Bank and the hosting district of the two-bank headquarters.

3.4. The Population

Kothari (2008) pointed out that the target population can be defined as the totality of cases that conform to some designated specification. In this study, the target population was the Commercial Bank Managers that have launched agent banking in Rwanda including the Bank of Kigali and Equity Bank, the Central Bank managers dealing with the implementation of agent banks, the Access to Finance Rwanda Manager and the

customers dealing with bank agents. These two banks were chosen on the ground that they were the only two commercial banks in Rwanda with many agents countrywide and have been implementing agent banking with a note of success in Rwanda. For example, Bank of Kigali and Equity Bank registered 1280 and 1700 agents respectively by December 2016.

3.5. Sampling technique and Sampling Design

This study used convenience sampling technique for the bank agents and their customers and judgmental sampling technique for the three managers from each bank that deal with agent banking and two managers from the central bank and one manager from Access to Finance Rwanda. Convenience sampling refers to the collection of information from respondents who are easily accessible. Judgemental sampling refers to the collection of information from respondents who are more knowledgeable in the subject matter (Kothari, 2008).

3.6. Sample Size

Sample size refers to the number of items to be selected from the universe to constitute a sample (Kothari, 2008). The case study includes 27 interviews as indicated in the below table:

Table 2.1: Categories of respondents for interview guides

Respondents	Gender		Number
	Male	Female	
Central bank managers	2		2
Commercial Bank Managers	4	2	6
AFR Manager	1		1
Commercial Bank Agents	4	4	8
Customers	5	5	10
Total			27

Source: Primary Data

3.7. Data Collection Methods

A case study is a method for exploring the life of a social unit that unit can be a person, a family, institution, culture group or even an entire community (Singh, 2006). In most cases, a case study method selects a small geographical area or a limited number of individuals as the subjects of study (Yin,1994). The exploratory case study in the Nyarugenge district explores a contemporary real-life phenomenon through detailed contextual analysis of adoption of agent banking as a

financial system. Therefore, 26 respondents were selected to ensure that they provide the needed information for the study.

3.7.1. Instruments for data collection

Interviews have been used as a research instrument to examine the phenomenon of adoption of agent banking and its benefits to involved financial stakeholders, 26 respondents were interviewed using a semi-structured interview guideline to address managers of central bank, managers of commercial banks (BK and Equity Bank Rwanda, manager of Access to Finance Rwanda, Bank agents and customers in Nyarugenge district. The interviews conducted in this thesis are specified in table 3.2 next page.

Table 3.2:Interview details

Interview	Involved Financial Stakeholders (Managers of Central bank, Commercial banks, Access to Finance Rwanda, bank agents and customers)	Length of the interview	Date	Follow up-questions	Date
1	Manager BNR –A	40 minutes and 5 seconds	15/06/2017	8 minutes and 20 seconds	2006/2017
2	Manager BNR-B	45 minutes	17/06/2017	8 minutes	21/06/2017
3	Manager BK-A	35 minutes	17/06/2017	4 minutes	21/06/2017
4	Manager BK-B	37 minutes and 2 seconds	17/06/2017	5 minutes	22/06/2017
	Manager BK-C	40 minutes	17/06/2017	6 minutes	19/06/2017
5	Manager Equity Bank A	38 minutes	18/06/2017	5 minutes and 30 seconds	20/06/2017
6	Manager Equity Bank B	30minutes and 15 seconds	19/06/2017	9 minutes and 5 seconds	23/06/2017
7	Manager Equity Bank C	45 minutes	20/06/2017	10 minutes	21/06/2017

8	Manager AFR	35 minutes	21/06/2017	6 minutes	22/06/2017
9	Agent BK-A	31 minutes	22/06/2017	9 minutes	23/06/2017
10	Agent BK-B	42 minutes	23/06/2017	7 minutes	24/06/2017
11	Agent BK-C	34minutes	24/06/2017	13 minutes	26/06/2017
12	Agent BK-D	36 minutes	24/06/2017	3 minutes	24/06/2017
13	Agent BK-E	31 minutes	24/06/2017	11 minutes	19/06/2017
14	Agent Equity Bank-A	38 minutes	24/06/2017	9 minutes	
15	Agent Equity Bank –B	30 minutes and 20 seconds	2506/2017	5 minutes	
16	Agent Equity Bank –C	32 minutes	25/06/2017	6 minutes	
17	Agent Equity Bank –D	33 minutes	25/06/2017	8 minutes	
18	Agent Equity Bank –E	41 minutes	26/06/2017	4 minutes	
19	Customer BK-A	32 minutes	26/06/2017	7 minutes	
20	Customer BK-B	34 minutes	26/06/2017	5 minutes	
21	Customer BK-C	33 minutes	27/06/2017	7 minutes	
22	Customer BK-D	32 minutes	27/06/2017	4 minutes	
23	Customer Equity bank A	34 minutes	27/06/2017	10 minutes	
24	Customer Equity bank B	32 minutes and 15 seconds	28/06/2017	6 minutes	
25	Customer Equity bank C	30minutes	28/06/2017	8 minutes	
26	Customer Equity bank D	36 minutes	28/06/2017	7 minutes	

3.8. Data Analysis

Data analysis in this exploratory case study consisted of transcribing interviews and notes, preparing and organizing the data for analysis, then reducing the data into themes through a process of coding and condensing the codes and finally representing the data in figures, tables or a discussion (Creswell, 2007). The analysis of data was made using the pattern matching technique developed by Yin (1989) which is a way of relating the data to the propositions of the conceptual framework even though the entire study consists of only a single case. The pattern matching compares the empirical data pattern with the elements of the conceptual framework to strengthen the internal validity (Yin, 2003). This technique implies that there is a comparison of the outcomes of the interview data within participants and also, with the conceptual framework.

3.9. Quality and Ethical Criteria

The key quality control issue deals with the validity of a study and its findings. A valid study is one that has been properly collected and interpreted its data, so that the conclusions accurately reflect and represent the real world that was studied (Yin, 1994).

All research needs criteria that guarantee its quality. There are two criteria that are commonly used to achieve quality in qualitative and quantitative studies like a case study: validity and reliability. Yin (1994) proposed that researchers could apply different tactics to strive for validity and reliability when conducting case studies. Validity is about accuracy and whether the operationalization indicates what it is supposes to measure (Neuman 2000 cited by Ramírez-Pasillas (2004)). Yin (1994) in Ramírez-Pasillas (2004) describes three types of validity: construct validity, internal validity and external validity.

Construct validity requires that measures have clearly defined conceptual boundaries (Neuman, 2000 cited by Ramírez-Pasillas, 2004). To construct validity, the researcher used multiple sources of evidence starting from managers of the central bank, managers of Commercial Banks, manager of Access to Finance Rwanda, Bank agents to Customers, and then, established a chain of evidence with the data collected relying on the comparison between the data and the conceptual framework. Internal validity is mainly a concern for explanatory cases in which the researcher is interested in determining casual relationships. In this thesis, even though the aim was not to establish casual relationships but to explore the sustainability aspects, Yin (1994) also

introduced different tactics to support internal validity: to have different propositions within a theory that guides the whole research process (i.e. pattern matching), to build a theory out of the case (i.e. explanation building) and to use different time-series analysis to evaluate changes and evolution (i.e. time-series analysis). This thesis relied in pattern matching.

External validity is about defining an area in which the findings of a study can be generalized analytically. Yin (1994 cited by Ramírez-Pasillas, 2004) proposes to use a theory in single case studies that help to identify later other cases to which the results can be generalize. He also suggests conducting embedded cases to come across the boundaries of a single case. Two commercial banks were selected in this case study, which allowed the researcher to compare answers, and its linkage with the conceptual framework. This thesis relied on different types of stakeholders to support the reliability of the case study (i.e. managers, bank agents and customers). Thus, this allowed the comparison of their answers that were listed in tables.

The other quality criterion is reliability which is about consistency; it is the expectation that there will not be any different findings each time the measurements are used (Nardi, 2003 cited by Ramírez-Pasillas (2004). In this thesis, a data base by summarizing extracts of interviews in tables have been developed and presented in this thesis.

On table 3.3. on the next page, the quality and ethical criteria used in this thesis are specified. A database was developed with the data collected. Another tactic was to ask informants to read the research report in order to corroborate the information. In order to ensure the ethical consideration in the research; the selected participants were stakeholders which are directly linked to the water projects. The confidentiality of respondents was assured during the study.

Table 3.3: Quality and Ethics of the research design

Tests	Objective	Operationalization
Construct validity	Establishing correct operational measures for the concepts being studied.	Interview guide questions were prepared in reference to the conceptual framework of the study and various financial stakeholders i.e. managers of Central Bank, managers of Commercial Banks, manager of Access to Finance Rwanda, Bank Agents and customers.
Internal validity	Establish correspondence between the conceptual framework and data collection and analysis	To have different propositions within a conceptual framework that guides the whole research process (i.e. pattern matching). Thus, data was collected and analyzed using the conceptual framework
External validity	Establishing the domain to which a study's findings can be generalized beyond the immediate case study.	The study has been conducted in different commercial banks (BK and Equity Bank) in Nyarugenge and can be generalized on other commercial banks because it has been selected from more experienced commercial banks in ooperating agent banking in Rwanda This study relied on different types of stakeholders to support the reliability of the case study (i.e. managers of central banks, commercial banks, Access to finance Rwanda, bank agents and customers.
Reliability	The objective of the reliability of the data which is to ensure that if another investigator follows the same procedures as described by the investigator conducting the research, the former should arrive at the same findings and conclusions.	In the analysis of findings, the researcher used pattern matching in line with the conceptual framework arrive at the same conclusions.
Ethics	Transparency and credibility	The interviews collected were transcribed and organized in table to allow comparisons and creates credibility

Source: Yin (2004:33)

CHAPTER FOUR: ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the analysis and interpretation of the answers from interview of 5 types of respondents namely managers of the central bank, manager of Access to Finance Rwanda, managers of the 2 commercial banks (BK and Equity Bank), Agents of BK and Equity Bank and their customers in Nyarugenge District. The answers from interviews were presented with reference to the 4 components of conceptual framework i.e Agent banking regulations, the used Information Technology infrastructure in agent banking, agent banking operations and the shared benefits to identified financial stakeholders.

4.2. Background of BK and Equity Bank

Bank of Kigali (BK) started operations in Rwanda since 1966. BK Agency Network consists of some of BK's new interrelated innovative financial solutions, targeting to reach out to the rural and urban unbanked, and underserved populations as well us linking Rwandans to the Diaspora through up to date BK remittance Channels. It is the largest bank in Rwanda by market share of total assets, loans, deposits and shareholders' funds. It was officially launched its agency banking service in Rwanda on 28 May 2013 as part of its initiative towards extending financial services to the unbanked and under banked population in Rwanda. This official launch took place after the beginning of the testing phase in October 2012, where over 2000 customers have opened accounts, with total deposits and withdrawals at the outlets amounting to Rwf 6.8 Billion and Rwf 360 Million respectively as at April 2013.

The launch was held at Nyirangarama, a major trading centre in Rulindo District where the Bank has contracted Enterprise Urwibutso owned by renowned entrepreneur Sina Gerard as an agency banking outlet. Under this service dubbed "BK YACU," Rwandans accessed agency banking services through the convenience of neighborhood locations including supermarkets, pharmacies, Business Development Centers, salons, corner shops and other outlets. Since the official launch the number of BK Yacu Agents increased significantly year to year for example, 1029 Agents end 2013 (BK, 2013:15) to 1280 agents end 2016 (BK, 2016: 4). BK Yacu agents vary in number from provinces of Rwanda and Kigali City. The expansion of Agency Banking Network

to 1,280 agents as at 31 December 2016, enabled BK to process over 1,055,043 transactions worth FRw 60.1 billion BK audited report (2016:4).

Equity Bank group was established in 1984 as Equity Building Society (EBS). The Group has registered a variety of key milestones over the years. In 2004, it changed into a fully-fledged commercial bank, Equity Bank Limited (EBL). In 2006, the Group was listed at the Nairobi Securities Exchange where it has become the largest Bank by market capitalization. Equity Bank Rwanda Limited is a commercial bank licensed by BNR in 2011. It is a subsidiary of Equity group holding Ltd. EBL Rwanda began agency banking in August 2012, ten months after starting business in the country.

Table 4.1: Agent Banking Performance in Equity Bank Rwanda

operations	Year/statistics in number or %
Date began operations	**October 2011**
Agency guidelines issued by central bank	**September 2011**
First agents operational	**August 2012**
Number of agents	**510**
Number of accounts opened via tellers	**97,927 (33% of total)**
Number of accounts opened via agents	**198,822 (67% of total)**
Deposits via tellers at branches	**23%**
Deposits via agents	**73%**

Source: Equity Bank Group Ltd (2013: 9)

Figure 4.1: Agent Banking Electronic Device used in Equity Bank

Source: Equity bank Rwanda (2013)

4.3. Agent Banking Regulations

In table 4.2 and 4.3 the extracts of the interviews conducted with managers of the Central Bank as well as managers of the commercial banks (BK and Equity Bank), explained on the regulatory framework of agent banking in Rwanda. Both managers of the Central Bank share in common the argument that the process to adopt agent banking start by the establishment of the guidelines about agent banking and provide written approval on the application forwarded by the commercial banks. They also agreed that BNR has the role to enforce it through regular supervision of banks. They further revealed that in the old agent banking guidelines, commercial banks were required to seek approval of the list for specific agents. However, with the new agent banking guidelines in place since February 2017, such approval for specific agents is performed at commercial bank level.

Table 4.2. Additional extract of interviews with managers of central bank about agent banking regulations

Managers of Central Bank	Extracts of interviews
Manager A	BNR responsibility is to provide the guidelines about agent banking operations and give written approval of the successful application submitted by the commercial banks. BNR prepares also consumer protection law that ensures protection and privacy in any transaction effected via bank agents.
Manager B	The Central Bank issues guidelines on agent banking functionality. BNR ensures it is strictly followed through regular supervision of banks.In addition to this, commercial banks are primary users and should ensure agents are respecting rules and regulations in order to be competitive.

In table 4.3, the information gathered from all 6 managers of BK and Equity bank presents commonality in the process to adopt agent banking operations. They all confirmed that, the application should be channeled to the Central Bank to obtain prior written approval. The role of the central bank is to issue agent banking guidelines and also assesses and grants permission upon satisfaction of complete supporting documents. The 6 managers also agreed that, after obtaining the written approval, commercial banks invite those who are interested to present their applications to commercial bank seeking the permission to offer financial services on behalf of the commercial bank. This process ends by signing the contract with the commercial bank to provide financial services on its behalf.

These managers presented different views depending on who reports to who. Agents role ends in dealing and reporting to the commercial banks on the ground that they are not involved in setting regulations governing agent banking even customers never get involved. The commercial banks only deal and report to the central bank seeking agent written approval. The central bank being an oversight body does not report to any other institution but shares information with Access to Finance Rwanda on the overall contribution of agent banking towards promoting financial inclusion in the country

Table 4.3: Additional extract of interviews with managers of Commercial banks about agent banking regulations

Managers of Commercial Banks	Extracts of interviews about agent banking regulations
Manager A- BK	The process of adoption of agent starts by every Institution seeking to conduct financial services through Agents to apply and obtain the prior written approval of the Central Bank.
Manager B- BK	We apply and obtain the prior written approval of the Central Bank before commencing agent banking.
Manager C- BK	We start the process by applying and obtaining written approval of Central Bank.
Manager A- Equity bank	We apply to the Central Bank for obtaining written approval to operate agent banking. After the approval, commercial bank receives applications from agents, assesses and provide approval to start agent banking operations on its behalf.
Manager B- Equity bank	We started the process by applying to the Central B and obtain prior written approval of the Central Bank before commencement of agent banking operations.
Manager C- Equity bank	We apply and obtain prior written permission of the Central Bank before inviting interested agents to apply for the permission to represent our bank in their locations.

4.4.Information Technology Infrastructure

In table 4.4 and 4.5 the extract of interviews from managers of commercial banks (BK and Equity Bank) and their respective agents to identify the electronic devices they use to provide agent banking operations. The interviewed managers in Bank of Kigali shared similarity about the IT infrastructure. "*They agreed that BK agents use mobile phone and POS machine for mobile banking subscribers and Computer machines such as desktop and laptop for Internet banking users*". However, this is a different case for Equity Bank agents. "*Equity Bank agents can either use mobile phones or Point of Sale Machines depending on the choice of the agent*". Therefore, BK managers and Equity Bank Managers have in common Mobile phones and POS machines for their Agents and they differ in terms of using Computers i.e laptops and desktops which are solely in use for BK agents.

Table 4.4: Additional extract of interviews with managers of Commercial banks about IT infrastructures required to operate agent banking

Commercial Bank Managers	Extracts of interviews
Manager A- BK	In our bank, IT infrastructure that an agent needs to provide agent banking financial services is classified into two broad categories: Category one is for agents who use mobile banking which requires the use of POS (Point of Sale) and mobile phone of the bank. The second category is for the agents who use internet banking which requires IT tools such as Desktops, laptops, printers linked directly to bank software to provide agent services to the bank customers.
Manager A- BK	Our bank agents in terms of using IT infrastructure, we use POS machines and Computers depending on whether an agent uses mobile banking or internet banking
Manager C- BK	Our agents to provide agent banking services must possess the following IT Devices: First we started by giving mobile phones to agents. Later BK added POS. However, we advise our agents to use machines i.e. desktop and laptop powered by the internet and are connected to the bank software other than mobile phone and POS.
Manager A- Equity bank	Our Bank specifies that agents to work for us need to have IT infrastructure in place such as a mobile phone and POS machine.
Manager B- Equity bank	We require our agents to have Point of Sale machine in order for an agent to start working for equity bank
Manager C- Equity bank	The agents of our bank use POS machines and mobile phones as IT infrastructures required to operate agent banking transactions.

In table 4.5 about the required Information technology infrastructure, interviewed agents confirmed that, IT infrastructure to use depends on which bank an agent is representing. All BK agents use either mobile phone, POS machine or the computer machine. The use of mobile phone and POS is common among BK and Equity bank agents who are mobile banking subscribers. The difference is only on internet banking subscribers preferring the use of computer machines i.e. laptop and desktop which are connected to the bank server. Many BK agents use internet banking while many agents of Equity bank use mobile banking.

Table 4.5: Additional Extract of interviews with Commercial bank agents about IT infrastructures required to operate agent banking

agent banking Managers	Extracts of interviews
BK Agent A	We provide agent banking services using laptop connected to the bank server in order to provide agent banking financial service.
BK Agent B	We provide agent banking services using POS machines though the bank of Kigali is encouraging its agents to change from POS to the use of computer machines connected to the bank server.
BK Agent C	We need the POS machine to provide agent banking financial services but we have already ordered computer machine in order to start providing the reliable agent banking services to customers.
BK Agent D	We started using POS machine and later we purchased computer machine to serve the customers using it.
BK Agent E	We initially started using the phone, and later we were advised to use the computer machine in order to overcome the problem of connectivity with the bank software.
Equity Bank Agent A	We use both POS machine and mobile phone to provide the financial services to customers.
Equity Bank Agent B	We need to use POS as it is recommended by the bank service provider.
Equity Bank Agent C	We require the POS to provide agent banking services but being out of agent head office we use mobile phone to effect cash in and cash out transactions.
Equity Bank Agent D	We use both POS and mobile phone to effect any transaction with the client.
Equity Bank Agent E	We started using the phone, and later introduced the POS machine.

4.5.Agent Banking Operations

In table 4.6, 4.7 and 4.8, the extract of interviews from managers of commercial banks (BK and Equity Bank), their respective agents and commercial bank customers, present the services offered by the agents to customers, the number of agents and their territorial coverage as well as the most important elements to be included in the contract between commercial banks with agents. On the issue of registered agents so far and their territorial coverage, 3 managers of BK

and 3 ones of Equity bank referred to statistics of the central Bank about 4,342 registered agents in Rwanda by December 2016. BK and Equity bank represent agents of 1280 and 1700 respectively out of 4,342 registered agents in Rwanda. This accounts for almost 69 percent. These agents have tasked to provide agent banking services not only to customers from areas where they operate but also to customers from any part of Rwanda as longer as they visit their outlets. All the 6 managers acknowledged in common the main clauses in the contract between the two parties i.e. commercial bank and agent. These are stipulated in agent banking guidelines of the Central bank (2011:p.g 6; 2017:p.g 77-80) respectively. These include among others*: "the institution is wholly responsible and liable for all actions or emissions of the agent; specific banking services to be rendered by the agent; the rights expectations responsible and liabilities of both parties; duty by the agent to deliver transaction support documents; prohibition from charging the customer any fee; suitable limits on cash holding by the agent and also limits on individual customer payments and receipts; technical description of electronic devices and the clause about termination or cancellation of the contract".*

Table 4.6: Additional extract of interviews with managers of Commercial banks about number of agents, territorial coverage and most important elements of the contract

Managers of Commercial Banks	Extracts of interviews
Manager A- BK	We have registered so far 1275 agents countrywide who generated 1,055,043 transactions worth 60.1 billion Rwandan Francs in 2016.
Manager B- BK	We registered 1270 agents ready to serve the whole Rwanda
Manager C- BK	Similarly, we registered 1280 agents in the whole country serving around 1 million individuals and 100,000 corporate entities in 2016.
Manager A- BK	The most important elements we include in the contract with agents are as follows: the parties to the contract; the services to be offered by the agent; rights, expectations, responsibilities and liabilities of both parties, remuneration of the agent and confidentiality of the customer and user information.

Manager B- BK	Our position on the most important elements in the contract with agents are the following: the parties to the contract; the framework of renewal and termination of contract; the services to be offered by agent; safe record keeping of the relevant documentation; and technical description of electronic devices to be used by agent.
Manager C- BK	The most important elements we put into account in the contract with agents are the following: The parties to sign the contract; the remuneration of the agent; the services to be offered by the agent; prohibition for charging the customer any fees and business hours for the agent.
Equity Bank Manager A	Our bank has registered 1700 agents countrywide
Equity Bank Manager B	We have registered 1700 agents in Rwanda
Equity Bank Manager C	Similarly, Equity bank has registered 1700 agents who provide Equity Bank services in line with their customer's needs and expectations.
Equity Bank Manager A	There are most important elements that we need to reflect in the contract both parties sign such as the parties to the contract, obligations and responsibilities of the parties, remuneration of the agent, and confidentiality of customer and user information and the business hours of the agent.
Equity Bank Manager B	The most important elements we incorporate in the contract with the agent bank include suitable limits of cash holding by the agent and also limits to the individual customer payments and receipts.
Equity Bank Manager C	The most important elements in the contracts are the parties to the contract, the transition clause on the rights and obligations of the institution and agent upon the termination or cessation of the agent contract.

In table 4.7 the agents responses presented similarity in terms of services offered to customers among 10 agents representing both BK and Equity bank. These services include cash withdrawals and cash deposits, transfer money to MTN Mobile money, airtel money and tigo

cash or to customer's other bank accounts, paying bills and buying airtime and electricity. These services are clearly listed in the guidelines establishing agent banking by Central Bank and being presented to agents by the commercial banks. The slight difference is on the irembo related services. "*They are only offered by few selected BK agents who applied to become Irembo agents and have filled Irembo Agent Application form to provide e-government services to citizens*". These services include application for passport fee, application for criminal record certificates, land records, birth and marriage certificates.

Table 4.7: Additional extract of interviews with Commercial bank agents about services offered by agent banking

Commercial Bank Agents	Extracts of interviews about the financial services offered by agents
BK Agent A	We offer cash deposit and cash withdrawals, BK Money, purchase of airtime and provide online services for IREMBO. This enables citizens who want to access public services like paying for Passport fee, different certificates to mention but a few.
BK Agent B	The bank we represent, wants us to offer the following services: cash withdrawal or cash deposit, pay bills and transfer money from one account to another.
BK Agent C	We offer services in quality of cash withdrawal and cash deposits; we also buy airtime or electricity via this network.
BK Agent D	Te services our agency offers, vary in terms of cash in and cash out, account balance inquiry, money transfer from the customer's account to Mobile money, Tigo cash and Airtel Money.
BK Agent E	The following are services we offer: cash deposit and cash withdrawal, money transfer, paying different bills and opening new account for customers.
Equity Bank Agent A	The services offered to customers include cash deposit and cash withdrawals, mobile/Airtel money, Tigo cash, account balance inquiry, Irembo online services, transfer funds and open a new bank account.
Equity Bank Agent B	The services offered to our customers vary from cash deposit or withdrawal, pay the bills, money transfer and inquiry about account balance.

Equity Bank Agent C	We offer the following services: cash in and cash out, account balance inquiry and pay the bills
Equity Bank Agent D	We elucidate services offered to customers in terms of cash in and cash out, purchase airtime and electricity as well as receiving money transfers from MTN, Airtel or Tigo.
Equity Bank Agent E	We provide the following services: cash in and cash out, account opening, school fees and rent payment, and airtel/mobile money.

In table 4.8 the customers of commercial banks of BK and Equity bank shared similarity in terms of transacting with their banks via agent banking. They revealed that they require an active bank account that was opened in either of the bank, an identity card for nationals or a passport for foreigners as well as a subscription to either BK Yacu for BK customers and Equity agent banking for Equity Bank. These are serious requirements for any customer who might be wanting to transac with his or her bank via this model.

Table 4.8: Additional extract of interviews with customers of Commercial bank about the use of agent banking

Commercial Bank customers	Extract of interviews
BK Customer A	We need have a normal operating bank account and have registered for Mobiserve services
BK Customer B	We need to have subscribed to BK Yacu and have opened an active bank account with BK
BK Customer C	We need an Identity card or a passport, subscription to Mobiserve and have opened an operating bank account with BK
BK Customer D	We need to have opened an operating bank account with BK, an ID card or a passport, subscription to Mobiserve.
Equity bank Customer A	We have to open an account with Equity bank and subscribe to equity agent
Equity bank Customer B	We subscribe to equity agent banking and have an account with equity bank
Equity bank Customer C	We have to open an account with Equity bank and subscribe to equity agent as well as having an ID card
Equity bank Customer D	We subscribe to equity agent banking and have an account with equity bank

4.6. The benefits of agent banking as a financial system for agents and commercial banks, the central bank, Access to Finance Rwanda and the customers accessing financial services through agent banking

In table 4.9 the extracts of the interviews conducted with managers of central bank This objective aimed at identifying the benefits presented by each involved financial stakeholder after the adoption of agent banking as a financial system starting from the Central bank; Commercial banks; Access to Finance Rwanda; Agents of commercial banks to the customers transacting with commercial banks using agent banking Though these financial stakeholders get involved fully or partially in the adoption of agent banking as a financial system they get varied benefits. The managers of Central Bank as an oversight body of financial sector in Rwanda share in common the benefits of this model in terms of easy access to finance which ultimately leads to the financial inclusion among Rwandans.

Table 4.9: Additional extract of interviews of managers of Central bank about the benefits of adopting agent banking as a financial system

Managers of Central Bank	Extracts of interviews
Manager A	After the guidelines of operating agent banking in Rwanda in 2011 and revised regulation of 2017 and the launch of this product in 2012 by some of the commercial banks, it has contributed significantly in promoting the financial inclusion which brings about financial development, and ultimately economic growth.
Manager B	The benefits of the Central Bank can be viewed in a global context. Agent banking promotes financial inclusion which leads to economic growth and development. Therefore, BNR encourages not only agent banking but also other products that aim at reaching out unbanked population.

In table 4.10, the common understanding of BK Managers as well as Equity Bank Managers are the following :throught agent banking, the bank reach all areas using limited resouces. They differ in their strategies in a sense that, BK managers consider agent banking as a strategy of widening distribution of their financial services in existing market. This enables the bank to reach all urban and rural areas as fast as possible while Equity Bank, young in the market considers agent banking as a market penetration strategy in Rwandan Banking sector This is

evidenced by its share on the total registered agents in Rwanda whereby out of 4,342 agents Equity bank itself acccounts for 1700 agents.

Table 4.10:Additional extract of interviews of managers of Commercial banks about the benefits of adopting agent banking as a financial system

Managers of Commercial Banks	Extracts of interviews
BK Manager A	Our bank gets several benefits through dealing with agents. These include: improving the bank services to the customers, increasing the sales volume of the bank, increasing the cash access in the country, playing a part in promoting financial inclusion in the country and increasing BK market share.
BK Manager B	The benefits we obtain through agent banking include availing BK financial services closer to the customer, meeting the expectations of BK customers, availing BK products and services in all parts of the country, contribution to the government program of creating at least 200,000 off farm jobs in the country, and reduces time it used to take a customer to access BK products and services.
BK Manager C	With agent banking we benefit from widening the accessibility of the bank services in the country, responding to customer needs and expectations of seeing BK services close to them, improving the customer service and keeping consistency in providing expected services to customer.
Equity Bank Manager A	Our Equity Bank benefits from use of agents in terms of easing cash withdraw or cash deposit, acquire and repay loans, pay bills and transfer money, ease financial transactions, financial services nearer to the people as they no longer walk long distances to deposit or withdraw money.
Equity Bank manager B	We can realize that, agent banking helped more people, especially in rural areas to join the formal banking sector and boost banks' deposits and capacity to lend to the private sector.
Equity Bank manager C	Our Bank benefited from it in terms of enabling it to reach financially challenged clients in urban and rural areas. It was also viewed as market penetration strategy by equity bank to reach many customers at the minimal costs.

In table 4.11, the manager from AFR in comparison with other managers from Central Bank and Commercial banks agrees on the easy access of financial services via agent banking with the purpose to promote financial inclusion which is the main reason of Acess to Finance Rwanda existance.It focuses on

increasing easy access to financial services for the people living with poverty in rural and urban areas particularly wemen and youth and micro, small and medium enterprises.

Table 4.11: Additional extract of interviews of managers of Access to Finance Rwanda about the benefits of agent banking as a financial system

Manager of AFR	
Manager A	The AFR benefits from the existence of agent banking as a financial system in terms of enabling the poor people (especially youth and women) and the MSMEs to be able to access and use financial services which are close to them, it also improves the productivity and welfare. This improves the financial inclusion which creates jobs and ultimately to the economic growth.

In table 4.12, agents from BK and Equity bank share common benefits in general. These include additional source of income for their businesses; increasing sales volume as a reslt of customers who come for agent banking financial services and use other products that are available with agent; enjoy bank financial services in their hands as well as creating the customer base for their businesses. However, these agents differ in terms of providing Irembo services which are exclusively offered by few BK agents who are IREMBO agents and are entitled to commission.

Table 3.12: Additional extract of interviews with Commercial bank agents about the benefits of adopting agent banking as a financial system

Commercial bank agents	Extract of interviews
BK Agent A	We benefit from agent banking in various ways. i. e providing customer service closer to them, increasing the customer base for business and as well as another source of income and being among the few agents of IREMBO service provider.
BK Agent B	We benefit in terms of increasing the sales volume, attracting new customer for business, adding a new source of her income, being close to the customer on behalf of the bank, to mention but a few.
BK Agent C	As a BK agent listed a new source of income, increasing the performance of the business, easy access of cash and vast service to the customers and having bank services in their hands.
BK Agent D	We have so many benefits such as easy access of cash by the customers, , source of additional income and increased sales volume for the business and enjoy bank services in their hands.
BK Agent E	We experienced so many benefits like new customers for the business, increased sales for the business, additional source of an income, being close to the customer for their services and commission generated from offering IREMBO services 24/7.
Equity Bank Agent A	Working as an agent we expanded the business and interacting with new customers for business. These customers seeking financial services via agent banking, they end up using other products and services that our business offers to market.
Equity Bank Agent B	Operating as an agent has made our business, one of the business mostly visited by many customers. This has improved our profitability level and the credit worthiness.
Equity Bank Agent C	We improved business performance, additional source of income, and creating loyal customers who frequently come for agent banking services.
Equity Bank Agent D	Since we started representing Equity bank, it has increased our sales volume and our business has been a well-known one and reliable source of an additional income.
Equity Bank Agent E	We benefit from operating agent banking in terms of increasing sales volume of our existing business, additional source of income, gaining training in banking area and have bank services in their hands.

In table 4. 13, customers of both BK and Equity bank share a lot in common. They agree that agent banking services are more beneficial to them in terms of easy access of cash any time without traveling long distance than using bank branches. Nevertheless, BK customers differ from equity bank customers in terms of accessing IREMBO services from few agents who represent BK at the same time with Irembo services. This is not applicable to Equity bank whose agents provide only agent banking services.

Table 4.13: Extract of interviews of Commercial bank customers about the benefits of adopting agent banking as a financial system

Customers	Extracts of Interviews
BK Customer A	As a customer we benefit from accessing convenient services to transact with agent other than branches of the bank and access to IREMBO services the time we visit BK agent banking services.
BK Customer B	Being a customer, we benefit from receiving quick service via agents, access to varied banking services at the same point.
BK Customer C	We are enjoying several benefits such as easy access of cash without traveling longer to the branch of the bank.
BK Customer D	We benefit from easy access to cash being offered close to the customer. We also have access to IREMBO services.
Equity Bank Customer A	Being an agent, we benefit from transacting with agents other than branches of the bank, and they are working many hours than a branch.
Equity Bank Customer B	We have access to quick financial service, easy to transact with an agent, many service at the same time.
Equity Bank Customer C	We benefit from easy access of cash, saving time in terms of traveling longer to bank branch.
Equity Bank Customer D	We benefit from transacting so many bank services with agents close to us.

In table (4.1), (4.2), (4.3), (4.4), (4.5), (4.6), (4.7), (4.8), (4.9), (4.10), (4.11), (4.12) and (4.13), the combined interviews conducted from varied financial stakeholders such as 2 Managers representing the Central Bank, 6 from Commercial Banks and 1 from Access to Finance Rwanda, as well as 10 agents representing the commercial banks and their 8 customers using

agent banking as a financial system presented benefits of the central bank in terms of promoting the financial inclusion and ease access to financial services

All 6 managers who represented the commercial banks, share almost similar benefits resulted from operating agent banking among others, provision of bank services closer to customer, reduced cost of transactions, availing products and services in all parts of the country, time saving in effecting transactions, boosting banks' deposits and capacity to lend to the private sector. They slightly differ once it comes to IREMBO services which are solely provided by few BK agents who are at the same time IREMBO registered agents.

The manager representing Access to Finance Rwanda elucidated that the use of agent banking has contributed significantly in promoting the financial inclusion in Rwanda by targeting the poor people from rural and urban areas as well as micro, small and medium Enterprises. Amongst the 10 agents who participated in providing the responses during data collection all of them acknowledged that agent banking benefited from increasing customer base for the business, source of additional income in terms of commission received, making the business one of the business mostly visited by many customers, improved business performance, creating loyal customers whom they interact at the time of effecting transactions.

Concerning customer, agent banking services are more beneficial to them in terms of easy access of cash any time without traveling long distance than using bank branches. Nevertheless, BK customers differ from equity bank customers in terms of accessing IREMBO services from few agents who represent BK at the same time with Irembo services.

4.7.Answer to the Research Questions

Table 4.14. What is the process for adoption of agent banking for the creation of a financial system in the case of Bank of Kigali and Equity Bank Rwanda?

Description of similarities and differences	Answers from involved financial stakeholders
This study has 5 financial stakeholders (Central bank, Commercial Banks, Commercial bank agents, customers of commercial banks and Access to finance Rwanda). The adoption of agent banking process only involves three ones (Central bank, Commercial banks and commercial bank agents). The adoption process of agent banking involves three main steps: (1) covers regulatory framework, (2) covers IT infrastructure and (3) covers agent banking operations They all agree that adoption process starts with Central bank issuing agent banking guidelines and Commercial banks apply to obtain prior written approval of the Central bank. In this process Commercial banks invite interested agents to	The central bank issued the agent banking guidelines, the commercial bank identifies agent banking as another product that it can target to the customers and request for written approval of the central bank
	The Managers from commercial banks revealed that process is initiated when the commercial banks apply to the central bank for a written approval. Commercial banks receive then an application of interested agents to provide financial services on their behalf and approve upon successful application
	The IT Infrastructure required to operate agent banking, both bank managers and agents shared that they vary depending on whether a bank uses mobile banking or Internet banking. For mobile banking, they use mobile phone and Point of Sale (POS) for both BK and Equity Bank managers and Agents. Internet Banking requires the use of laptop or Desktop computer, which are linked to the software of the bank
	Agents also showed that they offer variety of services such as cash in and cash out transactions, new account opening, and money transfer from either bank account to other bank accounts, or to mobile money, Tigo cash and Airtel Money. They also said that buying airtime top up or paying the bills such as paying subscription fee for TV stations and paying school fees for their children or relatives

apply seeking permission to provide financial services on their behalf. Technological devices such as mobile phone and POS machines and computer machines are used in the process to provide the financial services after signing the contract between a commercial bank and an agent	There are also provisions that must be included in the contract between the institution and agent such as the parties to the contract; rights and obligation of the parties; services to be offered to customers, duty to deliver transactions support documents; prohibitions from charging the customer any fee; business hours of an agent; limit of cash holding by the agent and also limit on individual customer payments and receipts; technical description of electronic device; remuneration of an agent and termination of contract by the parties

Table 4.15: What are the benefits of the new financial s system for the agents and commercial banks, central bank, Access to Finance Rwanda and the customers accessing bank products through agent banking?

Description of similarities and differences	Answers from involved financial stakeholders
All Involved financial stakeholders (Central banks, Commercial banks (BK and Equity bank), Agents and customers of these two commercial banks and Access to Finance Rwanda agreed that adoption of agent banking as financial system is beneficial. They added that it has contributed to the promotion of ease access to finance and financial inclusion. However	After agent banking guideline in Rwanda in 2011 and an amended version in 2017 and the launch of this product in 2012 by the target commercial banks, it has contributed significantly in promoting easy access to finance and financial inclusion.
	All commercial Bank Managers revealed that they benefited from operating agent banking in terms of extended access of bank financial services to many users, cash withdraw or cash deposit to be effected everywhere at any time as long as the bank agents are close to the customers. They also highlighted that agent banking is available close to the customer which contributes to the customer satisfaction, customer loyalty and long lasting relationship between the customer and the bank. They further mentioned that agent

some financial services like loans processing and disbursement are not offered yet at agent banking. What is in contrast for all managers, agents and customers of the two commercial banks, is the access to IREMBO services which is only accessed by BK subscribers	banking enabled these commercial bank to reach those customers in remote areas which traditional bank branches would have been unable to reach. Moreover, agent banking adopted as a penetration strategy to the market for both banks as justified by the number of agent these two commercial banks have registered so far.
	Adoption of agent banking benefited AFR in increasing access to financial services for the poor people specifically women and youth as well as the MSMEs. The adoption of this model has also contributed in accelerating the financial inclusion which resulted into more job creation and improved standard of living Rwandese.
	All the agents of the two commercial banks (BK and Equity Bank) on one way or another highlighted the benefits such as increasing the customer base for the business, additional source of income, increasing the sales volume, increasing the business performance and, easy access of cash.
	There are also provisions that must be included in the contract between the institution and agent such as the parties to the contract; rights and obligation of the parties; services to be offered to customers, duty to deliver transactions support documents; prohibitions from charging the customer any fee; business hours of an agent; limit of cash holding by the agent and also limit on individual customer payments and receipts; technical description of electronic device; remuneration of an agent and termination of contract by the parties

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

In this chapter, the summary was presented basing on the research objectives and research questions. The chapter ends up with conclusion and recommendations to involved financial stakeholders who are directly linked with the adoption of agent banking in the creation of financial system, the contribution of the thesis as well as the suggested areas for further research.

5.2. Summary

5.2.1. The process for adoption of agent banking for the creation of a financial system in the cases of the Bank of Kigali and Equity Bank

Both Managers from the Central Bank and commercial bank revealed that the steps followed to create an agent banking as financial system begin with the central bank which issues the agent banking guidelines, the commercial bank requests for written approval of the central bank. to provide financial services When central bank is satisfied with the request, it can grant commercial bank with the written approval and the adoption process become successful. In this process IT Infrastructures are used to operate agent banking, for both bank managers and agents, and vary depending on whether a bank uses mobile banking or Internet banking. This process also involves provisions that must be included in the contract between the institution and agent such as the parties to the contract; rights and obligation of the parties; services to be offered to customers, duty to deliver transactions support documents; prohibitions from charging the customer any fee; business hours of an agent; limit of cash holding by the agent and also limit on individual customer payments and receipts; technical description of electronic device; remuneration of an agent and termination of contract by the parties.

5.2.2. Benefits of the agent banking as a financial system for involved financial stakeholders

The adoption of agent banking in providing financial service benefited involved financial stakeholders. In the following ways: it has contributed significantly in promoting the financial access and the financial inclusion for the central bank and Access to Finance Rwanda. Besides, it extended access of bank financial services closer to users, cash withdraw or cash deposit to be effected everywhere at any time as long as the bank agents are close to the customers.

All the agents of the two commercial banks (BK and Equity Bank) on one way or another highlighted the benefits such as increasing the customer base for the business, additional source of income, increasing the sales volume, increasing the business performance and, easy access of cash. Finally, adoption of agent banking as a financial system benefited customers in terms of easy and quick access to the financial services, saving time to transact with agent other than branches of the bank and more extended working hours than bank branches.

5.3. Conclusion

Agent banking has been playing an instrumental role in reducing the gap existing between the commercial banks that provide financial services using bank branches and provision of bank services to people from remote areas who are initially unable to access bank services using branches. Agent banking in its implementation in Rwanda played the role of being close to those bank clients in terms of providing services without necessarily visiting bank branches. In collaboration with various financial stakeholders, commercial banks empowered their customers to ease access finance which finally led to improved financial inclusion which ultimately leads to the economic growth in country.

5.4. Contribution of the thesis and suggestions for future research

This study will contribute in adding to the existing pool of knowledge about adoption of agent banking and creation of finance system that will benefit financial stakeholders such as the central bank, commercial banks, Access to Finance Rwanda, agents and bank customers who had been transacting using agent banking. It will also contribute to the pool of existing literature about agent banking in Rwandan financial sector.

It will further suggest the process to adopt agent banking in terms of regulatory framework, IT infrastructure, agent banking operations and the benefits to involved financial stakeholders. The

researcher recommends further research to be conducted on benefits of adoption of agent banking to the creation of financial service to all stakeholders in Rwanda. In addition, the further research should be conducted on agent banking operations as a competitive strategy for commercial banks in Rwanda**.**

5.5.Recommendations

After coming up with the findings on the two research objectives, it is clear that the following be recommended to the listed below financial stakeholders who have a direct link with the implementation of agent banking in Rwanda.

5.5.1.Recommendations to the Central Bank

- The Central Bank should take the lead to sensitize other commercial banks which have not yet so far launched in order to promote the financial inclusion.
- BNR should facilitate the commercial banks to ease get agent banking network approval i.e online approval.

5.5.2.Recommendations to the Commercial banks

- Commercial banks should put in place a reliable system which can allow its agents to get connected to its services 24/7 as the findings showed that those who use mobile phone and POS devices while providing agent banking services have been experiencing the problem of network.
- Commercial banks should keep increasing the number of agents as use of agents found to be one of the market penetration strategies for any commercial bank that is operating agent banking.
- Commercial banks in Consultation with the Central Bank should increase the limit a customer using agent banking can withdraw or deposit as the current limits may discourage those who might want to deposit more or withdraw more cash using agents.
- Commercial banks should do more advertising to sensitise the public on the availability and services of agent banking.

- Moreover, the system used to connect Agents to the commercial bank should be sound and robust with minimal failures. The platform that Agent banking relies on should be reliable and able to handle multiple transactions at once.

5.5.3. Recommendations to the Agents of the Bank of Kigali and Equity Bank

- Agents should adopt a simple way of preparing their books of accounts and keep records in a soft copy form.
- Agents should increase the package of the products they offer to customers by including the credit facilities
- Agents should have more money to enable those who want to withdraw more money not to affect the transaction via bank branches.

5.5.4. Recommendations to the Access to Finance Rwanda (AFR)

- AFR should increase the close collaboration with the Central bank, Commercial Banks by sensitizing the commercial banks which have adopted agent banking to have their agents at each village level in order to reduce the gap existing in financial inclusion among Rwandans in remote areas.

5.5.5. Recommendations to Customers of the Bank of Kigali and Equity Bank

- The customers should check their bank account balance before requesting bank services through agent banking as some visit agents without knowing that they have insufficient balance on their bank accounts.

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APPENDIX

Interview Guide Questions for Central Bank Managers

Dear respondent, thank you for participating in this study intended to investigate the adoption of agent banking as a financial system and its benefits to involved financial stakeholders. A case of BK, and EQUITY BANK. You are kindly requested to answer the following questions and the information to be collected will be used for academic purpose only for the award of Master of Business Administration (MBA) Finance of the University of Rwanda and be treated with utmost confidentiality.

==

3. How long have you been working for the Central Bank?

Definition of agent banking

4. Could you explain the process of creating the financial service system in Rwanda via agent banking? Please explain step and step and provide examples.

5. How do you explain the contribution of agent banking in improving the financial service in Rwanda? Please provide examples.

6. How do you link up financial service delivery and availability of agent banking in Rwanda?

7. On the central bank's side, what do prevent other commercial banks from operating agent banking in Rwanda?

8. What strategies do central bank put in place to ensure agent banking long term and financial sustainability?

Regulatory framework

9. What regulations exist to control & monitor commercial banks adopting agent banking? How do you assure that it is used?

9. What regulation exist to protect customers obtaining services from agent banking? How do you assure that it is used?

Benefits

10. How does agent banking as a financial service system benefit the central bank?

==================Thank you for your time!!!!!!!!!!!!==================

Interview Guide Questions for Commercial Bank Managers

Dear respondent, thank you for participating in this study intended to investigate the adoption of agent banking as a financial system and its benefits to involved financial stakeholders: A case of BK and EQUITY BANK . You are kindly requested to answer the following questions and the information to be collected will be used for academic purposes only and treated with utmost confidentiality.

==

Definition of agent banking

1. How long have you worked in your current position?

2. Which year did your institution start agent banking?

3. How do you explain the process your bank went through to adopt agent banking service?

4. On average how many agents has your bank registered so far?

5. How many transactions do you record weakly through agent banking?

6. Kindly explain what motivated your bank to adopt agent banking?

7. Explain the process of adoption of agent banking in the creation of financial service system?

8. What complaints do you receive from your customers on agency banking service delivery?

9. What are the measures do your bank has put in place to address highlighted customers complaints ?

10. What was your financial service system before adoption of Agent banking?

11. What is the current financial service system after adoption of Agent banking?

12. Kindly explain the following benefits of financial service system for the commercial bank s in operating agent banking ?

Regulatory framework

13. Can you explain the regulations established for agent banks to control operations, service delivery and customer satisfaction?

14. Besides these regulations, what are the most important elements in the contract that you set with the agent bank?

15. Are policies established by central bank on agent banking clear? is there any gaps in those regulations?

Setting IT infrastructure

16. What IT infrastructure does the agent bank need to have to work for you?

17. What mobile banking services are provided for the agent bank?

18. Do you install and control the IT infrastructure and mobile banking of the agent bank?

19. Kindly explain linkage between bank agents and improvement of quality service delivery and customer satisfaction?

20. How do you manage transactions made by agent banking every day?

Benefits

21. What are the main benefits that you obtain through agent banking?

Thank you very much for your time!

Interview Guide Questions for Commercial Bank Agents

Dear respondent, thank you for participating in this study intended to investigate the adoption of agent banking as a financial system and its benefits to involved financial stakeholders: A case of BK and EQUITY BANK You are kindly requested to answer the following questions and the information to be collected will be used for academic purposes only and treated with utmost confidentiality.

==

Definition of Agent banking

1. How long have you been representing your bank as an agent?

2. On average, how many Agent banking transactions do you receive in a day?

3. Briefly explain the services that you offer to customers?

4.Briefly explain your territorial coverage and the number of agent?

5. What does it mean to be an agent bank?

Agent regulatory framework

6. What regulations does the commercial bank establish to provide customer services?

7. Can you explain process used from the commercial bank to provide agent banking services?

Setting IT infrastructure

8. What kind of IT infrastructure do you have to provide agent bank services for customers?

9. How does the IT infrastructure benefit customers? Please explain and provide examples.

10. Can you describe the mobile banking that you have? Please explain and provide examples.

11. How does mobile banking benefit customers? Please explain and provide examples.

12. What positive and negative factors are likely to affect your agent banking daily sales?

13. How does the current policy help you cope with those factors? Please provide examples

14. How does the current IT infrastructure help you cope with those factors? Please provide examples

Benefits

15. What are the benefits you have in your business as a result of representing your bank as an agent?

Thank you for your time!!!!!!!!!!!!!

Interview Guide Questions for Commercial Bank Customers

Dear respondent, thank you for participating in this study intended to investigate the the adoption of agent banking as a financial system and its benefits to involved financial stakeholders: A case of BK, and EQUITY BANK. You are kindly requested to answer the following questions and the information to be collected will be used for academic purposes only and treated with utmost confidentiality.

===

Definition of agent banking

8. How long have you been dealing with your bank agents?

9. On average, how many transactions do you make in a day through agent banking?

10. How often do you request for the services through the agent banks per day, week or per month?

Setting IT infraestrucutre

11. Do you use mobile banking through the agent bank? If no, why? If yes, what services do you use?

12. How would you explain the online services offered by agents in agent banking ?

Regulatory framework

13. Do you receive information over regulation of bank agents that you need to be aware when conducting operations?

Benefits

What benefits do you obtain through agent banking services?

Thank you for your time!!!!!!!!

Interview Guide Questions for Access to Finance Rwanda Manager

Dear respondent, thank you for participating in this study intended to investigate the adoption of agent banking as a financial and its benefits to involved financial stakeholders: A case of BK, and EQUITY BANK. You are kindly requested to answer the following questions and the information to be collected will be used for academic purposes only and treated with utmost confidentiality.

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How long have you been working for AFR?

What is the mission of AFR?

Can you explain the AFR involvement in the creation of agent banking?

What are the contributions of agent banking to the achievement of AFR mission?

How does AFR work with financial sector to promote financial inclusion among Rwandans?

Benefits

How does AFR benefit from the existence of agent banking in Rwanda?

Thank you for your time!!!!!!!!