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A CRITICAL ANALYSIS OF EXISTING BUSINESS MODELS OF FINANCIAL INCLUSION

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Abstract

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low income segments of society. It helps them to bridge the gap between expenses and income and overcome the vicious cycle of poverty. It also helps them in building assets and enhancement of income, saving money for big ticket purchases and meet emergency expenses without falling into the poverty trap. In macro-economic terms financial inclusion is important because it empowers the poor people to build assets and earn more income so that overall national savings and investment increases leading to growth in GDP and employment. After independence our country adopted an approach towards equitable development and poverty reduction through directed lending of subsidized credit and regulated interest rate. The Government wanted to control the flow of credit and channelize them towards the poor and disadvantaged so that they could escape the usurious rates charged by the moneylenders and invest in assets to enhance the income. This was done in order to guarantee that the growth would occur. One of our country's businesspeople can be found on the list of the five richest people in the world, and an increasing number of Indian corporations are working toward the goal of being included in the Fortune 500 list. The study analyses how the inclusion of more individuals in the financial system, namely through the use of microfinance models, can contribute to the growth of a nation's economy. It also addresses how this gap in people's financial circumstances might be reduced. Research on the various business models used in financial incision.

keywords: Business, Financial, Inclusion

INTRODUCTION:

the definition of financial inclusion, the need to research financial inclusion, its impact on economic growth at the micro and macro levels, its contribution to the reduction of poverty, its scope and measurement, and various forms of financial exclusion. The chapter introduces the reader to the concept of "financial inclusion" through definitions offered by notable individuals and establishes the groundwork for a more in-depth examination in succeeding chapters. It discusses India's testing of several financial inclusion models, first with directed lending through a system of many delivery agencies, then virtual banking through third-party participation by utilising technology, and eventually the microfinance model. It also briefly mentions the weaknesses and failure to accomplish the goal. The justification for the current research is then provided. Financial inclusion refers to providing financial services to the underprivileged and low-income segments of society at reasonable costs. Opening bank accounts is simply one aspect of financial inclusion; other aspects include access to credit, payment transfer, and insurance. Financial inclusion offers inexpensive liquidity to the underprivileged so they may satisfy their financial needs and end the cycle of poverty. Speaking before the UN in 2003, the then-General Secretary, Dr. Kofi Annan, bemoaned the stark truth that a substantial portion of the world's population—who are overwhelmingly poor—still lacks access to various sorts of sustainable financial activity like saving, credit, or insurance. Addressing the problems that have kept individuals from joining in the formal banking system is a difficult challenge. We should all work together to create a financially inclusive industry that has the ability to enhance the lives of the underprivileged. Financial inclusion is the process of ensuring that vulnerable groups have access to financial services at an affordable cost and timely and adequate credit when needed, in a fair and transparent manner by mainstream institutional players. The committee on financial inclusion was established under the direction of Dr. C. Ragarajan1. Financial inclusion was described by the House of Commons Treasury Committee in 2005 as people having access to the right goods and services. Other well-known definitions of financial inclusion and exclusion include the following: Financial exclusion, according to is the absence of access by some social groups to affordable, ethical, and secure financial goods and services. 2 Financial inclusion was defined by the RBI Committee on Medium-Term Path on Financial Inclusion in 2015 as having access to a basic set of formal financial products and services in a way that is favourable. The basket should include items like savings, remittances, credit, government-sponsored insurance, and pensions that are affordable for small and marginal farmers and low-income households and offer adequate protection, and that are gradually supplemented by social cash transfers. Unrestricted access to public resources is a necessary evil for a free and effective society.

The provision of banking and payment services to the whole population without discrimination must be the primary goal of public policy since these services are inherently a public benefit Low income and insufficient savings keep the poor in a cycle of poverty that produces minimal capital formation and static real income levels. Only when the impoverished have access to investable cash in the form of credit without collateral security can they escape the cycle of poverty. If such capital requirements are not met when necessary, especially in difficult times, the poor risk devolving further into poverty. By offering Savings Avenue and low-cost loans to individuals who cannot access mainstream financial products to meet their requirements, financial inclusion solves this problem. When the poor and vulnerable have easy access to financial resources, it improves their economic status and increases their capacity for earning additional income, enabling them to achieve greater financial freedom, a necessary condition for reducing poverty and promoting social cohesion. This conclusion was reached by Friedman (1992) in his analysis of people's empowerment.

Financial inclusion as a business opportunity

Some financial institutions argue that, despite the fact that the benefits of financial inclusion are easy to understand, the costs of providing assistance to those who are economically disadvantaged might be substantial in the short term, which can have an effect on profitability. This argument is based on the fact that even though the benefits of financial inclusion are easy to understand, the costs of providing assistance to those who are economically disadvantaged might be substantial. This shows that a very limited approach has been taken to the problem of financial inclusion, which has to be addressed. In light of this, it would be prudent for financial institutions to learn from the following example, which was given by Dr. D. Subbarao, the Governor of the Reserve Bank of India, in the context of financial inclusion:

"A business executive from a shoe company was sent to a large rising nation in order to assess the opportunities that are available in the market there. He discovered that millions of individuals were barefoot and went about their daily lives without shoes. When he arrived back, he told the management that there was no chance for business there because no one wore shoes, thus there was no possibility for them. A few months later, the strategic planner of an adversarial corporation made the trip to the same site and observed the same scene. After getting back to his hometown, he reported to his management team that the potential number of pairs of shoes that may be sold in the country in question represented a sizable business opportunity for the company's activities in that part of the world. In the end, it all comes down to a question of perspective, and the only way to make financial inclusion a reality is for all involved stakeholders to modify their way of thinking about the issue.

Benefits of financial inclusion

The goal of achieving financial inclusion presents financial institutions with a lot of opportunities for growth and profit. Launching programmes that encourage financial inclusion would make a dependable and inexpensive source of finance available to financial institutions, therefore supporting these institutions in improving their asset-liability management (ALM). In rural regions, there is a tremendous potential that has not been fully realised for the collecting of consistent deposits at cheaper prices. In urban regions, once interest rates begin to climb, banks are faced with a bigger interest outgo due to the movement of deposits from savings to term deposits. This occurs because term deposits provide higher yields than savings deposits do. When individuals change their money from one sort of deposit to another, this occurrence takes place. On the other hand, this specific form of churn would be significantly lower in rural India due to the extremely low levels of financial awareness that are prevalent in such areas. As a direct consequence of this, it is now strategically essential for banks to make certain that there is a healthy balance of deposits coming from both rural and urban regions.

The establishment of savings accounts for individuals living in rural parts of India can be advantageous for the banks, the customers, and the governments of all three parties. After the bank accounts have been opened, customers will be able to receive payments in these accounts directly from governments towards subsidies through direct cash transfers, social security transfers, and Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA) wages through a process that is known as "Electronic Benefit Transfer." These payments will be deposited into the bank accounts of beneficiaries. This will cut down on both the expenses of transactions as well as leakages, and banks will be able to profit from the float income in these accounts as a result of the opening of several hundred million bank accounts. Several hundred million bank accounts will be opened as a result of this. Several hundred million bank accounts will be opened. In addition to this, the savings of individuals who reside in economically challenged rural regions would be brought into the official financial system and invested there. These people would have their savings incorporated into the system.

Business model innovation

In most cases, the existing business model of a company will need to be modified or even discarded totally in order to create place for the creation of a new model that may be of assistance in the carrying out of a company's goal. This is necessary in order to make room for the growth of the firm. According to Chesbrough (2010) and Chesbrough (2007), in order for executives to innovate a company's business model, they must first have an understanding of the company's existing business model and investigate what opportunities there are for them to improve upon it. This is a warning that executives should heed. (Giesen, Berman, and Bell and Blitz) came to the conclusion that there are three distinct categories of BMI: industry models, revenue models, and enterprise models. Industry models are innovations in the supply chain of an industry, and revenue models are innovations in how organisations generate value (innovations in the role played by the structure of an enterprise in new or existing value chains). Business models have traditionally been focused on the generation and capture of value at the firm level; however, business model innovation raises problems not only about the uniqueness of consumer value propositions but also about the logical reframing and structural reconfiguration of organisations. Business models have traditionally been focused on the generation and capture of value at the firm level (Spieth, Schneckenberg, & Ricart,).

The business correspondent model in India

The success of CSP agents, who are considered to be micro-level entrepreneurs, is essential to the success of the BC model of financial inclusion. The following definition is used throughout the study from the Organization for Economic Co-operation and Development: Micro-enterprises are defined as companies that have between zero and nine full-time employees. Micro-entrepreneurs are distinguished from bigger small and medium-sized businesses (SMEs) by their lack of capacity in areas such as business networking, marketing, business planning, human resource management, and the utilisation of information technology. The shortcomings become the primary obstacles in the way of In spite of the fact that the expansion of financial inclusion has been making great strides, the programme has come under fire from a variety of sources on the grounds that it is not accomplishing the goals that were set out for it (Mukhopadhyay,). Many of the CSP agents are uninspired because of the remuneration systems and the lack of assistance from the upper channels, such as banks and BC network managers, for the agents' capacity to maintain a profitable company. It is necessary to investigate the efficiency of the BC model while functioning as a channel contact between bankers and beneficiaries. The backdrop of the financial inclusion strategy in India was taken into consideration when designing the study, so that it could provide accurate results. As a result, the purpose of the research is:

1. To conduct research into the commercial viability of the British Columbia model of financial inclusion.

2. To put out a financial model for the BC agents that is based on the commission and incentive structure of the banks' products..

OBJECTIVE:

1. To review the present status of the financial inclusion in India in particular and the world general.
2. To highlight the existing business models of financial Inclusion.
3. To highlight how the micro finance models are useful to increase Financial Inclusion.

Financial Inclusion Models Adopted in India

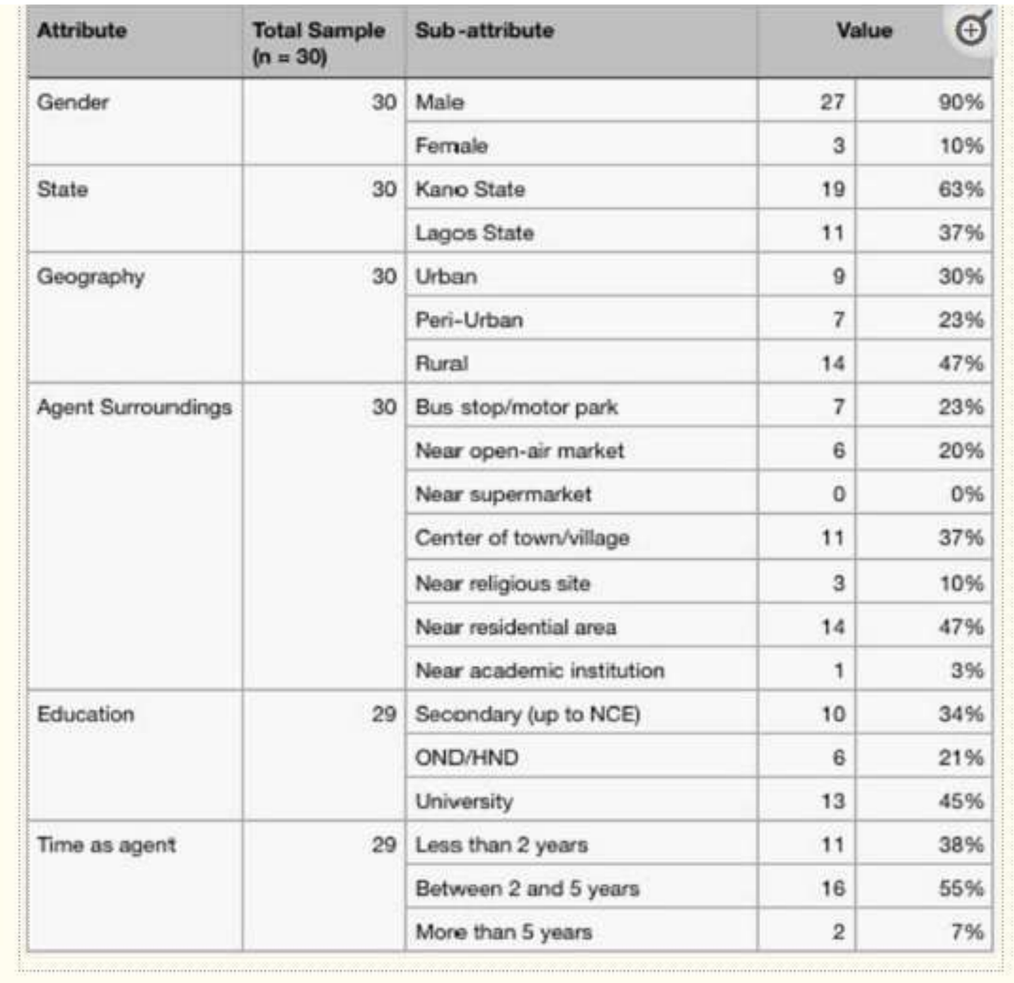
Prior to 1970, the control of financial market was favored by capital scarce countries. They believed that high interest rate could be prevented, money supply better controlled and higher Investment-savings target met through controls rather than leaving the financial market free. In the early 1970s Ronald Mackinnon and Edward Shaw published the seminal work on _Financial Repression' a term ascribed to developing economies where Government determined who got and gave credit and at what terms. The Government administered the credit through acquiring the ownership of banks and controlling other financial intermediaries and international financial movements. Stiglitz (1984) supported this idea by showing that financial repression can guide the flow of capital to designated sectors with beneficial technological spill over.

The directed supply led development theory got further vindicated in India by the necessity of making direct resources of credit readily available to the farmers. The drought of the early 1960s made food security a necessary objective of the Government which further emphasized the channelization for farm credit. The Green revolution which followed in mid-sixties also accentuated the requirement of credit to farmers because of the capital intensive nature of the new agriculture practices. The co-operatives were not in good shape to single-handedly meet the challenge of catering to the requirement of large amount of credit to finance the increased doses of inputs. A multi-agency approach to rural credit was therefore considered necessary. (AIRCS, 1951). The nationalization of banks and all the credit delivery initiatives which succeeded between the period 1969 and 1990 were in alignment with the thinking of directed lending through multi-agency model. The multi agencies included the Commercial Banks, Banks in Co-operative Sector and the Regional Rural Banks.

The first step towards nationalization of commercial bank was the result of a report by the All India Rural Credit Survey, 1951 which recommended one strong integrated state partnered commercial bank to stimulate a banking system focused towards banking for masses with emphasis on rural credit. Following the recommendation the erstwhile Imperial Bank of India was taken over by the Government on 1st July 1955 and named the State Bank of India. Government made all efforts to convince the other privately owned banks to disburse credit to the agriculturist, small time traders and unorganized businesses instead of lending only to the organized industrial sector. However all efforts failed and Government was convinced that most of the bank deposits were utilized in feeding the organized sector whereas the poor and marginalized had to depend upon the moneylenders who exploited them by charging high rate of interest. In 1969, 14 banks were nationalized with the belief that the development of banking system in India had to be inspired by social purpose in line with national priorities. This was followed by nationalization of seven more scheduled commercial bank which had deposit above certain cut off size. The nationalization of banks led to sea change in the banking system with unprecedented geographical expansion, immense mobilization of deposits from diverse section of the society, growth in rural and agriculture lending, broad based credit delivery system and access to subsidized credit by the vulnerable sections of the society. The public sector banks were directed to extend credit to the priority sector to the extent of 40% of their total credit. The lead bank scheme was introduced in 1969 where one bank leads a consortium of banks in a particular district and co-ordinates the effort of all banks in credit expansion to sectors which are important to the economy. (https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=11033). During 1976 the Regional Rural banks were established on the recommendation of M. Narasimhan Committee report under the sponsorship and support of public sector banks. The committee felt the need for a bank with low cost structure which would be close to the grass root level and comfortable working with the poor unlike the commercial banks. The purpose was to have a strong and exclusive focus in rural areas only. In 1989 the Government envisaged a policy by which all rural and semiurban branches of banks were allocated specific villages with the directive that the overall development and the credit needs of those villages were to be taken care of by the respective branches.

METHODOLOGY

The study adopted a qualitative approach using multiple cases to investigate the business models deployed by FSAs to explore opportunities for innovation and sustainability. The multiple case approach makes possible a comparative analysis of different business models of different agents and provides insight into how these models help deliver value propositions to customer segments (David-West, Iheanachor, et al., 2019). Berkowitz (1997) states that case studies provide very rich explorations of a subject or phenomenon as it develops in a real-world setting. Unlike the individual or intracase analysis approach that restricts the analysis to a single case, this study uses a cross-case analysis to analyse and synthesize data across the different cases. This allows for a comparative analysis of the different cases (Berkowitz, 1997, Cruzes et al., 2015, Mahoney, 1997; and Miles, Huberman, & Saldana, 2013) and provides evidence through multiple lenses (Eisenhardt, 1989), thus increasing the reliability of the findings. We purposively selected thirty active FSAs for the study. Using purposive sampling allowed us to focus on particular attributes of interest with a focus on agents' BMI for sustainability at the bottom of the pyramid (BoP). The case selection criteria include operating location and model (dedicated versus nondedicated and interoperability across multiple service providers). We conducted semi-structured interviews with the principal operators of agent storefronts using a structured interview guide. We used interviews as they allowed us to understand the why behind the relationships As noted by Eisenhardt (1989) and business model practices of FSAs, Fig. 2 shows the demographic information of the sample. During the interviews, discussions using open-ended and theory-driven questions revolved around the drivers, elements and results of FSA business model innovation.



Attribute	Total Sample (n = 30)	Sub-attribute	Value	
Gender	30	Male	27	90%
		Female	3	10%
State	30	Kano State	19	63%
		Lagos State	11	37%
Geography	30	Urban	9	30%
		Peri-Urban	7	23%
		Rural	14	47%
Agent Surroundings	30	Bus stop/motor park	7	23%
		Near open-air market	6	20%
		Near supermarket	0	0%
		Center of town/village	11	37%
		Near religious site	3	10%
		Near residential area	14	47%
		Near academic institution	1	3%
Education	29	Secondary (up to NCE)	10	34%
		OND/HND	6	21%
		University	13	45%
Time as agent	29	Less than 2 years	11	38%
		Between 2 and 5 years	16	55%
		More than 5 years	2	7%

Data preparation and analysis

After the agent interviews and operational observations were finished, we compiled records of the agent replies and observation notes using a data entry template in Microsoft Excel to capture the theme codes. These records are now available for review. A coding tree with nodes derived from the two theoretical constructs and the business model canvas was produced by us. The process of coding was broken down into several stages. During the first phase of the coding process, we made advantage of NVivo's auto code function, which spawned nodes for each of the agents' responses. The process of coding was iterative, going back and forth between the data and the emergent code structure. This was accomplished by determining which codes were the most significant and appeared the most frequently throughout all of the interviews. This made it possible to compare codes across different answer sets, which helped synthesise and explain bigger portions of the data as well as identify trends that cut across the several theme areas.

After that, we looked through the data that might be codified for each agent situation and tagged the different parts of the nodes. In order to record comparisons between different variables, such as service providers, service features, and channels, we made use of vs coding approaches. In order to validate the newly developing codes and themes, we made use of intercoder reliability methodologies After coding each of the 30 agent scenarios, we then used node (axial) coding to determine the sub-attributes of each component of the business model. After we had finished the coding, we used our preexisting list of codes as a validation tool to do a pattern-wise aggregate of the codes that we had previously categorised thematically. In Osterwalder's BMC, we validated nine overarching themes with a total of nine underlying subthemes. In the SVCeB model, however, we validated four overarching themes with a total of four underlying subthemes for each of the broad themes.

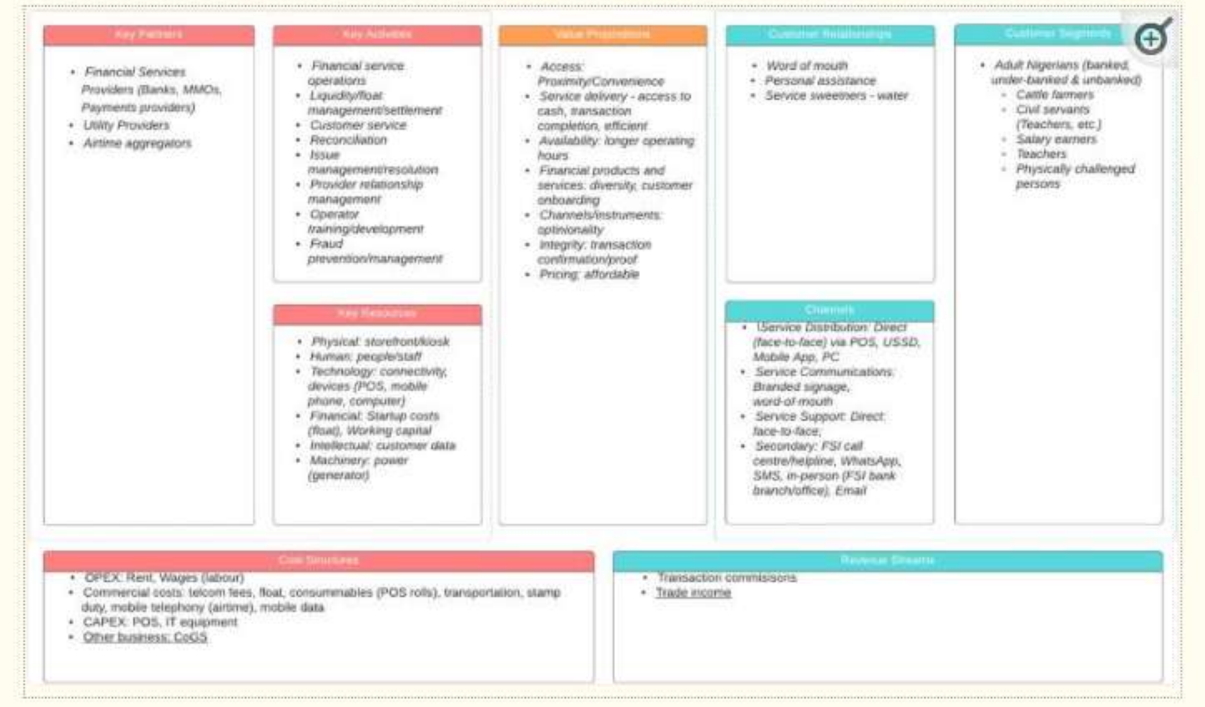
Results

Current agent business model of financial services

According to the findings of our research, the FSAs do not have established business models, which is evident in the way that they run their companies. On the other hand, they are aware of the requirements necessary to generate value for their clients while simultaneously retaining it for the company. According to the findings, only 33 percent of FSAs operated under a model that was dedicated to the provisioning of only financial services, while the remaining 67 percent were nondedicated. According to the statistics, nearly half of all nondedicated agents were located in rural regions, while the other half were located in either urban or periurban areas.

Extent of business model innovation by FSAs

According to the findings of our research, financial service agents are becoming increasingly inventive in their business models in order to be lucrative and sustainable in the process of supplying financial services to consumers located at the bottom of the pyramid. According to the statistics, FSAs generate value from a variety of sources, such as through providing complementary services, conceiving of creative ways to serve their clients, constructing connections that result in customer lock-in, and creating operational efficiency. We provide a concise summary of the findings by making use of the business model canvas and the many sources of value generation in the e-business model (see Fig. 4, Fig. 5).



Key Partners

- Financial Services Providers (Banks, MMOs, Payments providers)
- Utility Providers
- Airtime aggregators

Key Activities

- Financial service operations
- Liquidity/float management/settlement
- Customer service
- Reconciliation
- Issue management/resolution
- Provider relationship management
- Operator training/development
- Fraud prevention/management

Key Resources

- Physical: storefront/kiosk
- Human: people/staff
- Technology: connectivity, devices (POS, mobile phone, computer)
- Financial: Startup costs (float), Working capital
- Intellectual: customer data
- Machinery: power (generator)

Value Propositions

- Access: Proximity/Convenience
- Service delivery - access to cash, transaction completion, efficient
- Availability: longer operating hours
- Financial products and services: diversity, customer onboarding
- Channels/instruments: optionality
- Integrity: transaction confirmation/proof
- Pricing: affordable

Customer Relationships

- Word of mouth
- Personal assistance
- Service sweeteners - water

Channels

- 1Service Distribution: Direct (face-to-face) via POS, USSD, Mobile App, PC
- Service Communications: Branded signage, word-of-mouth
- Service Support: Direct: face-to-face;
- Secondary: FSI call centre/helpline, WhatsApp, SMS, in-person (FSI bank branch/office), Email

Customer Segments

- Adult Nigerians (banked, under-banked & unbanked)
  - Cattle farmers
  - Civil servants (Teachers, etc.)
  - Salary earners
  - Teachers
  - Physically challenged persons

Cost Structures

- OPEX: Rent, Wages (labour)
- Commercial costs: telcom fees, float, consummables (POS rolls), transportation, stamp duty, mobile telephony (airtime), mobile data
- CAPEX: POS, IT equipment
- Other business: CoGS

Revenue Streams

- Transaction commisisons
- Trade income

Fig. 4 Business model canvas of FSAs.

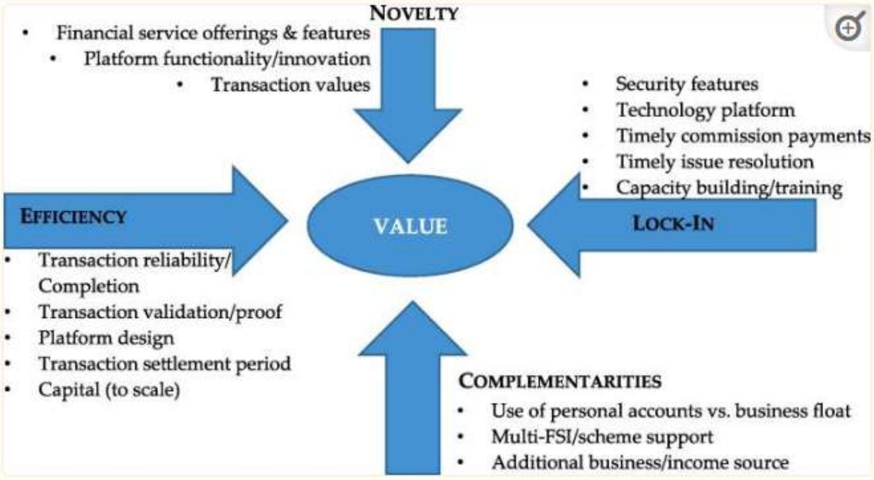

NOVELTY
Financial service offerings & features
Platform functionality/innovation
Transaction values
Security features
Technology platform
Timely commission payments
Timely issue resolution
Capacity building/training
EFFICIENCY
VALUE
LOCK-IN
Transaction reliability/ Completion
Transaction validation/proof
Platform design
Transaction settlement period
Capital (to scale)
COMPLEMENTARITIES
Use of personal accounts vs. business float
Multi-FSI/scheme support
Additional business/income source

Fig. 5

FSAs sources of value creation.

Fig.5 FSAs sources of value creation

The business model canvas, which can be seen in Figure 3, emphasises the important components that agents utilise while developing and delivering value propositions to their respective client groups.

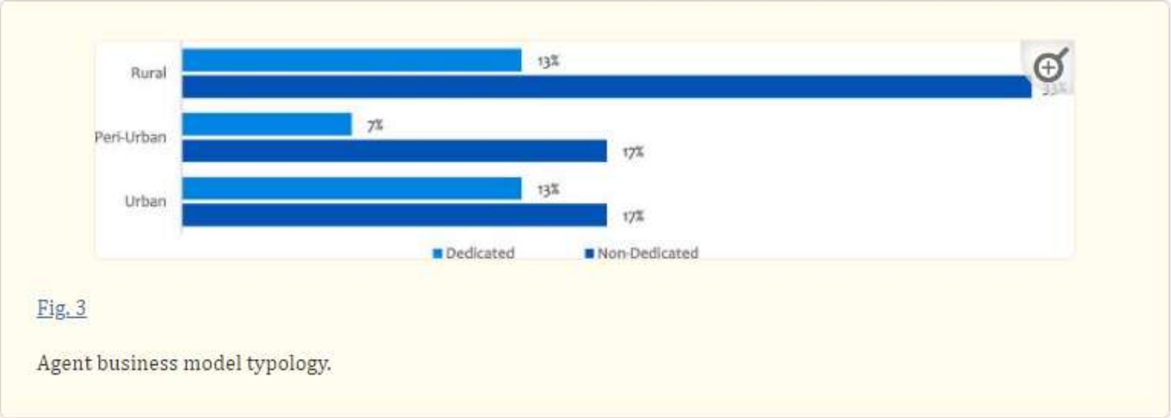


Fig. 3

Agent business model typology.

FIG. 3 Agent business model typology.

Discussion

The findings shed light on many significant themes and contribute to an enhanced comprehension of the business models utilised by FSAs as a whole. In most cases, business model innovation takes place across a number of different business model features. These regions of BMI were mapped by us using Osterwalder and Pigneur's BMC and Amit and Zott's SVCeB (see Figures 3, 4, respectively). Below, we will go through each of these aspects of BMI.

FSAs business model using the Osterwalder and Pigneur’s BMC

Customer segments

FSAs are designed to fulfil the requirements of customers who require financial services. This pool of clients is rather varied, since it includes cattle and small-holder farmers, public officials, the greater salary-earning population, as well as those who are physically handicapped. In order for FSAs to be successful, they need to make concerted efforts to broaden the scope of their client base through the adoption of novel approaches to customer acquisition and retention. However, the findings of our research indicate that the customer profiles of those who are banked, underbanked, or unbanked who are serviced by FSAs are often identical to one another. However, what makes their client segments unique is the location-specific advantage that they capitalise on by conducting their company in areas where bank branches are not located. This is what makes them original. Because of this, the value propositions that they offer—accessibility, convenience, availability, and trust from the community—are highly appealing to their clients. Customer retention is still a major challenge, despite the use of traditional below-the-line marketing strategies such as word-of-mouth and service bundling to attract customers. This is due to the fact that the boutique of service offerings and quality are very much dependent on the FSPs that they represent.

Value proposition

The FSA value propositions may only be applied to the products and services provided by the FSPs they represent. The phrase "value proposition" refers to an all-encompassing offer that may be tailored to any audience (David-West et al., 2018, Yunus et al., 2010). The value propositions offered by the FSA may be categorised as either access (providing users with direct access to financial services) or service delivery (in terms of efficiency in completion). Even though the value propositions that are being deployed by the FSAs appear to be standard and have been predetermined by the FSPs that they represent, these agents are making a concerted effort to ensure that they provide satisfactory customer service in spite of challenges such as network connectivity and security. FSAs make it a point to make sure that once their floats are low, they recycle money from other companies that they run in order to fulfil the requirements of their consumers who use financial services. We came to the conclusion that the FSA has a substantial amount of potential for an improvement in profitability if they broaden the scope of the value propositions beyond the existing range of standardised products and services..

Channels

FSAs have traditionally served as operators of the last mile and are responsible for the maintenance and deployment of customer contact points, which ensure interaction between FSPs and their respective customers. In the categories of service distribution and support (direct face-to-face, cards, POS, USSD, mobile applications and online), marketing (branded signage and word of mouth), and secondary customer support service channels, direct face-to-face interactions and cards are the dominant channels (WhatsApp, SMS, email, in-person, phone calls). It was also discovered that one of the most important factors in determining the success of transactions carried out via various channels was the quality of the telecom infrastructure present in the various locations. When it came to marketing, the FSAs could only rely on the efforts of the FSPs that they serviced to reach out to potential customers. According to Yunus et al. (2010), the manner in which a company provides its services to its consumers is of the utmost importance to the success of the company. Successful value delivery makes use of outside networks and partners. Although FSAs, with the assistance of FSPs, are succeeding in this respect, there is a substantial amount of potential for creativity in the exploration of various approaches to attract new consumers as FSAs have more regular encounters with clients. FSAs have the potential to be innovative by employing word-of-mouth marketing and marketing via social media as novel ways to engage consumers and publicise their products.

FSAs' sources of value creation

Efficiency

Some of the FSAs that were investigated shown a substantial degree of effectiveness in their operations. The Financial Services Authorities (FSAs) were able to achieve some level of efficiency in terms of service availability and resource utilisation by delivering financial services through existing businesses such as business centres, provision stores, and airtime vending machines, among other examples. However, this only applied to agents that were not devoted (i.e., FSAs conducting business other than financial services). Because dedicated agents were less effective in their use of resources, it was difficult for them to boost their profitability; in addition, they needed to find a way to offset their capital and operating expenses. In spite of the fact that the FSA rule stipulates that they must be owners of existing businesses, the survey found that a sizeable proportion of agents ran just financial service firms..

Complementarity

Consumers who patronised the other companies owned by nondedicated agents gave such agents the opportunity to cross-sell a variety of other items to those customers in addition to financial services. For instance, customers who were purchasing household utilities and making bill payments at the agent locations, such as electricity and cable TV, also utilised commission-based financial services. This increased the agents' efficiency, which allowed them to scale, grow revenue, and become profitable.

Because of this phenomena, clients may now access many additional services at the same site, which helps them save the amount of time spent travelling to other places to complete several other transactions. However, the client base for dedicated agents is restricted to users of financial services who are required to visit several other vendors in order to complete a variety of other transactions. FSAs that are not exclusive to a single financial service provider (i.e., those that serve multiple FSPs) use the same technology devices, rent, power, and other cost elements to serve customers with different financial products. As a result, these FSAs are able to expand their customer reach while maintaining low operational and fixed costs. Although service bundling was necessary for complementarity, the capacity of FSAs to develop their business models at this level was constrained since the FSPs were generally responsible for determining the suites of financial services that FSAs provided to their customers.

Novelty

According to the findings of the study, all FSAs are dependent on the FSPs that they represent in order to propel innovation. For example, in situations in which the FSPs did not supply their own branding, the FSAs did not have any signs signalling the presence of the financial service firm at their site. Instead, they relied completely on word-of-mouth or referrals, both of which were severely lacking. Even though novelty is what promotes complementarity and efficiency, the low levels of transactions that resulted from poor DFS adoption at the BoP meant that the agents struggled with limited resources to be inventive. This, despite the fact that novelty is what drives complementarity and efficiency. In addition, there was a significant deficiency in the assets, resources, and competencies (finance, digital competence, and marketing skills, respectively) that are essential to the production of innovative service delivery mechanisms.

Conclusion

FSAs often fall within the category of revenue business model innovation, which relates to the manner in which businesses produce value. This category is one of the three categories of business model innovation that were recognised by Giesen et al. (2007). However, because of the nature of FSA firms, they are considered to be intermediaries in the provision of financial services. The goods and services they offer cannot be modified at the agent level. In the process of providing services that assist overcome social market failures such as a lack of access to financial services, FSAs generate chances to add social value to the lives of individuals and to the communities in which they reside. However, FSAs require business models that will assist them in achieving both commercial sustainability and social impact while simultaneously addressing the difficulties that arise from the intersection of social and business issues. The question of how tensions between economic and social market failures might be resolved is still one of the most important unanswered questions in the current body of research Therefore, for FSAs to be sustainable, they need to develop their operations along paths that can expand their revenues across each of the business model component dimensions. This is the only way that FSAs can ensure their continued existence. Although they were not the most effective, we were able to identify three business models used by FSAs to generate and deliver value. The first comparison is between an exclusive model and a nonexclusive model, the second comparison is between a devoted model and a nondedicated model, and the third comparison is between a single-location model and a multiple-location model. Agents who choose any model that is nondedicated, nonexclusive, and multilocation, or a combination of these models, are more innovative and are in a better position to be profitable and sustainable than those who adopt any model(s) among the single location, exclusive, or dedicated models. This is because multilocation models allow agents to work in more than one location at the same time. The older models may be able to drive agents' businesses in the present, but the drawback of these models is that there is a limit to the amount to which FSAs may innovate because the services they push are created by their FSPs. This limits the FSAs' ability to drive company growth. Inefficiencies in present FSA business models may be seen through the many levers that can be pulled by FSAs along the dimensions of the business model, as outlined by Osterwalder and Pigneur (2010).

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