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WORKING PAPER

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**Financial Inclusion for the Rural Poor Using
Agent Networks in Peru**

Measuring the Impact of Correspondent Banking Agents and
Trust Workshops for Conditional Cash Transfer Beneficiaries

Innovations for Poverty Action

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Financial Inclusion for the Rural Poor Using Agent Networks in Peru

In developing countries, poor households often do not have access to formal financial products or use bank accounts to save for the future. Without a safe and secure way to save, many people rely on riskier and more expensive methods of managing their assets. Increasingly, government-to-person cash transfer programs are addressing this issue by providing beneficiaries with formal savings accounts through which they disburse cash transfers.

In Peru, evidence from one such program suggests that very few beneficiaries of a

conditional cash transfer (CCT) use their accounts to save, preferring instead to withdraw the entire cash transfer immediately after it is made. Beneficiaries may prefer to withdraw their funds all at once due to the time and cost required to travel to a bank branch or automated teller machine (ATM) to access their account, especially in rural areas where there is limited banking infrastructure. Furthermore, although access is improved and travel time reduced, beneficiaries may not have the necessary knowledge or confidence when interacting with the formal financial system. This evaluation explores how the introduction of branchless banking and a workshop to build knowledge and trust of the formal financial system impacts beneficiaries' attitudes toward this same system and savings behavior.

As a component of the pilot project and evaluation "Financial inclusion for the Rural Poor Using Agent Networks," Banco de la Nación (BN) installed correspondent banking agents (MultiRed Agents) in municipalities and some shops on 30 districts of the Provinces of Puno, Cusco, Apurímac, and Ayacucho in Peru. Concurrently in 2015, the Instituto de Estudios Peruanos (IEP) implemented education and trust workshops in a subset of the districts where agents were functioning with the objective of improving the knowledge, trust, and empowerment of beneficiaries of the state's conditional cash transfer program (JUNTOS) in the formal financial system and encouraging the use of formal savings accounts via BN correspondent banking agents.

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