



Report of the Post Financial Services Working Group Report by the Co-Chairs (India and Vietnam)

1.Subject: Report of the meeting of the Postal Financial Services Working Group held on 03 July, 2025	References/Paragraphs § § 1 to 5
2. Decisions Expected The APPU-EC plenary is invited to take note of the report.	

1. Opening of the Meeting and Adoption of the agenda:

- 1.1 The meeting of the APPU Postal Financial Services Working Group was held on 03 July, 2025 at **Ulaanbaatar, Mongolia**. After the roll call by APPU Bureau, Vice-Chair of the EC invited the co-chairs, India and Vietnam, to initiate the proceedings of the PFS working group. Following members of the working group were present during the meeting: China, India, Indonesia, Maldives (online), Philippines (online), Nauru and Vietnam.
- 1.2 Other member countries, countries that are not members of the Working Group, and observers were also invited to attend the meeting.
- 1.3 Vietnam welcomed the members and thanked APPU Bureau for organizing the meetings in a successful manner. The co-chair from Vietnam in her opening remarks shared a broad overview of the activities of UPU POC C4 on PFS with the member countries. Viet Nam then handed over the floor to India for presenting the status of UPU PFS activities.
- 1.4 India outlined the challenges being faced by UPU PFS which had experienced sharp decline in postal remittances due to a number of reasons including geo-political situations and the legal, operational and technical limitations of the existing UPU Postal Payment Services (PPS) framework and emerging alternate channels of cross-border remittances. The emerging expectations and requirements of members as indicated by the study on UPU PFS Vision 2030 were also shared, which emphasized the need of innovative and market oriented PFS.
- 1.5 Concerns were also shared about Issues of the Regulations and Standards Group and Issues of the Postal Payment Services User Group which include-

Postal Payment Services Agreement (PPSA)
Resolution submitted by Egypt and Italia
Periodic dissemination of existing information
Development of additional PPS-related products and services

1.6 India then presented the agenda of the meeting as follows which was adopted by consensus:

Opening of the meeting and adoption of the agenda
Major outcomes of POC C4 Postal Financial services

Issues of Regulations and Standards Group
Issues of Postal Payment Services User Group
Dubai Business Plan – DWP 26
UPU Vision 2030 for Postal Payments Services
Presentation of India/UPU: UPU – Interoperability Platform
Any other business

2. Major Outcomes of POC C-4 Postal Financial Services (PFS) up to

2.1 Issues related to Regulations and Standards Group (RSG):

Modernize the legal framework in line with the market development.
Promoting the interconnection of WPSPs in line with the UPU's opening up policy
Enhancing AML/CFT compliance to improve service quality and network security
Advancing digital Integration by developing the UPU-IP.

2.1.1 Major decisions of 4th Extra-Ordinary Congress:

2.1.1.1 The Working Group was presented with a summary of the decisions and outcomes on PFS activities by the 4th Extra Ordinary Congress in Riyadh in October 2024. The Congress noted the Report of POC (Congress Doc-5) on the Future of Postal Financial Services which analyzed the gaps and way forward and put forth two proposals of General Nature as well as amendment proposals to the existing Postal Payment Services Agreement (PPSA) as part of a package.

2.1.1.2 The Congress adopted certain amendments to PPSA as a first step, as part of two step approach recommended by the PFS Task Force, to 'open up the UPU for Wider Postal Financial Services Providers'. Four amendments to the PPSA in relation to enable interoperability and inter-connections, three amendments related to compliance of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) activities, three amendments on UPU centralized PPS*clearing, one about Remuneration Mechanism and one related to Pos*Transfer collective brand were adopted by the Congress.

2.1.1.3 Congress, adopted two Resolutions (Proposals of General Nature) on 'Further work on the Union's legal framework associated with postal payment and other postal financial services (Proposal-5) and 'Creation of a UPU advisory knowledge centre for postal payment and other postal financial services (Proposal-6)' at the UPU and instructed the Director General UPU to take steps in this direction. However, the proposals were adopted with the transfer of the requested funding from the regular budget to voluntary funding.

2.1.1.4 The objective of the UPU Advisory Knowledge Centre is to function as a knowledge base for DOs by providing data with reports, case studies, market based analytical insights and foresights, information on regulatory framework of different countries and trends in this regard.

2.1.2 Amendments to the Legal Framework associated with Postal Payment Services:

- 2.1.2.1 India presented the amendments to the legal framework associated with postal payment services resulted from the amendments made to the PPSA by the fourth Extraordinary Congress and the consequential amendments to the Regulations to the PPSA approved by the 2023.2 POC (S4), which have come into force on 1 July 2024. These amendments have addressed three different frameworks related to PPS.

Highlight the UPU's role in promoting financial inclusion through secure and accessible postal payment and postal financial services.

Expand service scope by developing optional services beyond the traditional payment methods: saving accounts, bill payments, social benefits, government payments, mobile money and e-wallets. (Proposals: 40.0.1, 40.25.91, 40.1.1)

Legitimize third parties (banks, fintechs, payment providers, microfinance institutions ...) to join postal payment systems under UPU oversight. (Proposals: 40.3.1, 40.5.1, 40.5.2, 40.10.1.)

Enhance compliance and security through Strengthening of AML/CFT provisions and personal data protection

Improve service quality standards and consumer protection (Proposals: 40.8.1, 40.9.1, 40.16.1, 40.11.1, 40.11.91)

Digital Integration through adoption of the UPU-IP platform to improve connectivity between domestic and international postal payment systems and enhance accessibility to WPSP. (Proposals: 40.12.1, 40.14.1).

2.1.3 Revision of the Postal Payment Service Agreement:

- 2.1.3.1 India updated the members on the important ongoing work for the revision of PPSA, which will shape the future of the Postal Financial services. The highlights of the feedback received from the Regulation & Standard Group members on international financial service regulations, which need to be taken into account for the revision of the PPSA, was also shared with the working group as follows:

- The applicable financial service legislation requires that any entity dealing with any type of money transfer, i.e. PPS, to obtain a license from the financial services regulator (whereas existing postal regulations are no longer sufficient for DOs to offer their own PFS).
- Legislations are being developed to encourage the citizens to use bank accounts and make digital payments - DFS / cashless society.
- In many member countries, despite efforts to move towards a cashless society, cryptocurrencies and/or digital currencies may not yet be regulated or are even prohibited (Morocco, Nigeria or Oman).

2.1.3.2 The Principles and scope governing the revised PPSA for 2025 as per the feedback received by the RSG were presented as follows:

- Drafting of a single comprehensive treaty comprising two chapters, one for PPS and the other for additional postal financial services, instead of having two separate treaties.
- Addressing the financial inclusion issues in a better and comprehensive manner.
- Treaty to reflect DOs requirements for additional financial services: domestic remittances, bill payments, e-commerce payments, government-to-person (G2P) services, insurance services, e-wallets, card payments, account-based services etc.
- Refrain from defining domestic products, which are subject to the national regulations of each member country, and
- Deal with crypto currencies and digital currencies in a cautious manner or exclude from the scope.

2.1.3.3 After the approval from Riyadh Congress, a more comprehensive PPSA with wide ranging revisions has to be drafted for submission to the Dubai Congress, which includes following important actions:

- Development of contractual framework, the draft agreement template for other financial or payment services with non-postal payment service providers (Riyadh amendments to the PPSA).
- Review of the existing UPU treaty framework dealing with PPS for submission to the Dubai Congress.
- Review of the existing UPU treaty framework dealing with PPS.
- Draft contractual framework / licensing of WPFSPs.
- Draft WPFSP certification mechanism.
- Extension of the centralized UPU technical architecture with real-time connectivity for the connection of WPFSPs.

2.1.3.4 India also highlighted the limitation of resources in achieving these outputs, which require extra-budgetary resources. Despite approval by the Congress, with the condition of extra- budgetary resources, there is no contribution from member countries so far, either in cash or kind, except from Italy (remote expertise legal support).

2.2 Issues related to Postal Payment Services User Group (PPSUG):

2.2.1 The APPU PFS WORKING GROUP was informed that the Postal Payment Services User Group (PPSUG) during its General Assembly addressed the financial outcomes and proposed measures to ensure sustainability of the group beyond 2025, which were endorsed by the POC Committee-4.

2.2.2 The PosTransfer network under the ambit of UPU includes 67 IT equipped DO out of which 46 are active in production. The number of PPS UG member is 35 out of which 30 are 30 PPS Clearing user.

2.2.3 While discussions on the PPSUG budget for 2024, it was underlined that the group's financial situation was a cause for concern which warrants measures to be taken to ensure the group's sustainability beyond 2025, as the budget approved for 2024 would require 161,100 CHF to be used from the group's reserve fund. In order to address the group's precarious situation, the PPSUG General Assembly decided to conduct an exceptional General Assembly in the second half of 2024 to decide on a sustainable budget for 2025 and review the group's funding by its members.

2.2.4 The group was also updated on the following activities and business plan of the PPSUG:

AML/CFT Enhancements (POC C 4 D18): In 2025, UPU-IP will be upgraded to support AML/CFT compliance. This includes integrating with a denied parties screening provider and proposing AML scanning tools for PPSUG members.

New PPSUG Fees & Procedures (POC C 4 D15): Revised membership fees, approved at the latest PPSUG General Assembly, will apply from 2025. Fixed-fee invoices have been issued, and updates to the Rules of Procedure are in progress.

DRAFT DUBAI BUSINESS PLAN

DOMAIN WORK PROPOSAL 26

Increase the number of UPU member countries adhering to the postal financial services (PFS) framework

Facilitate the interconnection of wider postal sector players with the UPU network

Advisory and technical support to member countries and their designated operators

Promotion of PFS through the creation of a knowledge-sharing database

Publication of a new PFS Global Panorama

Update and dissemination of the UPU framework and related agreements.

UPU'S VISION 2030 FOR POSTAL PAYMENT AND FINANCIAL SERVICES

Enhancement of the existing Postal Payment Services Agreement (PPSA) and UPU operating model:

Enhance access to PPS through a more integrated and inclusive process

Diversify the financial service offering

Improvement of the sharing of knowledge, expertise and best practices

Facilitate and drive knowledge transfer

Increase awareness of the role of the UPU

Diversification of the existing UPU offering through new partnerships and funding models

Assess the viability of existing products and solutions, and the funding allocated to grow PFS

Assess new operating and partnership models

Enable/diversify voluntary funding from members and extrabudgetary funding

Enablement of provision of tailored/customized technological solutions, advisory services and technical assistance through customize technological solutions, advisory services and technical assistance and building strategic partnerships with DO suppliers and service providers

Expansion of the voice of Posts in PFS policymaking by promoting the postal role in domestic financial service stakeholder engagements, developing special target programmes promoting financial inclusion and promote the Post as a trusted governmental partner to serve the population

TASKS AHEAD

Redesign the UPU financial services platform;

Secure adequate additional extra budgetary funding from PPSA signatories and/or interested third parties through partnerships;

Secure the right digital financial service (DFS) resources;

Enhance and examine the UPU stakeholder value proposition;

Define new external partnership engagement models;

Meet requirements to further assess UPU member countries' needs for suitable DFS solution

VISION 2030 FOR POSTAL PAYMENT AND FINANCIAL SERVICES

- 2 proposals (05 and 06) and amendments to PPSA : Extra Ordinary Congress Riyadh
- Proposal 5: Key recommendations:
 - Review of the existing UPU treaty framework dealing with postal payment services and submission of proposed revisions to the Dubai Congress;
 - Development of a contractual framework and draft agreement template for other financial or payment services with non-postal payment service providers following the Riyadh amendments to the PPSA;
 - Draft contractual framework/licensing of WPSPs;
 - Draft WPSP certification mechanism;
 - Extension of the centralized UPU technical architecture with real-time connectivity (UPU-IP) for the connection of WPSPs offering solutions for money transfers and other financial services.
- Proposal 6: Key Recommendations:
 - Knowledge creation and dissemination:
 - Capacity building
 - Networking and partnership
 - Advocacy and awareness raising
 - Extrabudgetary Funding
 - UPU-UPI Cross Border Remittance
 - Digital Financial Services through the Japan Fund (Djibouti, Rwanda, Mongolia, Senegal and Uzbekistan)

POSTAL PAYMENT/FINANCIAL SERVICES: DUBAI CYCLE

- Recentre on the role of the UPU as a facilitator and promoter of financial services
- Development of interconnection of WPSPs with the postal network
- Adoption of other payment and financial products and services provided by WPSPs
- Creation of a knowledge database
- Dissemination of financial services information through a publication entitled “Global Panorama on Postal Financial Services
- Prioritisation of Financial Inclusion
- Digital payments, Digital savings, Inclusive insurance and Microfinance

3. Presentation by India on UPU-UPI

UPU Field Expert from the UPU Regional Office, New Delhi made a comprehensive presentation on the UPU-UPI Cross border remittance services for which the technical developments are underway. During the course of the presentation the following were explained:

- A. Step by step process of the proposed remittance value chain
- B. Regulatory and statutory approvals
- C. Identification of corridors where the testing of the solution could be undertaken
- D. Possible advantages of the system and comparison with other alternate options
- E. Holding of a workshop in New Delhi in the month of August 2025 in this regard
- F. Proposed launch of the same during the upcoming Dubai UPU Congress

4. Any Other Business:

No item was raised under any other business.

- 5. The meeting of the APPU PFS WORKING GROUP ended with thanks to the Chair and Vice-Chair of the EC, APPU Secretary General and the APPU Bureau, Government of Cambodia and Cambodia Post, Members of the WORKING GROUP and India and Viet Nam for sharing the best practices.

Co-Chairs: India (Represented by Mr. L.K. Dash)
Viet Nam (Represented by Ms. Chu Lan Huong)
