



POSTAL FINANCIAL SERVICE WORKING GROUP

**Asia Pacific Postal Union Executive Council Meeting
2-6 September, 2019
Tokyo, Japan**

**ASIAN-PACIFIC POSTAL UNION EXECUTIVE COUNCIL MEETING
2-6 September 2019 , Tokyo, Japan**



Agenda:

- 1 Financial Products and Services offered by Posts
- 2 Best Practices by APPU member countries
- 3 Opportunities and Challenges
- 4 Bangladesh Post Financial service
- 5 Future plan and any other Business

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Post: Financial Products and Services



- At the worldwide level 183 Posts provide at least one type of financial services.
- Payment, Savings, Insurance and Credit.
- Payments service includes both domestic and Cross border payments

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Postal Payment Services

- Payment service includes remittance, bill payment, government payment, business payment etc.
- Around **80%** of the posts provide **international remittance services**.
- Around **55%** of posts provide **Government Payment services** and **57%** provide **bill payments services**.

(Source: UPU report, 2016)

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Postal Savings

- The Posts worldwide hold **1.96 billion** accounts for a total of about **1 billion** customers.
- Three different methods:



Limited partnerships with Banks for Cash in/ Cash out, deposit or withdrawal services



Full Fledged partnerships with a Bank to offer account based services



Posts offering **own account based services**.



Postal Insurance

- Three main business models used by Posts:
 - **Agency partnerships:** Posts collect premium, disburses claim benefits and issue policies on behalf of insurance companies
 - **Full Fledged partnerships:** the posts provides insurance products in partnerships with an insurance company
 - **Own Insurance:** the posts provide own insurance products.

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Postal Credit Service

- Credit is more profitable sector with high market demand in many countries for small loans. So posts can apply various policies to penetrate market segment through:
 - Partnership with Banks
 - Microfinance Institution
 - Licensed credit

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Financial Inclusion

- The Global Findex database shows that 1.2 billion adults have obtained an account since 2011.
- Financial inclusion contributes to socioeconomic development.

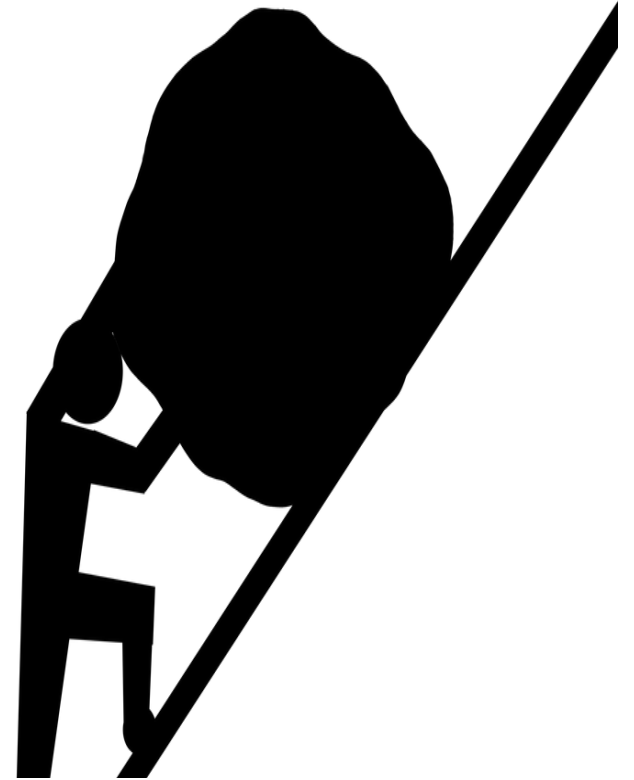


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Challenges:



- Posts are well positioned to address the following main challenges of Financial Inclusion:
 - Access
 - Eligibility
 - Affordability
 - Tech change that is the Big data AI,5G
- etc



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Financial Inclusion: Key Factors

- The network: Post can provide last mile solution.
- Staff- Post has experienced and well trained staffs
- Financial capability
- Cash Management
- Risk Management
- Customer loyalty
- Legal and Regulatory Framework- Post has solid legal and regulatory framework

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Big data for sustainable financial inclusion



- Big data analysis is crucial for monitoring the indicators associated with the Sustainable Development Goals.

Capitalizing on Big Data:

Strategies outperforming companies are taking to deliver results



Leaders **measure the impact** of analytics investments



Leaders have **predictive analytics** capabilities



Leaders have some form of **shared analytics resources**

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Mobile Financial Service and the Post



- It is easier for Postal department to reach maximum number of customers through mobile service and contribute in financial inclusion in the country



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Fintech and Posts

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- FinTech is changing the types of financial services available,
- Fintech focuses on four emerging areas:
 - Alternative finance
 - Data analytics
 - New payments methods - such as apps
- Postal Offices across the world are seizing the opportunity to be at the forefront of delivery channels addressing the underbanked and social inclusion.
- Millions of people every day enter local PO's to receive pensions, state benefits etc.



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SWOT ANALYSIS



STRENGTHS	THREATS	WEAKNESS	OPPORTUNITIES
1. Largest network	1. Declining of traditional postal market	1. Lack of technological innovation	1. Agents for cash in / cash out
2. Cash management experience	2. Exponential growth of mobile finance	2. Lack of customer orientation	2. Strategic partnership/ Joint venture
3. Experience in financial transaction	3. Current price structure	3. In some cases liquidity challenge in rural areas	3. Interconnectivity to other organizations
4. Trust of customer	4. Limited possibility to invest	4. Lack of resources to invest to develop posts	4. Product portfolio diversification.

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Best Practices

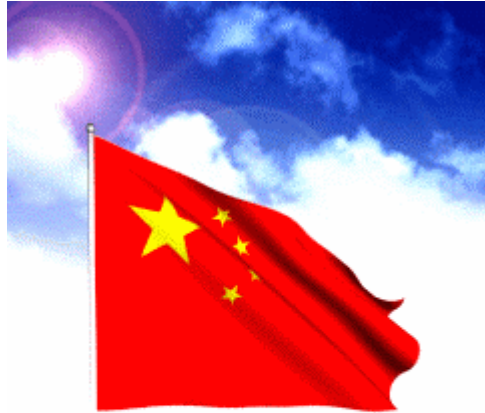
- China
- India
- Australia
- Iran
- Indonesia
- Maldives
- Thailand
- Japan
- Bangladesh

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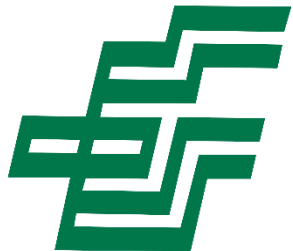


Best Practices –CHINA POST



China

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中国邮政
CHINA POST

- Postal Savings Bank of China was founded in 2007
- Over 40,000 outlets and over 500 million retail customers throughout the country.

- Source:
- Postal statistics 2015, UPU

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Best Practices – INDIA POST



- **Postal offices and branches: 1,55,015**
- **Population: 1,241,492 Million**
- **Density of population served by a post office: 7,70,190**
- **The Financial service offered by India Post office includes Savings and Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI). The Post Office small savings scheme provides a secure, risk free and attractive investment option for the small investors and offers the savings products in posts.**



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Best Practices – AUSTRALIA POST



- Postal offices and branches: 4,417
- Population: 22,990 Million
- Density of population served by a post office: **5,20,499**
- **Australia Post made the necessary modifications to its point of sale (POS) electronic transaction system to become an approved Basics Card merchant. The results “The Australia Post experience has been incredibly positive**
- **With Australia Post on board, Basics Card holders also have the ability to pay their regular fixed expenses, such as electricity bills, at selected Australia Post retail outlets**



The Best Practices – IRAN POST



- **Postal offices and branches: 17,831**
- **Population: 77,447 Million**
- **Density of population served by a post office: 4,34,340**
- Post Bank Iran (PBI) has been designated as the sole financial postal services operator in I.R.Iran. In this regard, PBI has launched the International Financial System (IFS) and been trying to initiate bilateral cooperation on international money orders with the other members.

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Best Practices – INDONESIA POST



POS INDONESIA

- **Postal offices and branches: 34,777**
- **Population: 254,075 Million**
- **Density of population served by a post office: 7,30,584**
- In Indonesia, offers opportunities for an estimated 110 million unbanked citizens in the country to access banking services and products. With the increase in mobile phone use, Internet penetration in Indonesia is expected to grow rapidly and reach 100 million users in the next three years.

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Best Practices – MALDIVES POST



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Maldives Post

- Postal offices and branches: 191
- Population: 345 Million
- Density of population served by a post office: 156
- Maldives Post is widely engaged in the provision of financial services and other agency services. Much of the focus has been on improving and expanding the portfolio of products and services in line with the changing needs of customers so as to form a platform for future growth.

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Best Practices – VIETNAM POST



- **Postal offices and branches: 11,505**
- **Population: 91,680 Million**
- **Density of population served by a post office: 796,869**

Vietnam post is offering following postal financial services:

- **Life Insurance**
- **Bill Collection and Payment**
- **Non-life Insurance Agency (Post and Telecommunication Insurance)**
- **Flower telegraph and gift delivery service.**
- **Banking service is provided at 63 post offices of cities and provinces across the country through the co-operation between Vietnam Post and Lien Viet Post Bank.**
- **Post mart**

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Best Practices – THAILAND POST



- **Postal offices and branches: 4720**
- **Population: 67,011 Million**
- **Density of population served by a post office: 1,419,714**

Thailand Post offers the following financial services:

- Money Order
- International Electronic Money Order
- Bill payment/ ticket/ payment
- Deposit
- Bank transfer
- E-wallet



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Best Practices – JAPAN POST



- **Postal offices and branches: 24,531**
- **Population: 127 Million**
- **Density of population served by a post office: 5143**
- Japan Post Bank, Established: 1 September, 2006 and
Total capital: **3,500** billion yen
- Payees in Japan can receive money sent from overseas, either through their Japan Post Bank integrated account or giro account.
- Number of Outlets: 234 branches, 27,244 ATMs, 24,185 Outlets.





Best Practices – BANGLADESH POST



- Bangladesh Post At a glance:
 - Number of Post Offices- 9,886
 - Population: 148,692 Million
 - Density of population served by a post office: **1,504,068**

Bangladesh Post provide three type of financial services :

- Postal payment
- Postal Savings
- Postal Insurance



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Best Practices – BANGLADESH POST



- Electronic money order
- Postal cash card :
- Nagad



NAGAD

An Instant Cash Service

A Digital Financial Solution of Bangladesh Post Office



**Launch of Nagad by Honouarable Prime Minister on
26 March, 2019**

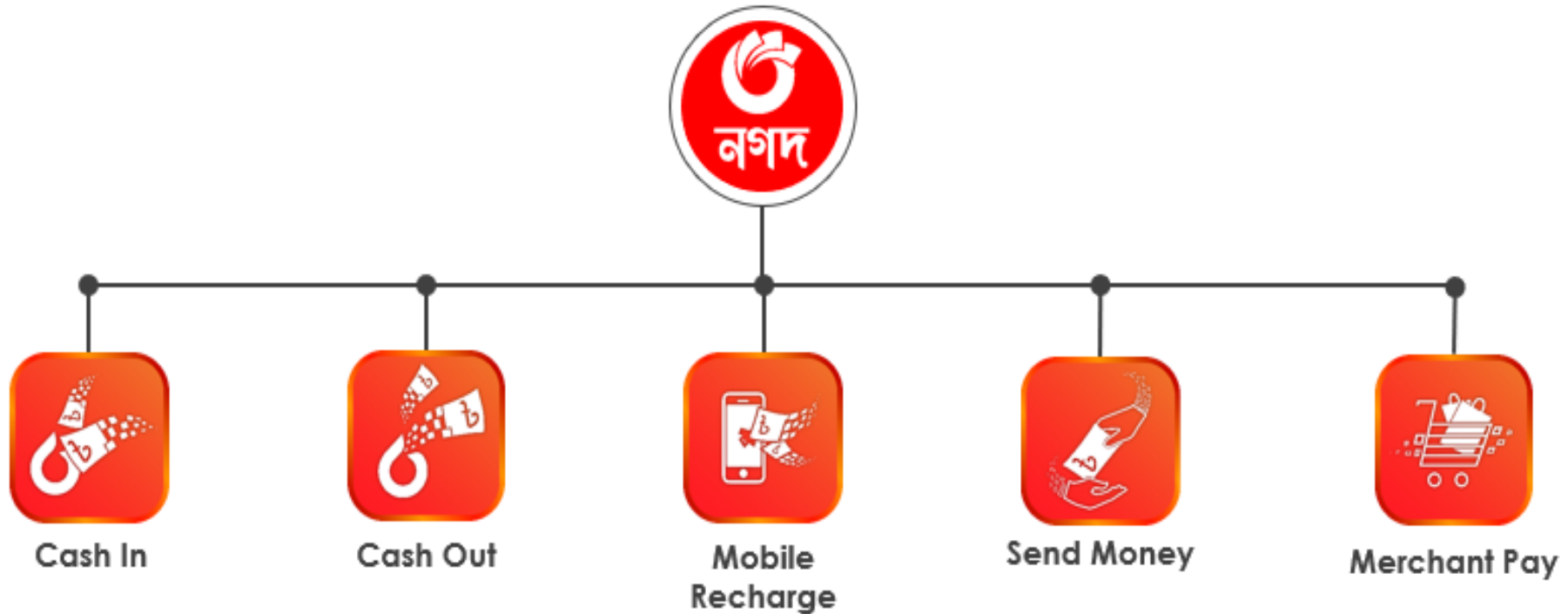
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NAGAD

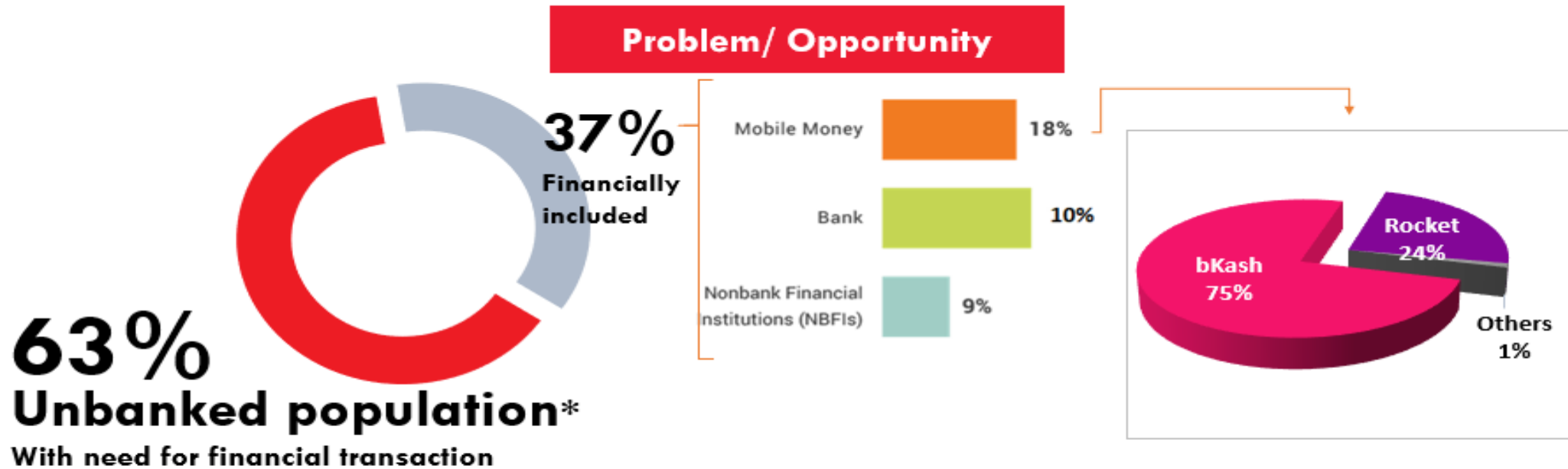


Services Provided currently



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NAGAD

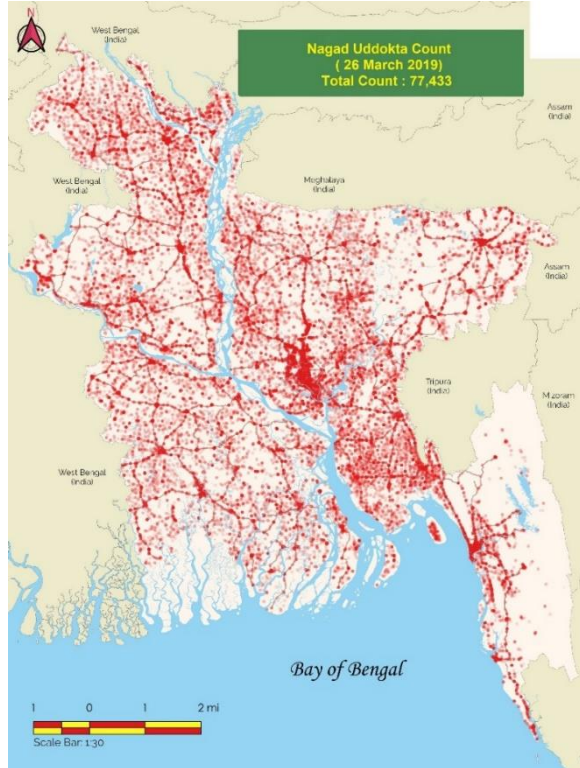


Financially included individuals are those who have an account in their name with a full-service financial institution.

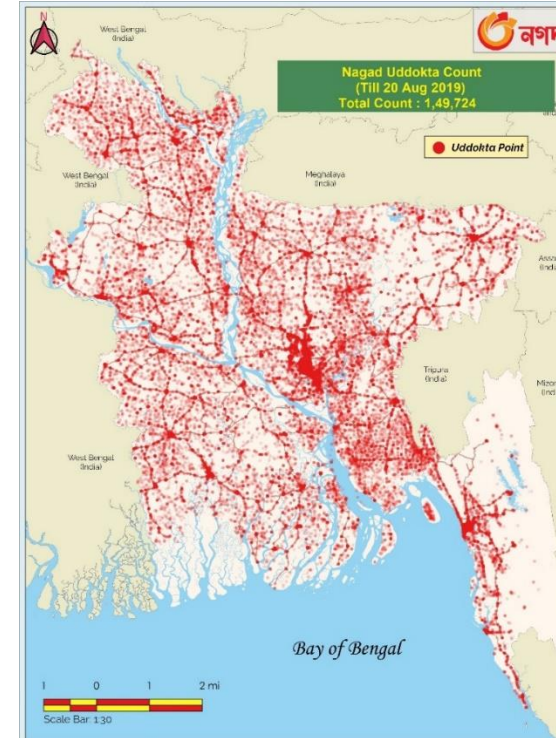
*<http://finclusion.org/country/asia/bangladesh.html#dataAtAGlance>

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Coverage of Nagad



1 April 2019
7,433 retailers
.02 Million Customers



1ST September, 2019
1,50,000 retailers
6.5 Million Customers

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Size of the Opportunity



Adult Population (Est.)



~90 Million

- Unbanked: ~ 57 million
- Potential customers for DFS

DFS = Digital Financial Service

Market Size



~USD 45 Billion

- Average Growth Rate (YOY): 20%+

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Impact on SDG



1 NO POVERTY



Improving life and livelihood of people through creating *Uddoktas* (micro-merchant entrepreneurs), and facilitating transactions, which will be a source of added revenue for the merchants

5 GENDER EQUALITY



Empowering women by creating Female *Uddoktas* (micro-merchant entrepreneurs) and providing support for growth towards sustainability

8 DECENT WORK AND ECONOMIC GROWTH



Digitizing transactions to progress towards cashless society, creating a positive impact in the economy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Financially innovative products to resolve the pain points of end users. Reducing dependence on physical infrastructure through implementation of digital infrastructures

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Impact on SDG



Working towards financial inclusion to serve the unbanked population, enabling the BOP population to generate higher income



Undertaking proper measures to ensure compliance with AML/ CFT guidelines



Reducing paper consumption, through digitizing processes, and implementing initiatives like digital KYC



Consorting with Bangladesh Post Office, to create a meaningful partnership towards growth. Partnering with INGOs to create a sustainable social impact

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BENEFICIARIES OF POSTAL CASH CARD



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Best Practices – BANGLADESH POST

- Bangladesh has been graduated from LDC to Developing country in the March, 2018
- Financial inclusion contributed significantly in this achievement

Graduation from LDC Status		
Indicator	Graduation requirement	Bangladesh score
Gross national income (GNI) per capita	\$1230 or above	\$1274
Human assets index (HAI)	66.0 or above	73.2
Economic vulnerability index (EVI)	32.0 or below	25.2
Data from the 2018 triennial review of UN		





APPU Congress, 2017

- **Agenda Item 25:**

The Post Financial Working group would take up the following activities in this cycle.

- 1 Conducting a Study of E-financial solutions in the Market;
- 2 Setting up of Financial Services Platform;
- 3 Development of Mobile APPs;

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UPU CONGRESS 2016: DECISION

- Resolution C 23/2016 asked Restricted Unions to “integrate the relevant elements of the Istanbul World Postal Strategy into their respective priorities and action programs.”
- Following the directive in C 23/2016, the APPU has a Working Group structure that includes:
 - Physical Services and E-Commerce
 - Postal Financial Services
 - Market Development and E-Services
 - Supply Chain Integration
 - UPU CA Matters
 - Reform of the APPU

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UPU Congress 2016: Financial Inclusion



- Resolution C 8/2016 : Development of postal payment services (and possibly other postal financial services), and financial inclusion
 - **to encourage member countries and designated operators to develop efficient, reliable, secure and affordable electronic postal payment services; –**
 - **to continue developing the multilateral framework for postal payment services; –**
 - **to strengthen and promote cooperation with partners from the public and private sectors with a view to developing the UPU worldwide electronic postal payment network and promoting its connection to other networks; –**
 - **to promote the provision of financial services directly by designated operators or in partnership with banks, microfinance institutions or mobile telephone operators, with a view to promoting the financial inclusion of populations,**





UPU Congress, 2016: E-Commerce

- **Resolution C 6/2016:**
- “E-commerce services as key to a vibrant and effective postal service”
- Invites member countries:
 - to continue their activities aimed at introducing new and innovative e-services based on customer expectations;
 - to foster a culture of making use of e-commerce solutions in all aspects of their postal operations.

(Proposal 23, Committee 4, 1st meeting)

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Future Plan:

- Creation of complete cashless society
- To find out the smart technology for financial inclusion among APPU member countries
- Establishment of a common payment gate way to boost up ecommerce and exchange of financial service to ensure financial inclusion.
- Establishment of “CEO forum” in order to make common consensus regarding the common interest
- Bangladesh Post has done some innovative development in Financial Inclusion, so if any member country is interested to share views with Bangladesh then Bangladesh is ready to do that.



Thank You



Sudhangshu Shekhar Bhadra

Chairperson,
Post Financial Services WG

