



# The Post Financial Times

## NEWSLETTER

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### South African Parliament passed the Post Bank bill



Sep 14 2010, [www.fn24.com](http://www.fn24.com). The Parliament of South Africa approved the legislation, which provides for the Postbank, currently belonging to South African Post Office, to be registered as a legal entity, in the status of a commercial bank. The law entitles the new spin-off bank to attract savings, render lending facilities, through, among others, the existing infrastructure of the SA Post Office.

The law also indicates that the services of Post Bank must be affordable to population. The goal of incorporating a post Bank is defined as “developing into a bank of first choice, particularly in the rural and lower income markets, as well as in communities with little or no access to commercial banking services and facilities”.

The whole capital stock of the company will belong to state-owned SAPO.

The company will be registered as a bank after it has satisfied the requirements of the Banks Act. (To remind, the Act provides for newly established banks to submit an application to the Registrar of Bank, operating within the National Reserve Bank).

Communications Minister Sipiwe Nyanda said the Post Bank would be managed by its own board with all the necessary corporate governance requirements and mechanisms that would ensure accountability. "Importantly, the Postbank will be brought within the ambit of the financial and banking regulatory environment as regulated by the Registrar of Banks", he added. As to the fees charged by Post Bank, they will be designed considering the interests of lower income population.

MP from the opposition Democratic Alliance questioned the efficiency of state intervention in the banking system. According to him, the record of state-owned enterprises was generally poor.

According to SAPO, adults with monthly income of lower than 2500 ZAR (around 350 USD) are classified as financially underserved (around 74% of adult population of the country).

# Welcome

to the first edition of "**The Post Financial Times**" – a newsletter designed to keep you informed on the latest postal and financial developments.

Founded in 2007, PostFinance International Development BV has been acting as an enabler and facilitator in expansion of financial access for un(der)banked sectors and communities.

In virtue of its wide expertise and insight, the company has been holding missions in more than 50 countries worldwide.

## This Newsletter

Features articles and news as to how and where the postal financial network is active and growing. It tells of success stories, failures and challenges of the postal financial world;

The newsletter also features updates on postal financial events, meetings and conferences from around the world.

We hope your interest in this newsletter would help reach it far and wide, and that the articles and news herein help out anyone wanting information on this specific theme.

*Sincerely Yours,  
Hans Boon  
Managing Director*



### Postal Bank of Poland conquers post offices

Sep 19, NetPr.pl. Polish Bank Pocztowy (Postal Bank) reports good results of opening access points in the offices of Polish Post. Since the end of July, 2 pilot access points have been activated. Postal Bank officials attribute the quick success to an efficient collaboration with Poczta Polska (Polish Post), the main shareholder of Bank Pocztowy. Opening of new Postal Bank spots is targeted to contribute to a dynamic growth of retail banking services. The first weeks give a hint of a great sales potential of a new facility. Among the most popular products are Standard and Nestor accounts, plus Trademark Postal account.

Realization of these products is many times beyond expectations, reports Szymon Grochowalski, Sales Director at Bank Pocztowy. Postal Bank savings account is well demanded too. Bank Pocztowy expects the sales of those products to be on average 2,5 times higher than today.

One of the objectives of Postal Bank is to deliver financial services to those who have not regularly utilized them before. In this regard, a free special account may serve as a good entry for more advanced usage of banking services.

The pilot project will last until the 1st quarter of 2011. Polish Post plans to increase the number of access points to 200.

Polish Postal Bank increases client base to 600 thousand, 100 thousand newcomers this year

Aug 23, Rzeczpospolita. The number of clients of Polish Bank Pocztowy (Postal Bank) approaches 600 thousand. From beginning of 2010, the Bank has attracted 100 thousand new customers. Most popular products include free special accounts – Standard and Nestor. Both accounts include free opening and online management.

Transfers can be performed free either online or by phone.

Another competitive advantage compared to commercial banks is home cash delivery by post upon request, free or for a very modest fee (4 PLN, or around 1,3 USD). As a result of public attention towards special accounts, they boosted in the 1st half of 2010 by 45%, reaching 370 thousand. Postal bank also reports a marked growth of its New Savings Account users

(currently in the order of 170 thousand). Deposits are utilized by nearly 47 thousand people. According to the development plan, by the end of 2010 the Bank aims to serve 650 thousand individual clients, the end-2013 target is 1,5 mln.

Polish Postal bank emphasizes need for financial inclusion at Krynica economic forum



20 Sep - [gospodarka.gazeta.pl](http://gospodarka.gazeta.pl). Financial inclusion was the key theme of the Polish Postal Bank panel at the 20th Economic forum at Krynica, Poland. Today, access to financial services is a concern for 6 to 9 mln adults in the country.

“To greater or lesser extent, the problem is present in the whole Europe and in the world. The forum at Krynica, which assembles celebrities of political, financial and economic spheres, is an ideal place to discuss that issue”, said Tomasz Bogus, the CEO of Postal Bank. As a remedy against financial exclusion

Bank Pocztowy sees financial education and proposal of affordable products and services. Bank Pocztowy considers the underserved a target group. Starting with entry-level, low-cost products, they may later on become interested in a wider array of services.

Economic Forum at Krynica is held yearly, since 1991. The forum hosts notable persons in economy, politics and culture, from Europe, Asia and America.

## End to cash delivery of pensions in Poland



### ***Polish Postal Bank plans to open "pensioner-friendly" bank accounts***



Oct 07 (Source - Gazeta Wyborcza [www.wyborcza.biz](http://www.wyborcza.biz)).

Bureau of Civil Services of Poland (Zakład Usług Społecznych - ZUS) is running a pilot program in the cities of Łódź and Trójmieście, to reduce pension home delivery. The Ministry of Finance, together with the Union of Polish Banks, has framed the program of development of cashless turnover for 2010 - 13.

The draft of the document is now in the pipeline of intra-governmental discussions, but ZUS (state agency responsible for rendering social services) is already ahead, testing the approach in practice, with another goal to reduce pension distribution costs. Postal Bank of Poland partners with the program in Łódź - third largest city in Poland.

There are about 7,5 mln pensioners countrywide, 46% of which use postal cash delivery option. The service costs the ZUS 288 mln PLN annually.

According to the program, by 2013 cash deliveries are to be reduced to 20% of present level. The two-year pilot program is going to bring about structural changes in both pension payment and pensioners' behavioral patterns. The program will offer a simplified process of opening a bank account, with no fees for account maintenance and plastic card issuance.

Division of ZUS in Łódź, together with Bank Pocztowy, initiated a promo action. The offices of ZUS will be attended by bank clerks, and supplied with information flyers. All interested visitors can obtain the information they need. Before the end of the year visitors can open a bank account on the spot. A more sound action is being planned for Oct 26, when ZUS will be holding its Seniors' Day.

Postmen will also deliver the information home to the retirees; along with the forms of contract to open a bank account. Account in the Postal Bank will not allow transferring money to pay bills. Instead, part of the pension may still be delivered home free of charge.

Today, 24% of Poland's population do not have bank accounts - mostly the old-aged and the juniors, as well as inhabitants of smaller locations.



## Bank Pocztowy

*wants to hold up the share emission for half a year, to gain additional credit by showcasing its strategy*

The emission of the shares of Bank Pocztowy (Polish Postal bank) will be put off until the financial results for the 1st half of 2011 are posted. It's a bit premature to speak on the exact date, says vice president of Bank Pocztowy, Szymon Midera. Bank officials say the emission prospect will have been prepared by the following July.

Sz. Midera says rescheduling will be a good opportunity to showcase to investors the efficiency of Pocztowy's strategy. In total, Bank Pocztowy aims to raise 250 - 350 mln zloty, although they do not exclude the option to obtain some funding elsewhere. Once obtained, the money will help to refuel the capital and to push forward development programs. The Bank wants to find an investment consultant before the end of the year.

To remind, one of the ongoing programs of Pocztowy include opening micro offices through the country. Starting from July, the Bank has already established 20 micro offices. "Sales results have 4 - 5 times exceeded what we'd anticipated", says Midera. "Therefore we opted to reduce the terms of the pilot project". From Jan 2011, Pocztowy wants to move on to running more offices. Next year the bank plans to have at least 100 branches.

It's worth noting that today Pocztowy has 57 service points of its own - largely its services are available through 5 thousand branches of Polish Post. The Post holds the largest equity interest in Pocztowy (75% minus one share), the other shareholder being PKO Bank Polski (25% plus one share).



VNESHECONOMBANK

STATE CORPORATION «BANK FOR DEVELOPMENT AND FOREIGN ECONOMIC AFFAIRS (VNESHECONOMBANK)»



### **Messages on Russian Postbank circulate again; Vnesheconombank considers formation of Postbank**

Moscow, Sep 30, Reuters. The supervisory board of Russian Vnesheconombank, chaired by the Prime Minister Vladimir Putin, is about to review an interim report on the creation of the postal bank. The latter is supposed to be based on Svyaz-Bank. The vision is to establish a bank with an outreach twice as wide as that of Sberbank, one of Russia's leaders of retail banking. To remind, in September 2008 VEB assumed the Central Bank in the amount of 125 bln rubles.

According to Kommersant daily, VEB is going to consider buying out problem assets (bad loans) of Svyazbank, equaling nearly 80 bln rubles. The estimated cost of bad loan portfolio is 10% (8-9 mln).

Two weeks earlier, Vnesheconobmank, through its CEO Vladimir Dmitriyev, told that VEB expects to refund its rehabilitation measures (of Svyazbank and another bank, Globex) no sooner than in five years, according to RIA Novosti. By that time these assets could be sold with an equity multiplier of 2, 5 – 3, he said. Five years are required because of a long-term nature of the Postbank project.

On Sep 30, V. Dmitriyev also stated that the rehabilitation measures have been successful, as reported by Interfax. In the 1st quarter of 2010 the bank has recorded a net profit of 340 mln rubles, in 2nd quarter – 850 mln. Loan portfolio and total assets are increasing too, he said. The bank needs a sustainable balance to embark on the Postbank project, he added. To do that, VEB is likely to team up with other banking institutions. Probable partners include Russian Standard bank, and Home Credit and Finance bank, the Russian unit of Czech PPF Group. The collaborator will be selected no sooner than the end of October.

From interested banks, VEB mainly expects proposals on how to make up for the losses of Russian Post (which will pass some of its financial services to Postbank) in reasonable terms. Another criterion is the plan of reimbursing the expenses of VEB on rehabilitation of Svyazbank, particularly the interest on the deposit of the Central Bank.

### ***Block ownership in imminent Russian Postbank defined at \$200***

The roadmap of developing a Postal Bank in Russia envisages launching the project before the end of the year, on the base of the Svyaz-bank, which is in the process of monetary rehabilitation by Russian Vneshekonombank (VEB).

The action plan has been approved by the deputy prime minister Sergey Ivanov, head of the intra-governmental working group on developing the Postbank. At the end of September the letter, signed by Deputy Prime Minister Ivanov, has been sent to the Ministries of Communications, Economic development, Finance, and the VEB. The roadmap prescribes to draw up a detailed and cooperative plan on the content and the timeframe of particular actions.

The decision to form a Postbank based on the Svyazbank was made by the Supervisory council of the VEB in the December of 2009. Participants of the project will include the Russian Post, which has a ramified network of over 40 thousand branches, and a partner commercial bank. On February 17, VEB started to collect applications for the position of a partner bank. As of today, several banks are interested to involve, including Nomos bank and Russian Standard bank.

Another checkpoint on the roadmap includes definition of the market value of Svyaz Bank. This will determine the equity in Postbank to be paid for by the Russian post and the partner bank. That value has already been determined, but not yet made open to the public. By information of Kommersant, 25% equity interest may cost around 6 bln Rubles (around \$200 mln).



## *Russian Deputy Minister of Finance: New legal bills in the pipeline on microfinance activities, and establishing Postbank*

Oct 12 (source - rusmicrofinance.ru) New legislation is to be drawn up on promoting financial inclusion in Russia, told Deputy Minister of Finance of Russian Federation, Alexey Savatyugin. According to him, the bill package will include legislation on microfinance activities and e-money, as well as establishment of a bank based on the Russian Post. Another goal is to set up a state-of-the-art payment system, where every citizen will hold a universal card, which will serve both as an ID card when interacting with Government through e-services, and a payment card.

Back in July, at the G20 summit in Toronto, president of Russia Dmitry Medvedev voiced his endorsement of the nine principles of innovative financial inclusion, thus raising the question to the level of state importance.

## **Posteitaliane**

### **Launches a new product to support tuition fees**

(Teleborsa) - Rome, Aug 30. Poste Italiane launches a new micro credit family product. BancoPosta Studies Loan will be offered to cover tuition fees at all levels of education, from elementary school to university. The new facility will be available in a few days, and will include 1 000 euro for every child at elementary or secondary school, 2 000 euro for a child at a high school and 3 000 for a university or technical school attendant. Maximum loan request is 5 000 euro per family, and can be repaid by 12 or 24 monthly installments, charged directly from BancoPosta account.



The new facility offers more favorable conditions compared with the traditional BancoPosta loans, with annual interest rate of 6,90% (maximum effective interest rate of 7,15%), and includes no charges for client evaluation, installment or client notification fees.

The facility, offered in cooperation with Deutsche Bank, will be available at 9 000 offices of Poste Italiane from Sep 1 till Dec 15 2010.



## Czech Poštovní Spořitelna to launch traveling ATMs

Aug 20 - Tisková zpráva, Poštovní Spořitelna. Poštovní Spořitelna of the Czech Republic plans to introduce movable ATMs, intended for communities with limited access to ATMs. The solution is first in its kind in the national market. Products and services therein will include the whole line of basic services as well as selected products under the Postovní's new umbrella brand, Era. The same brand will be carried by the ATM's themselves. "Our forts are aimed to ensure an easy access to cash for population –

anytime and anywhere. Hence our decision to test the new device, displaying it to visitors of business exhibitions, music festivals and similar events. As long as it is successful, we'd like to deliver the AMT's regularly to localities where people otherwise do not have possibility to convert their funds into cash", said Martin Čížkovský, executive for ATM networks at Czech ČSOB bank and Poštovní Spořitelna. Beyond cash withdrawal and balance inquiry, mobile ATMs will facilitate payment orders, changing PIN codes, paying

mobile phone bills, purchasing travel insurances, etc. Clients of ČSOB, which have previously used the services of Poštovní Spořitelna, today have access to more than 760 ATMs and 13 machines with cash deposit function.



Poštovní Spořitelna (part of ČSOB group) is present countrywide in the Czech Republic through 52 branches (financial centers) in urban areas, as well as 3300+ post offices.



### *Modernization of postal services in Kyrgyzstan requires \$8.5 million*

Oct 08 (source - 24.kg) Modernization of the mail service in Kyrgyzstan requires \$8.5 million, told Minister of Transport and Communications of Kyrgyzstan Erkin Isakov at a press conference. Over 8 months in 2010 Kyrgyz Pochtasy State Enterprise has received 286 million soms (\$6, 14 mln) of income, and the rate of growth of the enterprise has made up 141 percent.

Erkin Isakov informed that in September the KoMoKa (Korea, Mongolia, and Kazakhstan) joint postal committee held a convention in.

Kyrgyzstan with participation of the representatives of these three countries "Following the results of the meeting, we have reached an agreement on elaboration of a mail service development project in Kyrgyzstan and allocation of \$4 million for its implementation", he said.



***Thai Post not allowed to perform financial services; Government says Post is inexperienced***

Oct 6, 2010 - Bangkokpost. The Cabinet of Ministers of Thailand initially declined the proposal to allow Thailand Post to operate microfinance services for low-income population. Government says the Post has no experience in that area.

Ministry of Information and Communication, which supervises the Post, highlighted the nationwide presence of the post operator (1200 branches) as a vehicle to provide basic financial services to population. The Ministry of Finance generally approves the idea, but thinks the Post needs an experienced partner institution. This would help Thailand Post to better manage bad loans, which the government thinks could undermine the project.

The minister of finance, Mr. Korn Chatikavanij, said the project is within the area of interest of the government, and it had already requested the State enterprise policy office (SEPO) to study the feasibility of a microfinance arm of Thailand Post. The study could be better achieved with the help of a consultant, thinks the government.

Thailand Post could also become the channel for the government's idea of a National Savings fund, which could be based on the Post Bank, told the Minister of Finance. The idea is now in the phase of discussions by the Parliament.

Introducing the concept of the postal bank, Deputy Spokesman of the government Vachara Kannikar said that Thailand post proposed to use the experience of the neighboring Bangladesh, where a similar venture, Grameen bank for poor people, was pushed forward to become a nationwide success. It also enjoys a sound repayment record of 97,8%, which confirms the viability of a pro-poor banking.

The Ministry had indicated Thailand Post would need 50 million baht in registered capital and 500 million baht as cash flow from the government to start the new business.

Thailand Post earlier projected it could show a net profit of 900 million baht from microfinance services this year but sharply reduced that estimate to 258 million after the political unrest in April and May.

# ICT, New Services and Transformation of



ICT based technologies are a critical element for the post operators to provide a whole range of communication service to the citizens. It particularly refers to least developed countries, where a Post office may be the sole means of connectivity. In more economically advanced countries, ICT services can pave the way to introduce value added services, mostly financial ones. Recognizing the importance of a wide and targeted employment of ICT in postal networks, the Universal Postal Union has joined efforts with the International Telecommunication Union (ITU) to

produce a report which looks into the cases of introducing electronic communication in seven countries at various stages of development. Selection of countries with uneven conditions helps to make more visible the key role of ICT for whatever services are demanded in particular country – from a mere outreach to platforms for trade and financial operations.

Connection to the rest of the world is of vital importance to Bhutan, where a considerable part of rural communities are separated from motorable roads and still have to be reached on foot. This is a challenge to an adequate provision of essential services to the population, including energy, healthcare and communication. The access to entry-level electronic communication services, such as transmission of voice and data, would be extremely unattractive in small and remote rural areas for private entities. The most evident candidate to bridge the communication gaps throughout the country seemed to be the Bhutan Post – here too the postal network was the largest one in the country.

When in 2001 Bhutan Post applied for assistance to increase countrywide connectivity, least of the half of administrative units of the country had landline telephone connection, and less than a thousand Internet accounts. 38 small urban and areas were to be provided with telekiosks equipped with Internet, telephone connection, fax, and photocopy, through a satellite connection channel. The project was started in 2002, by the shared efforts of Bhutan Post and Bhutan Telecom and the assistance of the Government of India, ITU and UPU. The program covered 38 rural post offices, with a total cost of around 1, 2 mln USD.

Particular attention had to be paid to the six most remote locations, which previously lacked any telecom connectivity and had no access to electricity. The terminals established there, (Very Small Aperture Terminals, or VSATs) were to be powered with solar energy. Installation of the equipment, a major task by itself, was complemented with a long-term issue, the maintenance. This, in turn, was impeded by lack of experienced personnel and essential spare parts. A team of specialists of Bhutan Telecom had to attend routinely that kind of problems.

However, the study carried out in June 2008, revealed remarkable changes which since had taken place in people's lives. The connection served as a base for networking and knowledge sharing, especially among professionals in healthcare and agriculture. As for the rest of the communities, that

meant a dramatic reduction of time needed to communicate with their relatives in other parts of the country and outside. In the villages which previously had only voice connection, Internet services have also become available. Usage of Internet, although initially low, tended to grow.

Internet was a benefit not only for the visitors of post offices, but for Bhutan Post itself. Before the project, Internet connectivity was available in only two out of 42 full-fledged post offices. After the project, their number augmented to 33. This enabled Bhutan Post to utilize the light version of International Postal system, IPS light, to track and trace international postal items. Increasing utilization of information technologies necessitates a closer cooperation of post and telecom operator(s).

As to the financial side, the economic viability of a widened array of services needs to be well-designed, considering the competition which immediately follows any opportunity. Private Internet service providers began to enter the market, forcing the prices to reduce. However favorable for the population, it challenges the ability of post offices to cover their operational costs. Another challenge is the arrival of mobile telephony in the end of 2003.

However, the experience gained by Bhutan Post, along with technical upgrade, places the post on the path to offer a wider range of services, including financial ones. Here, Internet services offered to the population, although in some cases possibly not rewarding in the short term, may lay a foundation to provide financial services, which may become a source of sustainable income for Bhutan Post.

## Mario Hoffmann seeks to acquire share in Serbian Postbank



Slovak businessman and proprietor of Postbank Slovakia Mario Hoffmann aims to include Serbian Postbank into the stock of his assets. According to Serbian media, he intends to buy a strategic share in the Serbian postal bank, Poštanska Stedionica.

The Government of Serbia has designed its phasing of privatization of the postal bank .A quarter of the shares will be sold to a strategic investor; the remainder will be auctioned on the stock exchange. Ministry of finance of Serbia will disclose the name of the investor in the beginning of the following year. However, the agreement with Hoffmann is rumored to have been already reached.

Mario Hoffmann is the dominant shareholder of the Istrokapital SE financial company, where he holds 98% of shares. The projects of the company include Postbank Slovakia (Poštová banka), an asset management company, Prvá penzijná, an insurance company (Poist'ovňa Poštovej banky) and a consulting company (Istrokapitál Slovensko).

# Gabon plans to create Post Bank

Gabon has invited French experts to finalize plans to create the African country's Post Bank.

This is an old project that had already been approved by the Central Africa Banking Commission (COBAC) charged with the duty of regulating the banking sector of six member states of the Economic and Monetary Community of Central African States (CEMAC).

The director general of Gabon Post, Alfred Mabicka, on Friday signed a letter to hire a French Jean Paul Brossard as the deputy director general of the bank.

A Gabonese Herve Nze Nang, a former national director of the Bank of Central African States (BEAC), was promoted as the president of the administration council of the future postal bank which will now be called "Post Bank".

In order to execute this ambitious project, Gabon recently concluded an agreement with France Post.

The head of Gabon Post explained that the choice of this strategic partnership was justified by the fact that France and Gabon share a common history.

"We were convinced by the experience of France post. The French postal bank was the only bank that weathered the storms of international financial crisis in France," Mabicka affirmed.

The postal bank will facilitate the development of Gabonese small scale enterprises and promote the saving culture among the Gabonese people.

Gabon Post currently handles about 264,000 savings accounts. It is not yet known whether all these clients will automatically be transferred to the Post Bank.

Separated from Gabon Telecom in early 2000, Gabon Post has introduced several innovative projects such as the International Money Transfer system. It has also formed partnership with Western Union (NYSE:WU) to transfer and receive money.

Gabon's banking sector is one of the most dynamic sectors of the local economy. The country's main banks include BGFIBANK (a regional bank with branches in the Republic of Congo, Equatorial Guinea, Madagascar and France), Gabon International Bank for Commerce and Industry (BICIG), United Bank of Gabon (UGB), Ecobank and the United Bank of Africa (UBA).

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## Making financial inclusion possible via the Pakistan post office

Geographic exclusion, whether due to the extreme size of a country like India, large numbers of Overseas Foreign Workers from the Philippines working in Singapore and Hong Kong or the hilly regions of Nepal, is a huge challenge for the microfinance industry. At one of the panels of Asia Microfinance Forum 2010, a group of panelist discussed the alternative channels which can deal with these challenges.

Ms. Ayesha Baig, Manager of Product Development at The First Bank of Pakistan which offers microfinance services in the remotest regions of the country using a unique Bank-Agent partnership with the postal service of Pakistan briefed the audience about how this partnership is helping the bank in achieving financial inclusion in the country.

The bank has been using Pakistan post for delivering microfinance services since March 2008 and has 83 full fledged branches across the country serving 400, 000 plus clients.

Pakistan post has more than 13, 000 branches across the country and reaches out to 20 million households. It offers savings scheme, insurance scheme and have recently started offering remittances as well. It has 3.39 million saving accounts and more than 80% of these accounts have less than \$120 savings thus making it an obvious target for the First Bank of Pakistan.

“When we entered into this partnership, we were looking at options of how to expand the outreach and how to offer services cost effectively without a brick and mortar office. Since Pakistan Post has offices in remotest regions of the country, it became a win-win situation for both the organizations”, Ms. Baig said. “Under this partnership, credit functions, credit decisions and client relations are with us but the cash management is with the Pakistan Post” she added.

Giving a comparison between the cost structures, Ms. Baig highlighted that the branch office takes 9 months to break-even whereas the Pakistan post sub office took just 3 months. The partnership also gives us the opportunity of mobilizing the saving of the bottom of the pyramid people

Giving the downside of such a partnership, Ms. Baig said “We do have strategic risk in collaborating with a government organization. When our recovery comes into the accounts Pakistan Post does not allow us to withdraw quickly. We also have to maintain at each level a personal arrangement. The working conditions are bare minimum and our officers work under very hard conditions.

“Agencies charges that we give them has substantially increased their revenue and that is the main attraction for them to join us and we also training their employees to manage the recovery process etc”.

The benefits to the clients under such partnerships can be viewed in terms of reduced travelling costs, she added.





### ***Postbank BH calls for ad hoc management, after failing to recapitalize***

Management of the Postbank BH (Bosnia and Herzegovina Postal Bank) led by Adnan Zukić has announced resignation, after the bank didn't eventually receive funds for recapitalization. Temporary management has been introduced to the post.

Banking agency of Bosnia and Herzegovina introduced ad hoc management to the Postbank for the preventive defense of depositors because of the decrease of the net capital below the floor designed by regulation, as well as the unsecured level of bank's liquidity.

"Members of the Board have already applied for resignation in July, provided that additional capital be secured for the bank. Majoritary shareholder of the bank, Slovenian investment fund Poteza, failed to recapitalize the bank, they are like professionals who resigned to save the bank", said Šemso Cerić, member of the people's council of the Postbank BH.

He noted that the bank's capital has fallen short of the prescribed census of 15 mln Convertible Marks of Bosnia and Herzegovina (KM), but that was not the main cause for the management substitution, as the bank also experienced liquidity constraints. Latest financial results have also been adverse - record for 2009, declared in Jul 2010, showed loss of approx. 3,1 mln KM..

In March, Poteza offered its share in Postbank BH of 57, 2% to the Turkish Post. This could cover approximately 4 of the 15 mln KM needed for the recapitalization of the bank.

According to Cerić, negotiations had been held with Elektroprivreda BH about a convertible loan agreement. Elektroprivreda BH, a public company, is the primary electricity producer and distributor in the country.

In the meantime, the Banking agency of the BH Federation had been searching for solid proofs for recapitalization. It was the absence of these that made the Agency to take the measure of the temporary board. Cerić, who represents the Majoritary shareholders, told that they are "confused with the current situation".

He adds that the deposits in the bank are secured, and its future is to be resolved by the temporary CEO Stjepan Jovičić. One of the possibilities is the recapitalization of the bank by the current owners; other options include searching for a strategic partner or a merger with another bank.

To remind, Postbank BH had already been under temporary management from 2003 to 2007, until privatization. In late 2006, Poteza Adriatic fund, together with other shareholders, recapitalized Postbank in the amount of approximately 20,8 mln KM.

Today's Majoritary holder is the Slovenian "Poteza investment fund, other holders include postal operators of BH ("BH pošta") and Croatia ("Hrvatska pošta"). 2,5% of the stock belongs to the national Government. Postbank BH was founded in 1997.

### ***Chairman of Postbank BH shareholders committee to sue those responsible for the mismanagement of Postbank***

Oct 11 (source - nezavisne.com) Chairman of the Shareholders committee of the Postbank BH, Rizah Softić, will file criminal charges against the Slovenian Poteza fund, the largest shareholder of the Postbank, and Mensud Bašić, director of the BH post operator, BH Pošta, which is another co-owner of the Postbank.

## **World Finance Insurance Awards 2010**

**Posteitaliane**

Oct 18 (source - simplybiz.net) Poste Vita, insurance subsidiary of Italian post operator, Poste Italiane, wins the World Finance Insurance Awards 2010, issued by the World Finance magazine. Poste Vita, 11 years in the market, was awarded for "the capacity to develop simple products, adequate to the demands of the clients; for the will to listen and communicate with them, and the lowest level of complaints filed to the company".

The experts of the magazine underscored that the company continues to grow even in a relatively tight market. "The year of 2009 ended with +28% premium collections compared to the previous year, and with the market share of 9%", says the appraisal of the experts. Another motivation is the fact that the company "invested in a client relationship management program, and has a contact center, and a widely accessible Internet site".

### ***Poste Italiane performing due diligence on a***



***unit***

Oct 8 (Reuters). Poste Italiane is performing due diligence over MedioCredito Centrale, a unit of UniCredit, one of the largest banks in Italy. Poste's CEO, Massimo Sarmi told that the conclusion of the process was very close. Due diligence upon Medio Credito Centrale started in September. MCC focuses on public financing and services. At the end of June it had a loan portfolio of 6,6 bln Euros and net assets of 755 mln Euros.



## *Pledges to invest 18 bln drams into modernization*

Armenian national postal operator, Haypost CJSC, promised to invest 18 bln AMD [ USD50m] in upgrading and modernization. Haypost's CEO, Juan Pablo Gechidjyan, noted that 10 bln of them will be invested in the first five years.

"We have a long-term program of development, and we are ambitious to fulfill it: he said. He mentioned, that the investment will be made for the renovation of the post offices countrywide, widening the range of services, including banking services, and introduce modern technologies.

Five bureaus in larger regional cities - Kapan, Vanadzor, Ijevan, Dilijan and Gyumri, will be upgraded this year. One of them, in the town of Kapan, has been recently opened



On October 15, Armenian President Serzh Sargsyan, Territorial Administration Minister Armen Gevorgyan, Transport and Communication Minister Manuk Vardanyan and Central Bank of Armenia President Arthur Javadyan participated in the opening of PostBank - Converse Bank branch in HayPost department of Kapan, Syunik region.

"The new subsidiary will provide post and banking services to physical and legal persons. Opening of the subsidiary created 16 jobs for the residents of Kapan," Converse Bank Executive Director Tigran Davtyan stated at the opening.

"Opening of such subsidiaries will increase availability of post and banking services, currently centered in Yerevan, throughout Armenia," Haypost Executive Director Arman Khachatryan noted



## **IMF chief encourages UPU to further push inclusive financial services, as a stream to involve remittances into economic development**



Sep 22, IMF – UPU. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund, recognized the valuable contribution of the Universal Postal Union to the financial inclusion, in his video address to the participants of the Universal Postal Union's Strategy Conference 2010 in Nairobi, Kenya, on Sep 22. He emphasized the common core principles of the activity of two organizations.

"We are not doing the same job, but we both have in common the idea that people should work together

to provide better service. Your field was the postal one at the beginning – it’s much more than this today – and our question is to provide economic and financial stability. In both cases if the countries are working together, they would do more than if they were working alone”, he said.

Indicating the key role of financial services in economic development, he pointed out their importance to mobilize savings, which, in their turn, can catalyze investment, especially in developing countries. Particularly in case of investment in small businesses, inclusive financial services are of utmost importance.

Banking institutions may be effective, but they may not be “totally appropriate in some parts of the world”, where the keystone issue is to include more and more people having very small financial resources. Here, public services, like postal institutions, can successfully step up, and that has been recognized at the level as high as that of G20 countries. **“That’s why it’s so important to have financial services in the countries where most of the population have little financial resources, and they absolutely need to be protected – that’s the only thing they have”, stressed D. Strauss-Kahn.**

“Some will believe that the postal services belong to the post. They are totally wrong. The postal services have been able to adapt to the new world and to provide new services – not only in the financial sector, but also a new kind of communication between the people”, he said. That is probably why the UPU is one of the very oldest international organizations in the world. “That’s because it provides something so essential – the link between the countries and the people”, he said.

In conclusion, he wished UPU to stay on its steady course – providing the global economy with new services – **“and more than that – provide the people especially in developing countries with the kind of services that nobody else can provide.** Because over all, you re a public service. And a public service is a kind of a public good that the global economy is lacking the most”.

Azerpocht expects financial services to total 60% of mid-term annual income, as a result of joint program with WB



Baku, Fineko/abc.az. Central Bank of Azerbaijan has licensed about 400 branches of the national post operator, Azerpocht. As told by Novruz Mammadov, head of the Postal department of the Ministry of Communication and Information technologies, Azerpocht will observe public perception of the new set of financial services – debit cards, currency exchange operations and collection of cash and valuables. In case of a positive response, Azerpocht plans to issue credit cards and offer deposits. To be eligible for the Central Bank permit, each office must meet CBA’s requirements, including a warehouse to store cash equipped with security system, armored vehicles for cash transportation and high-security conditions for exchange points,

including information systems and technical base.

Incorporation of financial services into the operations of the national post operator was one of the tasks of Financial Services Development Project (FSDP), completed with the world Bank in June 2010. Postal pillar of the program also included technological re-equipment of the post offices countrywide; to build sound payment architecture for underserved rural population.

Today, about 600 of the 1 600 Azerpocht branches are united within the corporate information system. Earlier Mammadov told that by the end of 2010 financial services would be rendered in 1,200 post offices. The rest will be engaged in financial services in 2 – 3 years. In that period, Azerpocht plans to occupy 20 – 25% of the retail financial market. According to the MCIT experts, since 2011 annual profit of Azerpocht will increase up to 20%.

Official launch of the system of financial services developed within FSDP is scheduled for December, participated by of management and representatives of the WB and the Universal Postal Union.

Financial Services Development Project was initiated in January 2005 and accomplished in June 2010. Total project cost was \$17,75 mln, of which WB commitment was \$12,25 mln.

Azerbaijan preparing for grant agreement with Swiss State secretariat for economic affairs, to refuel retail financial services development through Azerpocht

Baku, Fineko/abc.az. Azerbaijan plans to sign a grant agreement with Swiss State secretariat for Economic Affairs. Novruz Mammadov, the head of the Postal office of the Ministry of Communications and Information Technologies, told that the grant agreement will be signed before the end of 2010. The grant will be allocated for staff training, strengthening of public confidence to Azerpocht financial services and their promotion. SECO has already participated in the Financial Services Development Project, a cooperation of Azerbaijan and the World Bank, contributing \$500 000. The project pursued a goal of strengthening retail financial services and increase financial inclusion of the population.

Financial Services Development Project was initiated in January 2005 and accomplished in June 2010. Total project cost was \$17,75 mln, of which WB commitment was \$12,25 mln. WB loan, disbursed through International Development Association (IDA) has a 40 year maturity with a 10 year grace period.



**India Post**

**भारतीय डाक**



## IndiaPost gets IRDA nod to sell insurance policies

MUMBAI: India's largest distribution network with 1.55 lakh offices has been thrown open to the insurance industry with the industry regulator allowing IndiaPost to sell policies of multiple insurance companies.

This opens a new distribution channel for insurers who have been desperately trying to poach bank distributors from rivals to increase their reach.

Insurers now expect a battle for prime circles, given that the Insurance Regulatory and Development Authority (IRDA) has limited the number of companies that each postal circle can tie up with.

The revised guidelines allow each of the 22 circles of IndiaPost to act as a corporate agent of two non-life insurers, two life insurance companies, one agricultural insurance company and one stand alone health insurance company. The regulator has however barred IndiaPost from selling customer data to insurance companies under some referral arrangement.

In its revised guidelines released last week, IRDA said, "Each circle of India post should be treated as a separate unit in order to grant independent corporate agent license with various insurers.

However the Head of 'Circle' may approach IRDA for prior approval of further division in the 'Circle' as separate units, in the case of metropolitan areas, to obtain license to act as corporate agent, in view of the large population under the circle," said IRDA in its circular.

IRDA has said that the head of the circle would be deemed to be the corporate insurance executive (CIE) — the key executive responsible for all insurance agency dealings.

"Also, all the permanent employees of the India Post having an educational qualification of 10+2 or equivalent shall be deemed to be complying with the relevant provisions regarding requirements of minimum educational qualification, training and examinations prescribed for 'Specified Persons'.

In this regard, India Post shall take necessary steps to impart required training to its permanent employees to be designated as 'Specified Persons' within a period of one year from commencement of corporate agency, IRDA said.

Corporate agency guidelines prevent banks from selling products of two competing firms.

Given the limited number of banks, insurance companies have been struggling to find low-cost institutional distributors with a pan-India reach.

The dispensation will also give the department of posts a new revenue stream. The postal department which had ambitions of becoming major distributors of financial products stopped selling mutual funds of most companies after a ban on front-loads resulted in commissions disappearing. Get a Quote

# Postal & Financial Events 2010

Postbankers will meet in autumn 2010 in Cape Town, London and Bern to share ideas and seek for efficient solutions for Financial Inclusion.



**13<sup>th</sup> WSBI Postal Savings Banks Forum,  
18-19 October, Cape Town, South Africa**



**Mobile Postal Payments, 25 October, Bern,  
Switzerland**



**International Post Bank Council**

**19-20 October, London**

*Read more in the next issue ....*