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Financial inclusion through postal networks

Presentation of different business
models for postal financial services



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A great variety of business models

- Posts providing postal financial services on their own
 - With a full banking licence
 - With a partial banking licence
 - With no banking licence

- Posts providing postal financial services with partners
 - With an exclusive partner
 - With non exclusive partners



Typology of postal financial services

- Almost 3/4 of Posts worldwide provide some form of financial services (143 countries)

- Almost all of these Posts provide the following services:
 - Money orders
 - First UPU treaty on international postal money orders: 1878
 - Payments (pensions, social payments, utility bills, CCTs)

- A large number of Posts also offer:
 - Savings
 - Credit
 - Other products (insurance)



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Posts providing postal financial services on their own: With a full banking licence

- Various Posts have obtained a full banking licence from their central bank / financial supervisor
- This enables them to offer a wide array of services, including credit
- Some examples:
 - China
 - Azerbaijan
 - Kazakhstan



The case of the Postal Savings Bank of China (PSBC)

- Dec 2006: the China Banking Regulatory Commission (CBRC) approved the establishment of the PSBC
- Dec 2007: the CBRC allowed PSBC to offer the full range of credit products
- 2009 highlights: 300 million savings client, focus on counties and rural areas
- Products: credit business (MSE, syndicated loans), savings (10% of all savings mobilized in China), credit card business, debit card business, remittances (national and international)
 - An update by PSBC will be presented today



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Posts providing postal financial services on their own: With a partial / limited banking licence

- Some Posts have obtained a “light” / special banking licence
- This enables them to offer a range of financial services, but often excludes credit activities or limits their capacity to invest their liquidities
- Some examples:
 - France
 - Cameroon
 - Switzerland (from Dec. 1 2011 for payments: supervision by Financial Markets Supervision Authority – FINMA)



The Case of France: La Banque Postale (LBP)

- LBP, a subsidiary of Groupe La Poste, first obtained a limited licence and progressively got the regulatory agreement for an enlargement of its scope
- A limited banking licence was obtained in 2005 for real estate credit
- This was then completed in 3 successive steps by further licences on consumer credit (Oct. 07), general insurance (Apr. 08) and corporate credit (Aug. 10).
- 10 million active clients, a network of 17,000 access points
- A financial inclusion mandate:
 - Obligation to open free accounts for any client who wants one
 - Development of microcredit activities (with NGOs)



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Posts providing postal financial services on their own: With no banking licence

- Most Posts provide financial services without banking supervision
- The regulator can be the Communications regulator... or no regulator at all
- In that case, Posts focus on payments, remittances and savings / checking accounts (no credit)
- Multiple examples:
 - Ethiopia
 - Togo
 - Benin



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The Case of Benin: Caisse Nationale d'Épargne (CNE) and Comptes Chèques Postaux (CCP)

- CNE and CCP are part of the postal financial services department of the Post
- 500,000 savings accounts and 40,000 checking accounts (biggest non-bank financial institution in Benin)
- According to the law, the Communications regulator should supervise all postal services (including financial)
- Supervision is inefficient: La Poste du Bénin has applied for a microfinance institution licence, to be able to provide small loans: no project to create a postal bank



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Posts providing postal financial services with partners: Exclusive partnerships

- Almost all Posts have or used to have exclusivity partnerships for remittances services
- Some have gone farther than remittances and concluded an exclusive partnership to offer a gamut of financial services, savings accounts, payments or credit for example
- The best-known example of this is the partnership between Brazil Post (Correios) and Bradesco



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The Case of Brazil: Banco Postal

- Project launched at the end of the 90s: government project with a priority on financial inclusion impact
- Correios launched in 2001 a tender to “sell” their network
- Bradesco won the bid in all geographic zones and paid 150 million USD to Correios; this was used to improve computerization and MIS in post offices throughout the network
- Rural areas first!
- More than 6,000 post offices provide Banco Postal services
- 10 million accounts opened from 2002 to Sept. 2010
- A new partner starting in 2012: Banco do Brasil



Posts providing postal financial services with partners: Non-exclusive partnerships

- For remittances services, Posts now tend to shy away from exclusivity agreements: Senegal has 7 money transfer partners, Kazakhstan almost 30!
- For other services, Posts are working with various partners to provide financial services
 - Different partners for different services (France)
 - Different partners for different geographic regions (Kenya for bill payments)
 - Different partners for the same geographic areas and the same products (Ethiopia)



No one size fits-all approach

- All these models are or can be successful
- The key points:
 - Banking licence is not a must have for success (however supervision should be ensured)
 - Using all the network is key (trust and network are the key competitive advantages of the Post)
 - Some Posts need to learn to “sell” – or not to sell – their network: this will be a key component of UPU-BMGF project