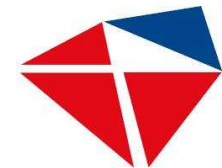


POSTAL FINANCIAL INCLUSION

Dr. Vuyo Mahlati

Chairperson of Board, South African Post Office

Post Office




We deliver, whatever it takes.

UPU Workshop
Berne, Switzerland
31 October – 1 November 2011





Postbank central to SAPO Mandate, Growth and Sustainability

Mandate: Universal Service, Financial Inclusion and Economic Mainstreaming

Postbank performance - revenue diversification strategy (reduction in mail volumes)

-  Innovative products: Retail bonds and administration of share schemes on behalf of major partners such as Sasol, MTN and the South African Breweries.


Positioning SAPO as the delivery arm of Government Services

-  Increase access to financial services through Postbank
-  Redistribution intermediary: Social grants, land claim payments
-  Leveraging on SAPO footprint - new addresses (1.7 million 2010/11) and expanding retail outlets (growing customer base);
-  Improving IT infrastructure & modernisation of facilities.

Postbank and Financial Inclusion

Significant 2010 Progress:

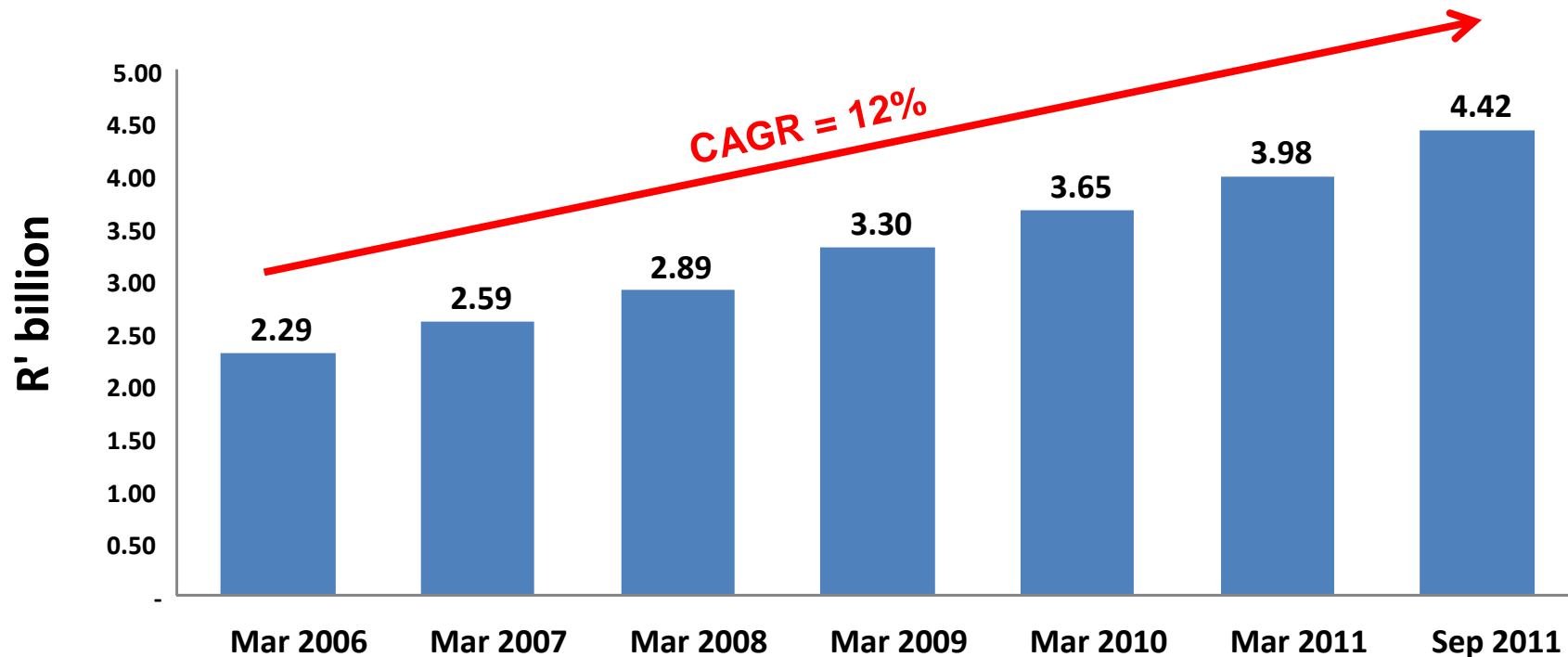
- 100 years of the Postbank as a savings bank
- Promulgation of the Postbank Act by President Jacob Zuma, towards full banking licence with SAPO as shareholder

 Postbank has 6.6 million accounts – the fifth largest customer base of all banks in South Africa

 9.1% Postbank growth in 2010/11

Postbank Growth in Deposit base

Deposit growth since March 2006

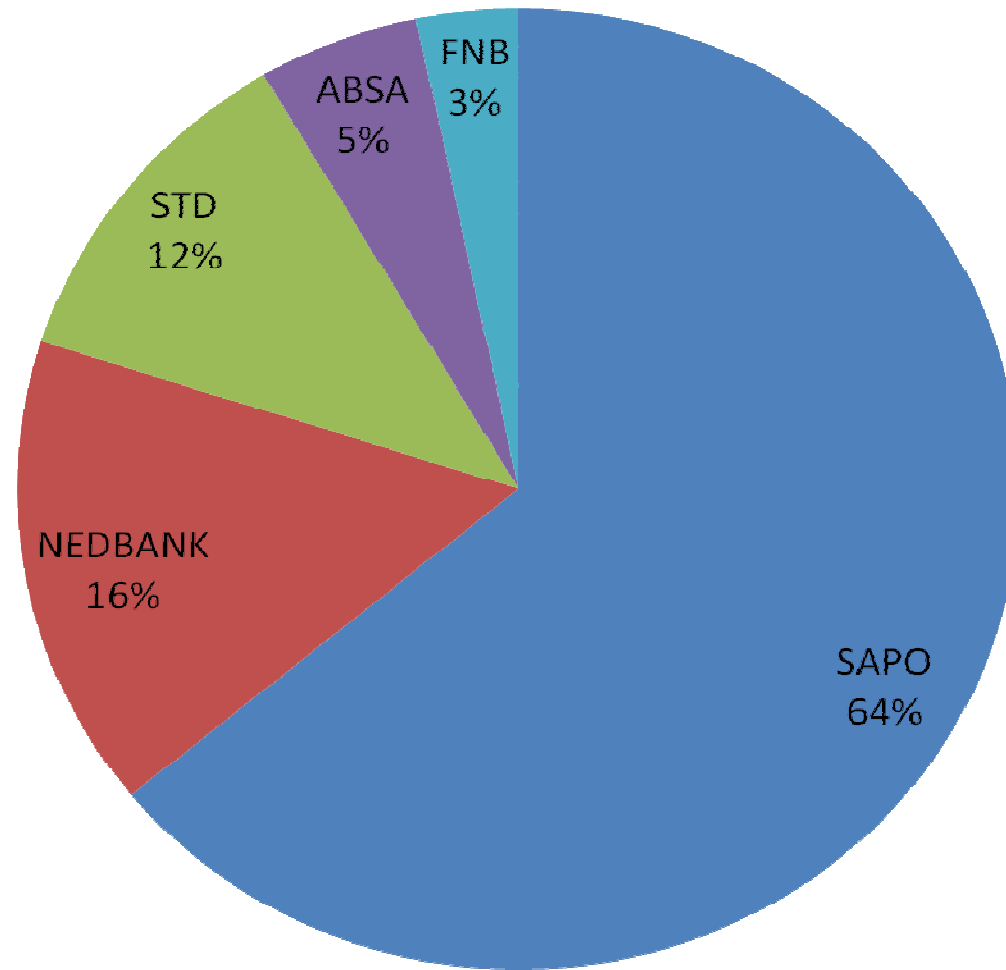


Mzansi Product

Collaboration towards financial inclusion

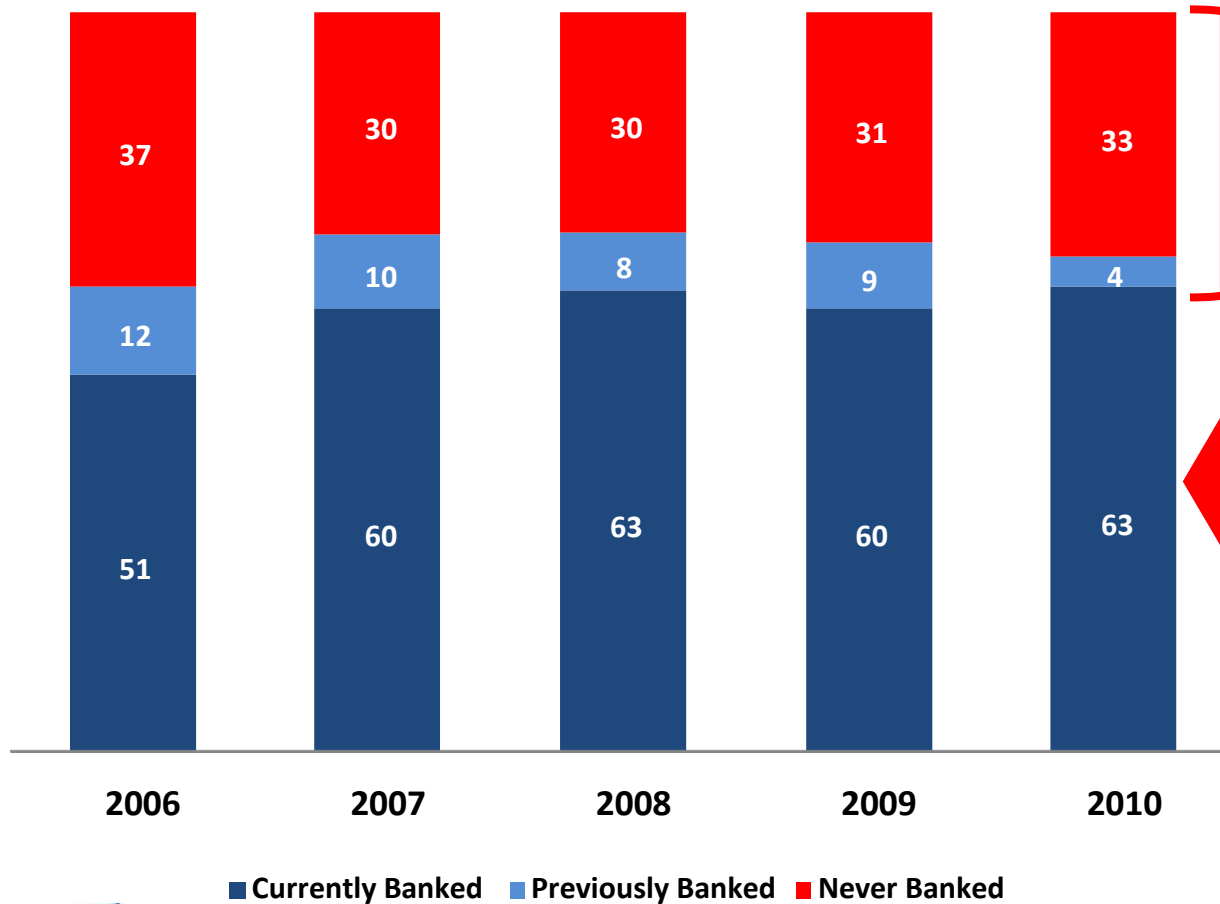
- Launched as a savings product in **October 2004**
- **Collaborative effort** between Postbank and the four largest commercial banks in South Africa: *Absa, First National Bank, Nedbank and Standard Bank*
- Purpose: extend **banking to low-income earners** by providing full-service banking within 15 kilometres of all South Africans. (To open a Mzansi account an individual only needs **an ID and R10.00 (\$1.25)** - no proof of income or residence is required).
- At the end of 2010, **5 Million South Africans** had opened an Mzansi account.
- Postbank currently has **4.5 million Mzansi and Pension flexi accounts** that represent 67% of our total account base. A large proportion of these customers are **social grant recipients**

MZANSI MARKET SHARE – DECEMBER 2010



Mzansi impact on financial inclusion

Tracking The Banked Market- % Penetration

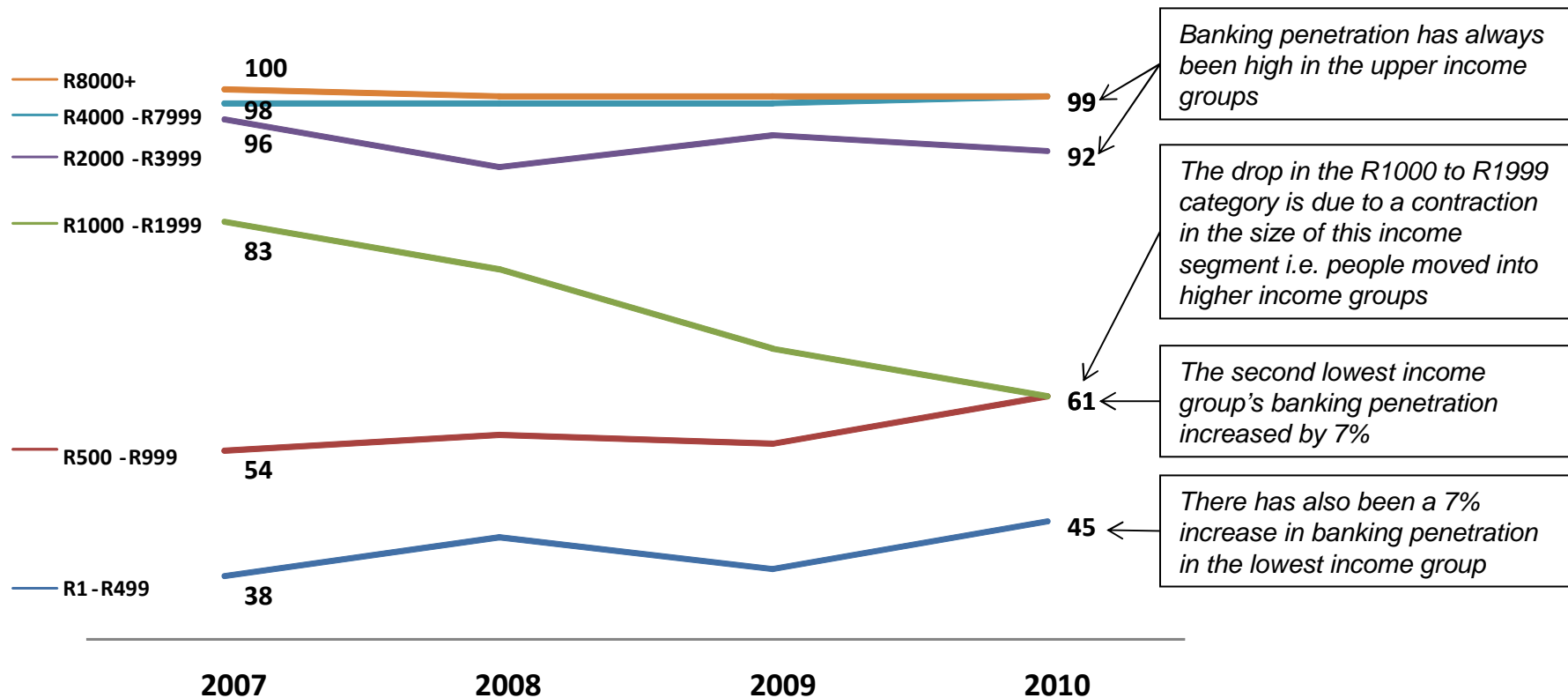


37% of South Africans are still financially excluded which presents an opportunity for the future

The proportion of the South African population that is banked has increased by 12% since 2006

Mzansi impact on financial inclusion

Banked Population penetration by monthly income group



There was an overall drop in banking penetration in 2009 because of the recession but the upward trend was restored in 2010

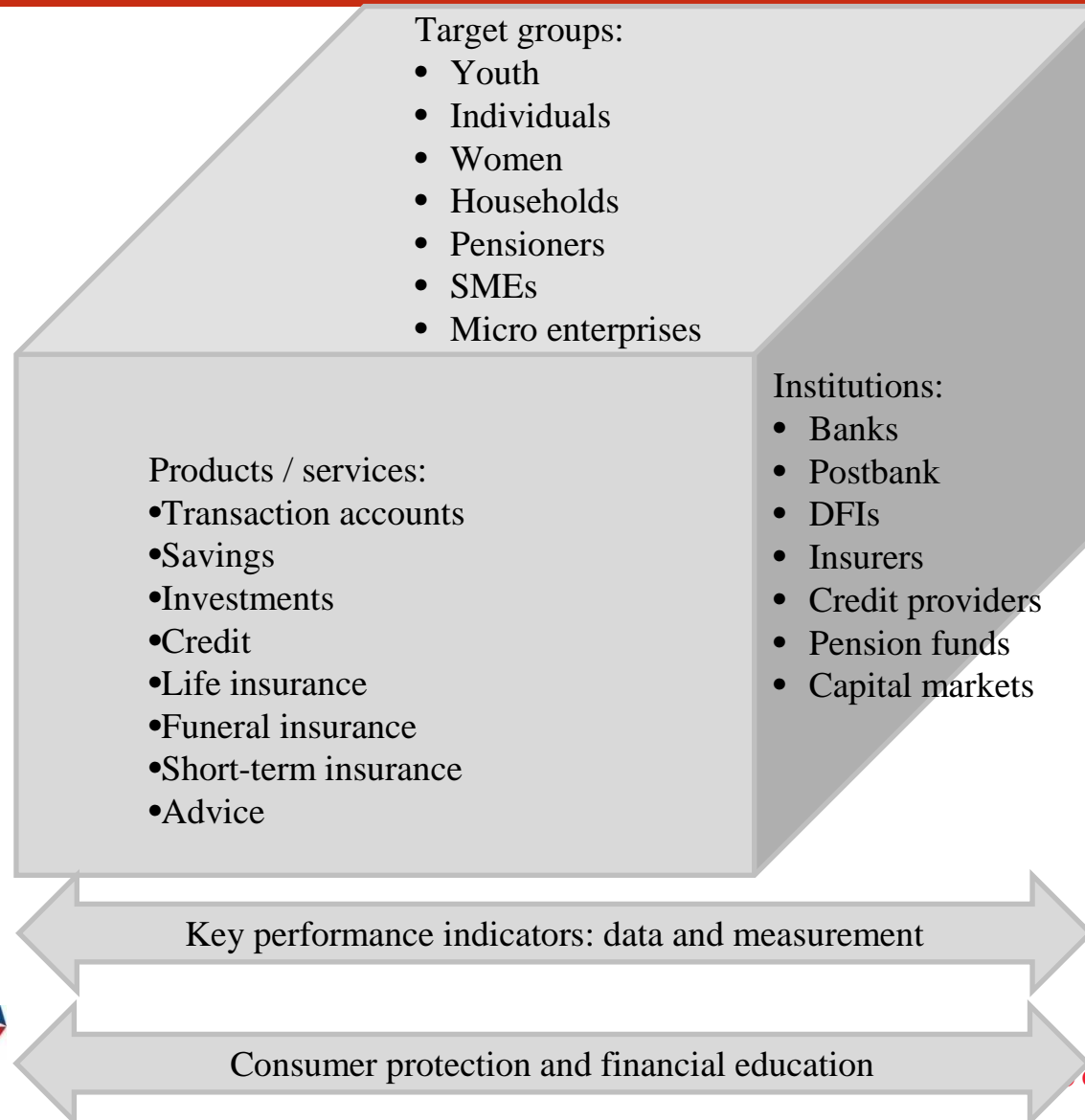


SA Gvt Initiatives & Priorities for Financial Inclusion

- Development of a **national financial inclusion strategy** with enabling and coordinated regulatory framework
- G20 Global Partnership for Financial Inclusion
- Develop, report and monitor national financial inclusion indicators and targets
- Consumer financial education and protection
- Products/Services Focus:
 - Access to Small micro & medium enterprises
 - Housing finance
 - Cross-border (workers) remittances

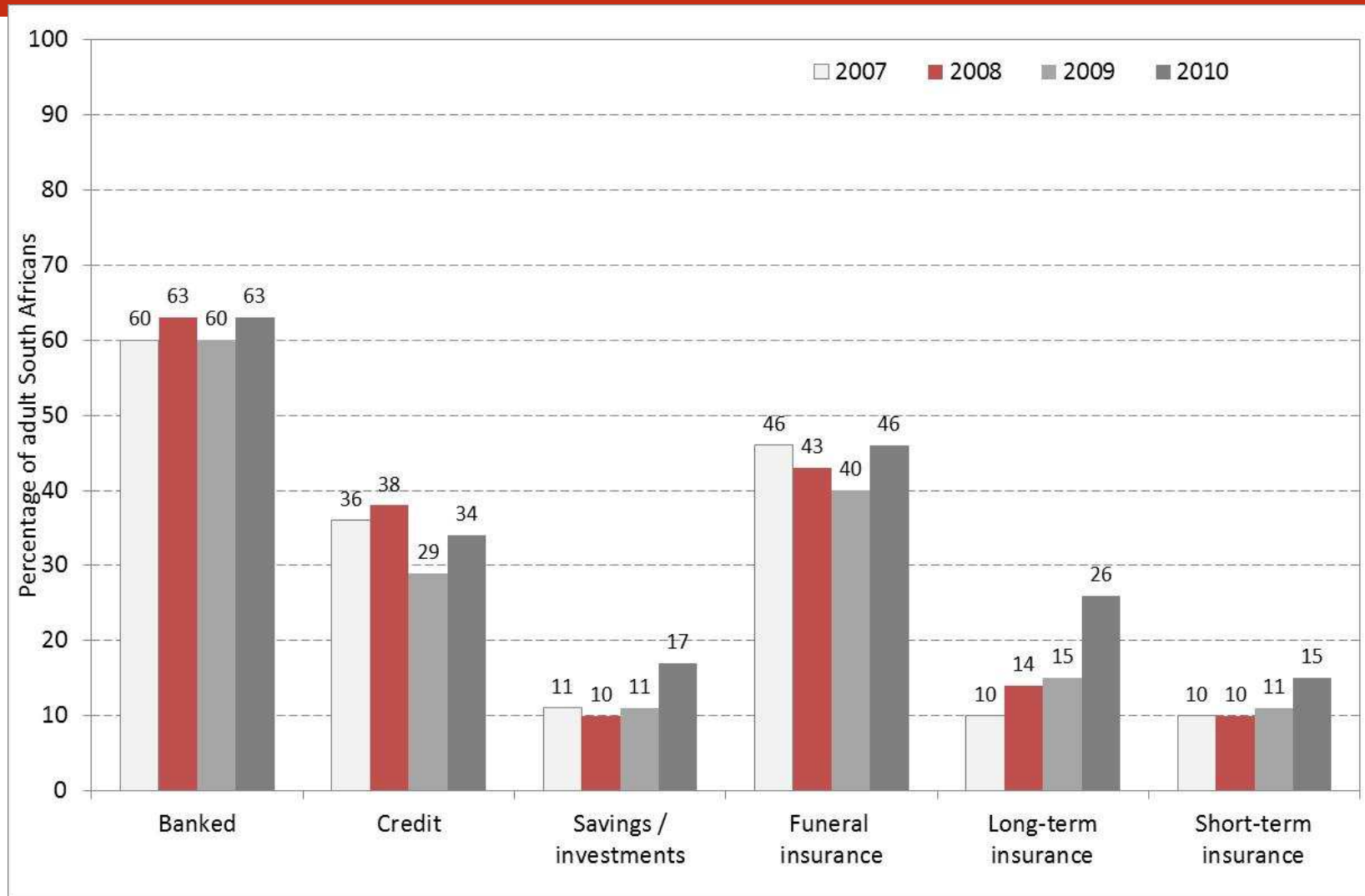
National financial inclusion strategy

Defining the scope (SA Treasury)



Financial inclusion scorecard

Assessing usage of financial products



PARTNERSHIPS TOWARDS ADVANCING FINANCIAL INCLUSION

- Local Priorities:
 - Obtaining a **banking license by 2012.**
 - Expanding **product range.**
 - **Implementing channel innovation**
 - Enhanced **internet and mobile banking** offerings

- Regional Outreach: Enable seamless and cost effective **money transfer solutions**
- Supporting technological and institutional **innovation** to expand financial system access and usage by enabling lower cost delivery channels to consumers (addressing infrastructure weaknesses and capacity constraints)
- Partnership to improve **financial literacy**
- **Sharing knowledge and lessons**

SAPO Catalyzing Financial Inclusion

THANK YOU

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