

## **Speech in the UPU Workshop on Postal Financial Inclusion in Berne on 31 October and 1<sup>st</sup> November 2011**

Honourable Director General of Universal Postal Union, Deputy Director General UPU, officials of UPU, distinguished delegates from different postal administrations, dignitaries, print and electronic media representatives, Ladies & Gentlemen,

At the very beginning, I, on behalf of my country Bangladesh and Bangladesh Post, and on my own behalf, would like to avail this opportunity to extend my heartiest thanks to Director General of Universal Postal Union for inviting us to this exquisitely beautiful city of Berne. It is indeed a great honour to me to have this opportunity to speak on behalf of Bangladesh Post. I would like to extend sincere thanks and profound gratitude to Universal Postal Union for organizing this Workshop on Financial Inclusion and delegates who has converged here from across the region and beyond.

We, the postal communities around the world, have been facing challenges in the increasingly complex economic & monetary environments. Newer operational technologies & electronic modes of financial transactions have posed a threat of a digital divide between nations. The Universal Postal Union in its history has never failed to positively respond to trends & threats in the marketplace. Against the present situations also, the able leadership of UPU is making strides in the right direction by exhorting all of us to embrace state of the art technology. Not only that, by creating Quality Service Fund, UPU has gone a long way to ensure for many of us access to recent modes of providing services to our customers. To make sure that no community in any corner of the world is deprived of modern-day services through the post is clearly manifest in UPU's efforts in this regard.

In tune with the postal players around the world, Bangladesh Post has recently taken a number of steps in order that our huge domestic market of 150 million customers as well as millions of international customers is provided with quality service through its 9,886 outlets. You would be glad to know that there have been rapid modernization efforts of the Bangladesh Post in recent years, thanks to the "Digital Bangladesh"-a government commitment to bring about a total digitalization of Bangladesh by the year 2021. Bangladesh Post is exploring all avenues to keep up with the trends of current marketplace. But at the same time, Bangladesh is fully committed to its main obligation-the Universal Service Obligation of which UPU is the Champion Defender.

I would like to present some data on the extent of banking service in Bangladesh. In Bangladesh, as on 31-12-2010,

- Total Population: 146100000
- Number of Operating Branches of Govt. and Private Banks: 7,711
- per capita deposit: 25,256 BDT
- per capita advances: 20,252 BDT
- Total number of accounts: 486,78,937
- Total Amount Deposited: 368,919,98 Lacs BDT
- Deposit distributed by all banks in urban area: 320,287,19 Lacs BDT
- Deposit distributed by all banks in rural area: 48,632,79 Lacs BDT
- Total Deposit distributed by all banks in Bangladesh: 368,919,98 Lacs BDT

Against the backdrop of the foregoing, Branchless banking is the demand of the day. Bangladesh Post has already put its footsteps into the world of branchless banking. I have pleasure in presenting Electronic Money Transfer Service (EMTS) and Postal Cash Card Service before the comity of postal nations.

The Post Office now offers two branchless banking services. With a view to unlocking the postal potentials, the Electronic Money Transfer Service (EMTS) was inaugurated by the Honorable Prime Minister on March 26, 2010 A.D. This service was commercially launched in a limited scope (in 104 post offices) on May 01, 2010 A.D. However, in response of overwhelming demand, this service has now been expanded in 2000 post offices throughout the country including all district head post offices, sub-district post offices and rural post offices. By December 2011, the service will be extended up to 8,000 post offices and almost 80% of the people of Bangladesh will be under the service network of EMTS.

The software used in this service is our innovation. This service has got wide acceptability and popularity within a short period of time. Anyone can send money within two or three minutes through this mobile-based money transfer service while manually it takes at least three to five days and even seven days. EMTS, as it is envisaged, will soon replace the traditional money order. For the mobile-based system, the post offices will charge Tk 20 for the first Tk 1,000 and Tk 10 for each of the next Tk 1,000. Besides, Tk 7.0 will be charged as electronic cost. Anyone can send money order worth Tk 10,000 in the maximum at a time. Post office staff uses either a web interface, for those with internet connectivity, or a menu on a specially equipped mobile phone to key in information about the sender and receiver. There is also an option for a free text to be sent to the recipient notifying them of the transfer.

## EMTS

In Bangladesh, 21% of total population live in urban area and 79% of total population live in rural area.

At present, Bangladesh Post is rendering EMTS Service to 16% of total rural people with its 2000 post offices. By December 2011, 8000 post offices will provide EMTS service and then 64% of total rural people will enjoy this service.

Total amount of money transfer=50,000 million BDT  
(July 2010 to June 2011)

Money Transfer Player	Before introduction of EMTS		After introduction of EMTS	
	Total amount in million BDT	% of total money market	Total amount in million BDT	% of total money market
Bangladesh Post	4258.20	8.52	11191.35	22.38
Commercial Banks	33510.00	67.02	29500.00	59.00
Others	12231.80	24.46	9308.65	18.62
Total=	50000.00	100.00	50000.00	100.00

- Bangladesh Post earned 143.36 million BDT as commission of EMTS.
- This service achieves an average growth rate of 11% per month since its introduction.
- Money transfer market is expected to be worth 70000 million BDT in the next 5 years.
- Bangladesh post will be able to render EMTS to almost 90% of the total rural people.
- This service is assumed to experience a growth rate of 5%-6% per month in future.

The other service that has been launched on March 26, 2010 A.D. is a Post Office Cash Card. Postal Cash Card ensures digital banking service for the unbanked poor people. The card looks like a bank ATM card and comes in a smart plastic wallet to protect it from the elements. This card will minimize the risk of carrying cash in one hand and will enable customers to reap the benefit of encashment and remittance in post office counters and ATM booths on the other hand. This card may also act equally as a Debit Card, Credit Card and Plastic Money. The card does not bear the name of the holder, so you can sign up and walk out of the branch in the same day with your account active. It costs Tk45 (US \$0.60) to open the account. The card allows you to safely store money and it is free to make deposits. Customers are charged 1% for

withdrawals. The Post Office will be rolling out more POS devices to an increasing number of branches over the coming months.

### **Postal Cash Card**

Serial	Month	Deposit		Withdrawal	
		No. of Deposits	Amount in BDT	No. of withdrawals	Amount in BDT
1.	July	448	465070.00	18	277390.00
2.	August	491	532770.45	63	468155.00
3.	September	864	612827.45	134	357653.95
4.	Up to October 17	1062	1937528.00	114	1007800.80
	Total=	2865	3548195.90	329	2110999.75

Our government is planning to disburse allowances for senior citizens and also some other allowances under the social safety net programmes through this card. We are expecting to earn revenue of 220 million BDT this year for this postal cash card. This service is assumed to experience a growth rate of 6%-7% per month in future.

The post office (amendment) act, 2010 has opened up a window to provide newer services for the people of Bangladesh. Bangladesh post is amply empowered by the freedom bestowed to it in respect of providing remittance transfer services, banking services and postal life insurance services to the people. Bangladesh Bank, central bank of Bangladesh, is the regulator of EMTS & Postal cash card. It is also closely monitoring the trends of the services.

Bangladesh Post is also on the verge of establishing micro insurance and micro banking for the unbanked poor people. Bangladesh Post would really appreciate if UPU, different postal administrations and donor agencies could kindly extend their cooperation and arrange resource mobilization for any of Bangladesh Post's effort.

I wholeheartedly hope that PTC would take sincere care of these two services and we would be truly glad if PTC would take initiatives to disseminate these services worldwide.

Representatives of Tanzania Post have already visited Bangladesh and gather some experience on EMTS. We would request you and PTC officials to kindly manage some time to pay a visit Bangladesh to have glimpses on the recent developments in Bangladesh Post.

I avail myself of this opportunity to renew to you the assurances of my deep respect and express my hope for increased cooperation between us in the future.

Thank you all for a patient hearing and enjoy the video clips on EMTS and Postal Cash Card.

(Sudhangshu Shakhar Bhadra)  
Additional Director General, Bangladesh Post,  
Designated Representative of Bangladesh to UPU &  
Deputy Head of Delegation, Bangladesh.