

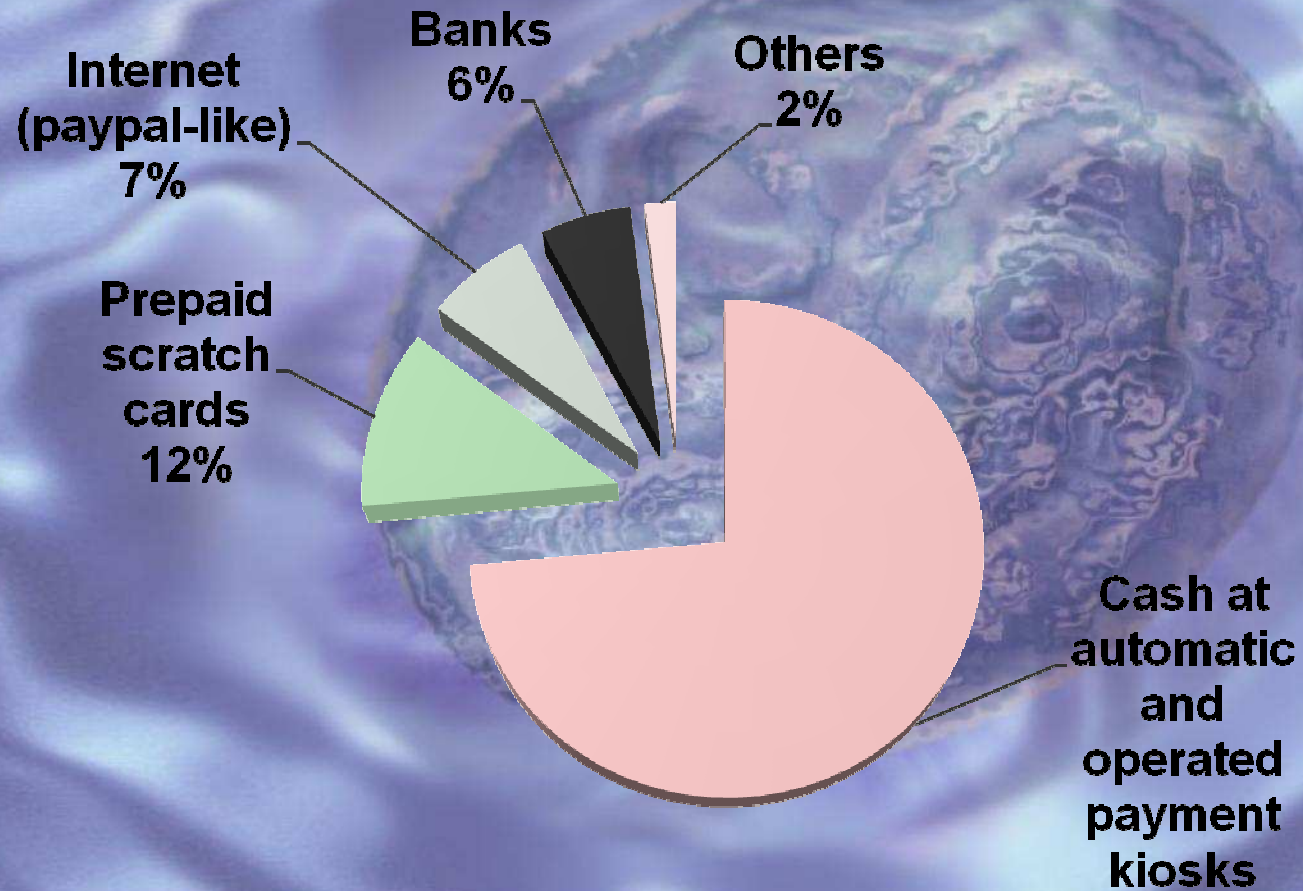
# UPU/AFI Workshop 11 2009

**How Can Post and Electronic Money  
Institutions (ELMI) benefit from  
collaboration?**

**Victor Dostov, Russia**

**NAUMIR and Electronic Money Association**

# Example: mobile phones top-ups



## Russian Monthly Challenge

- 100 mln+ payments for prepaid mobiles
- 10 mln+ payments for Internet access
- around 10 mln payment for bank credits
- etc, etc.

## Russia: typical features

- Banks target B2B, weakness of retail banking: can't build retail in 20 years from scratch
  - Banks targets credits with 20%+ p.a. rate
- Banks are not very interested in retail payments
- Historical weakness of “distant” payments (no checks...)
  - Huge territories with low population density
- Low *effective* card and accounts penetration (percents)  
Formal penetration is more than 100%
- High-tech culture
- development of sophisticated payment instruments

# Internet payment systems, prepaid

## Webmoney, Yandex.Money

- **How a typical operator looks like:**

Paypal, but top-ups are by cash/scratch cards

Accounts: 4,000,000

Merchants: 2000 (large) + small

Monthly turnover: 50 millions USD

Average transaction: \$20

Yearly growth: +50%

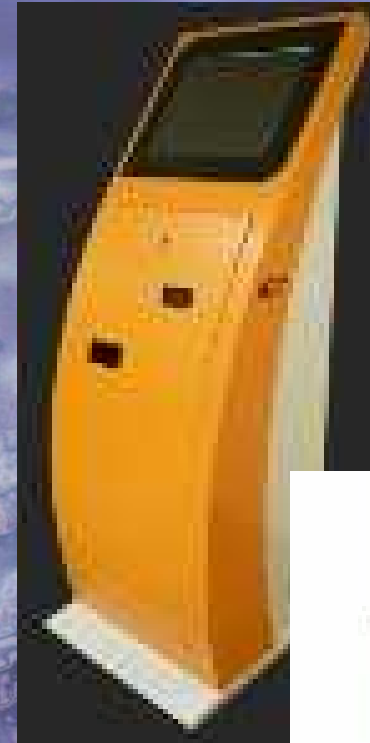


# Kiosks



Touch screen

Cash-in



# Kiosks

## Cyberplat, ePort, OSMP

- **How market looks like:**

Kiosks: more than 200,000

Merchants: 2000 (large) + small

Monthly turnover: 1 bln USD

Average transaction: \$15

Yearly growth: +30%



# Kiosks

What pay for?

- Prepaid mobiles
- Return of bank credits
  - Prepaid telcos
  - Utilities
- Tickets, MMORG, everything

**Most of kiosk operators are non-banks,  
which was finally legalized in 2009 by  
103th Federal Law**



# m-payments

**Really started few years ago.**



# “Russian” model penetration

- ExUSSR countries, already
- Asian countries: Viet Nam
- Latin America
- Eastern Europe



# How ELMIs (can) collaborate with Post?

## ● Kiosks: installation of third-party kiosks in postal offices

- More visitors
- More money
- Better reputation



# How ELMIs (can) collaborate with Post?

- **Internet and mobile ELMIs:**
  - Use Postal offices to put money into electronic/mobile wallets (virtual accounts)
  - Use Postal offices to get money from wallets
- **Client identification**
  - FATF requirement for “large” wallets, e.g. merchant wallets
  - Credit options



# Is outsourcing reasonable or Post must become ELMI?

- Instant acquiring of huge number of payments and financial operation with low spending
- No need to invest in HR, solutions, etc.
- No competition for client between ELMI and Post (compare Post/Bank)

Win/Win approach



# Typical numbers for internet ELMI/Post

- Total top-ups: 30 mln USD per month
  - Private remittance networks: 3 mln USD
  - Postal offices 0.2 mln USD

Number of postal offices is much higher than number of remittance agents.



# Why such inefficiency?

- **Post is quite conservative**
- **Difficult to provide uniform quality of service in huge number of offices**
- **No explicit regulation for ELMIs, except kiosks**
- **No guidance and no cases studies**



# What can be done?

- **More of Postal authorities participation in payment regulation development, including ELMI regulation**
- **UPU recommendation on Post/ELMI collaboration**
- **Best practice studies**



# Thank you

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