



We deliver, whatever it takes.

The logo for Postbank, featuring the text "Postbank" in a white, sans-serif font. To the left of the text is a small icon consisting of a blue square with a white vertical bar on its left side.

Postbank

A member of the Post Office group

FINANCIAL INCLUSION AND POSTAL BANKING WORKSHOP

Presentation by Postbank South Africa (Maureen Manyama – Matome)

09 and 10 November 2009

DISCUSSION AGENDA

1. Postbank journey 1910 to 2010
2. SAPO business model
3. Postal Financial services group
4. Purpose of existence
5. Postbank vision and mission
6. Current Postbank mandate
7. Products and services
8. Strategic alliances
9. Composition of deposit book
10. Deposit book growth (2003 to 2009)
11. Number of customer accounts
12. Branch network vs. population (per province)
13. Revenue streams
14. Focus going forward:

POSTBANK JOURNEY 1910 TO 2010

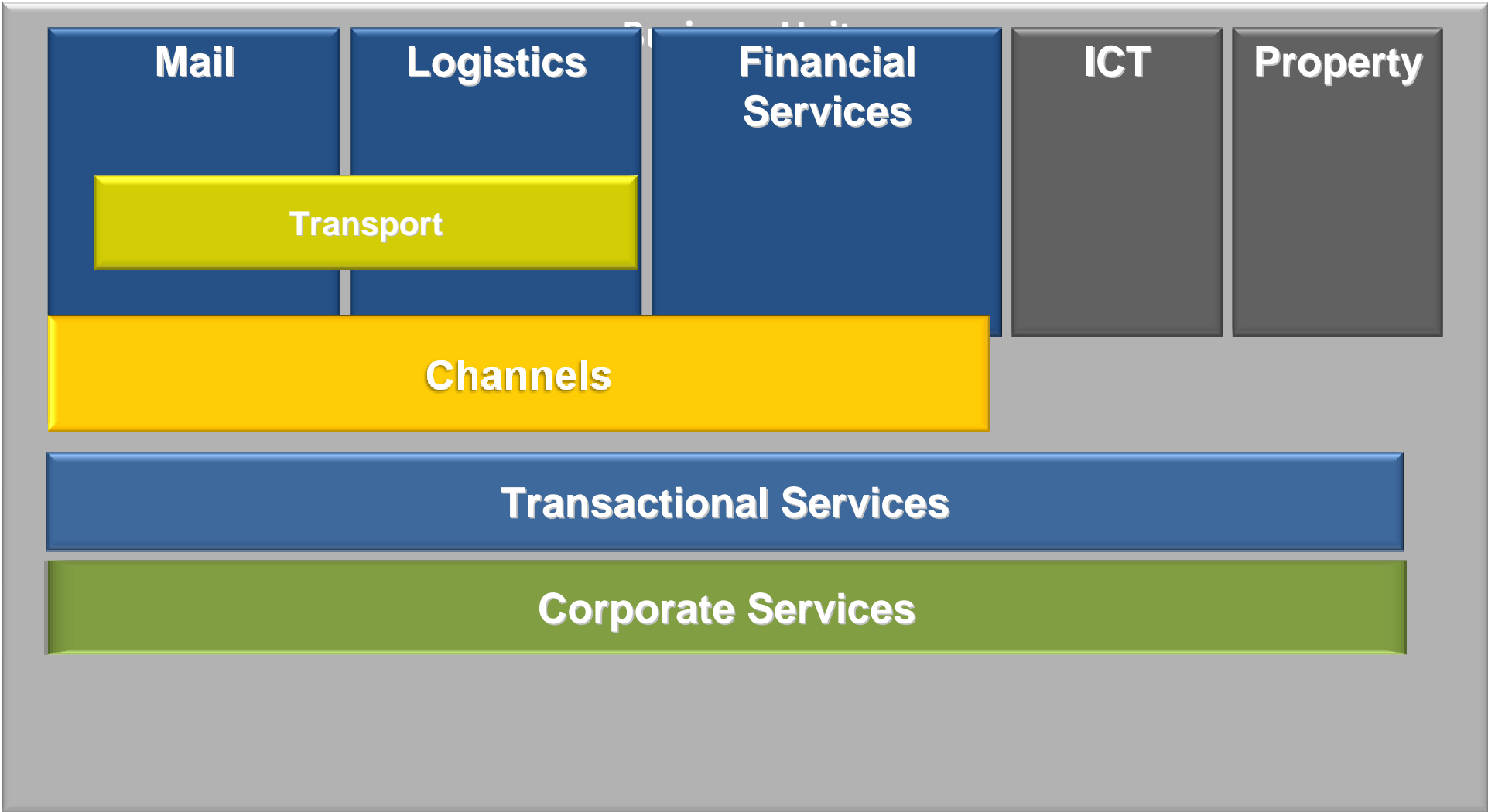
**1900
to
2000**

- *Amalgamated to form the Post Office bank of union of South Africa*
- *SAPO commercialisation – separation from Telkom*
- *Tax concession withdrawn (dep. up to R100,000)*
- *Management contract with New Zealanders*

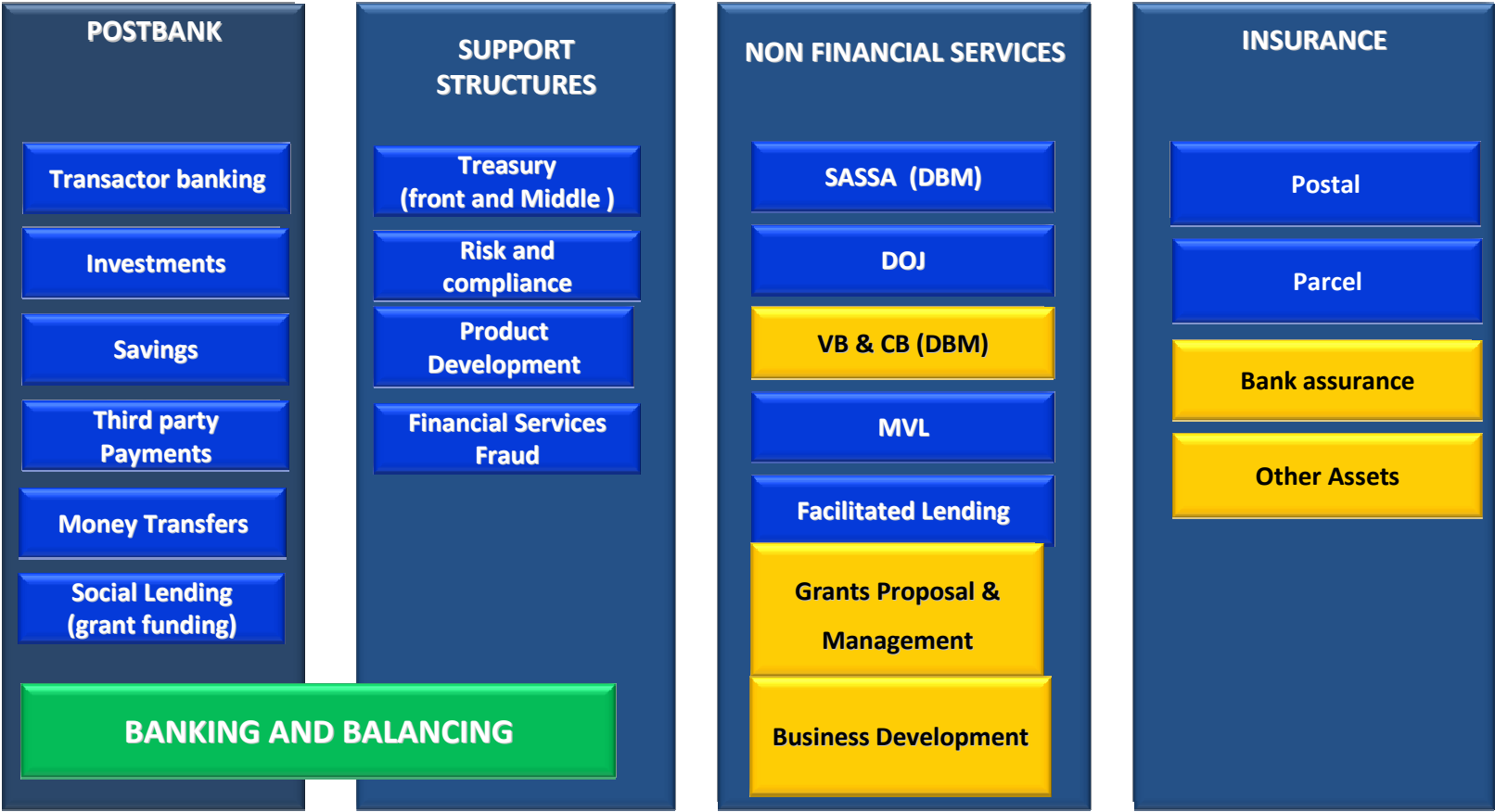
**2000
to
date**

- *MOU for Postbank corporatisation signed*
- *NT recapitalise R750m – Postbank depositors funds*
- *Phase I of corporatisation – completed*
- *SAPO group new business model*
- *Phase II corporatisation*

THE SOUTH AFRICAN POST OFFICE BUSINESS MODEL
(effective from 01 April 2008)



POSTAL FINANCIAL SERVICES GROUP - FINSERVE



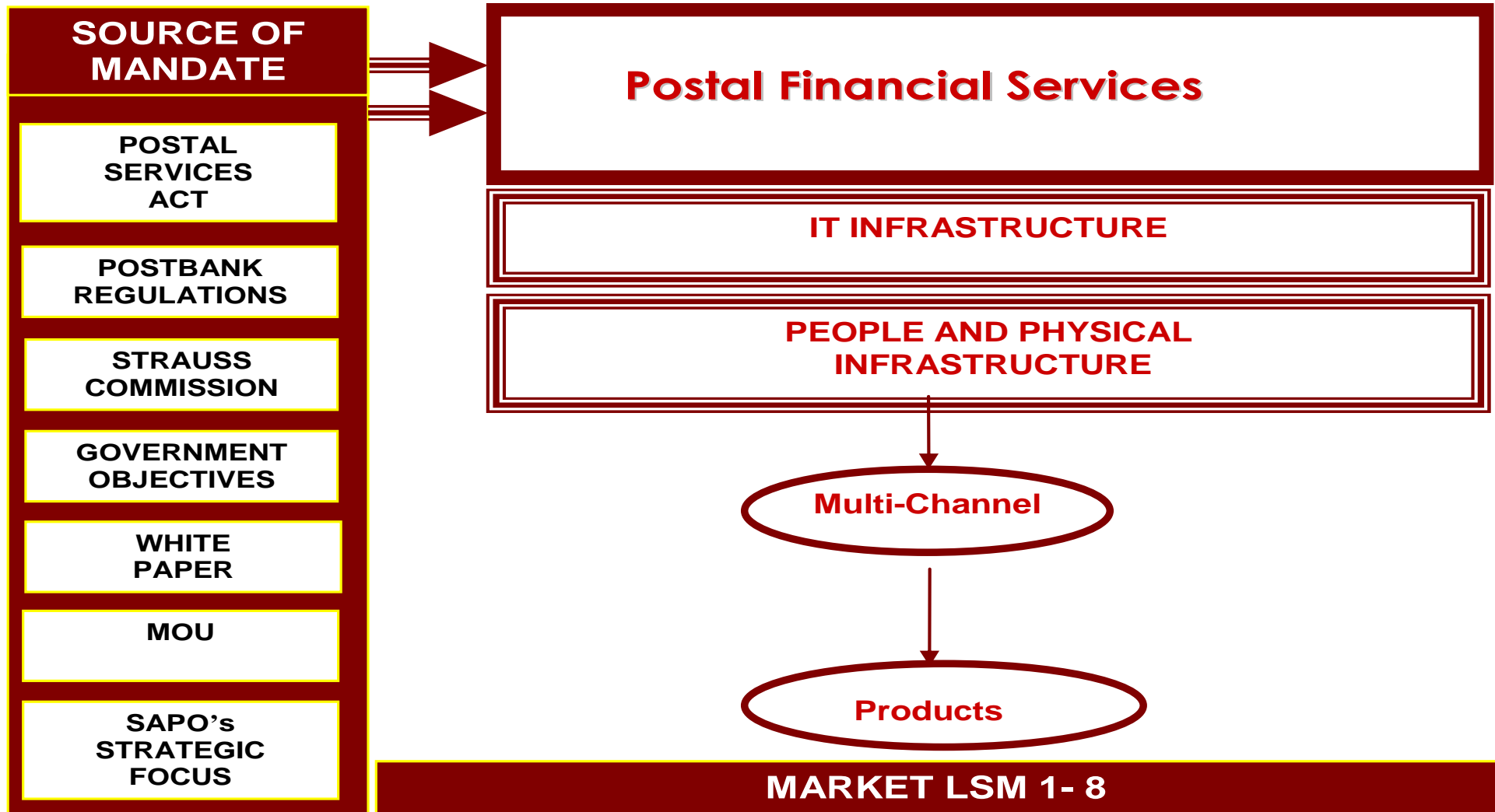
PURPOSE OF EXISTENCE

- Remain a **sustainable** business
- Providing a **universal access**
- Diverse **range of financial services solutions**
- Appropriate, affordable, secure, simple** financial products and services
- Strategic profitable partnership**

POSTBANK VISION AND MISSION

- ❑ **Vision:** is to be a **bank of choice** for the **underserved and unserved communities** offering **simple, affordable and convenient banking** solutions.
- ❑ **Mission:** “To provide **cost effective** financial services to **appropriate market segments** using simple yet optimised processes and infrastructure, through **profitable partnerships** using a skilled and motivated workforce with the support of an **aligned leadership team of both Postbank and the overall Postoffice group .”**

CURRENT POSTBANK MANDATE



PRODUCTS AND SERVICES

• SAVINGS PRODUCTS

- Bonus save
- Smart save
- Bakgotsi

• TRANSACTIONAL PRODUCTS

- Flexi card
- Mzansi flexi card
- Pension Flexi card

• PAYMENTS & MONEY TRANSFER

- Govt payments
- Private payments
- Domestic MT
- International MT

• INVESTMENT PRODUCTS

- Maxi save
- Term save
- Term Save plus

OTHER PRODUCT & SERVICES – STRATEGIC ALLIANCES

MICRO-LOANS (BAYPORT)

- SAPO provides front-end services
- Lending is focused on lower LSMs
- Commission earned for successful and unsuccessful applications
 - Profit share
- Rental for the kiosks (own resources)

UNIT TRUSTS (UC CAPITAL) (Umbono)

- Commission based on products sold

AGREEMENTS/ STRATEIC ALLIANCES

FUNERAL PRODUCTS (SAFRICAN)

- Commission based on the products sold



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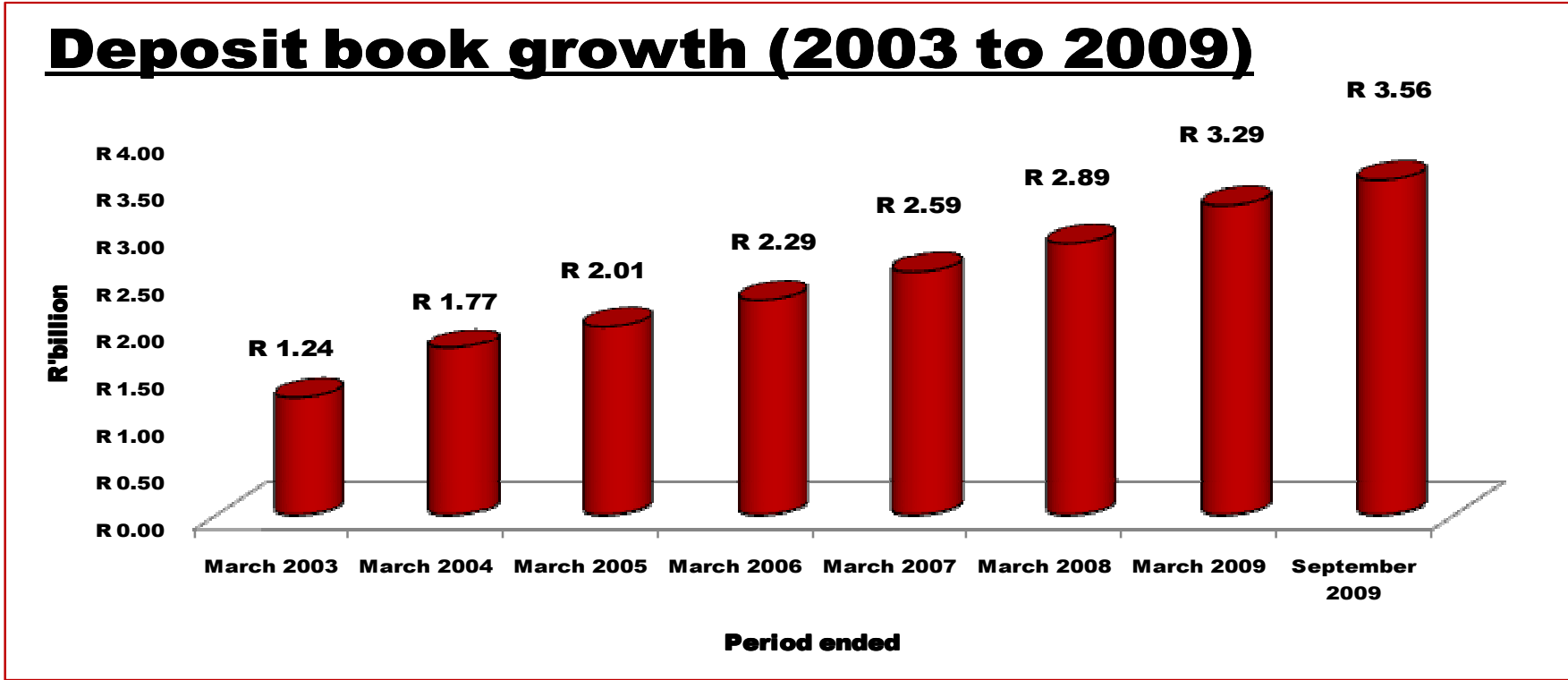
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OTHER PRODUCT & SERVICES – STRATEGIC ALLIANCE

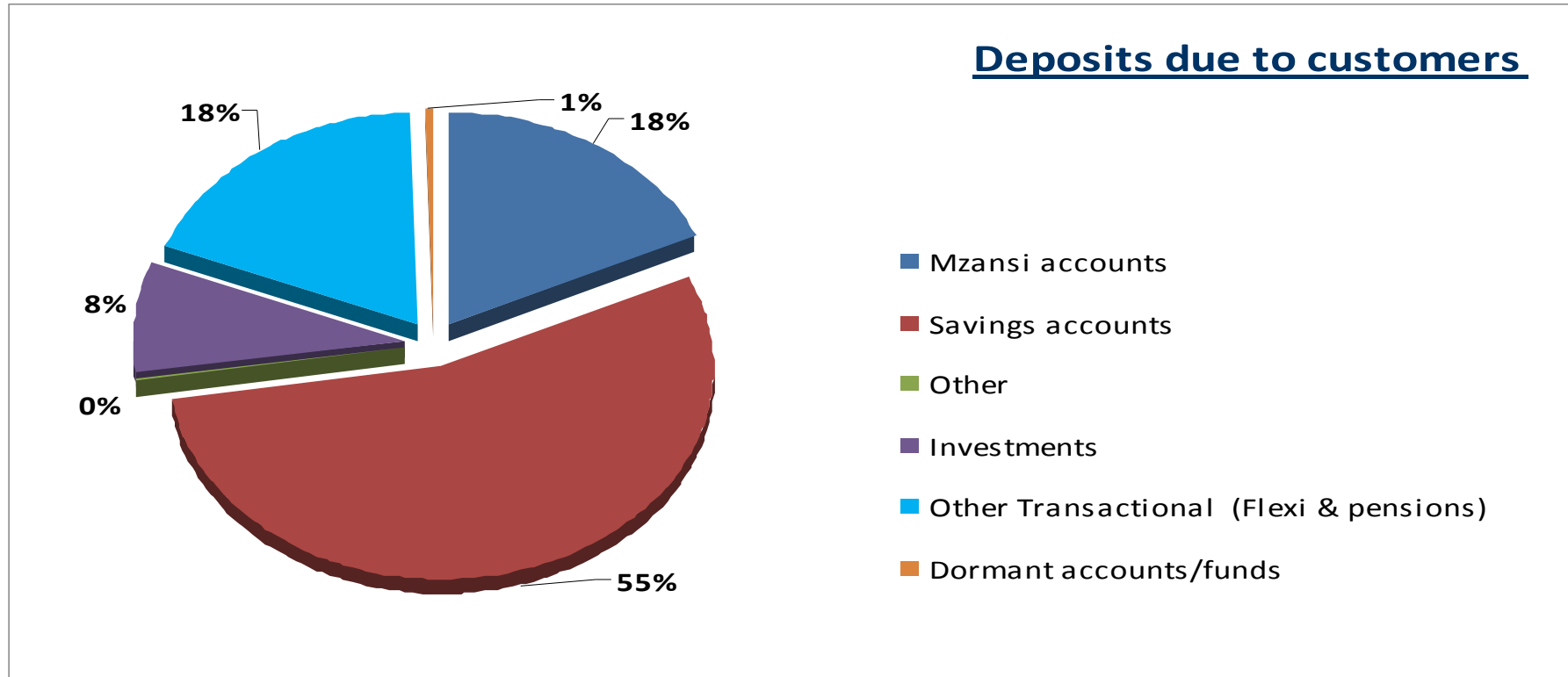
- Agreement is signed between the parties and SAPO (on behalf of Postbank)
- Front-end services are provided
- Minimal CAPEX investment
- Bayport , we use their web based system from SAPO outlets
 - Possibility of acquiring the loan book originated through SAPO outlets
 - rental paid for kiosk in SAPO outlets
- commission based on products sold

DEPOSIT BOOK GROWTH (2003 TO 2009)



- ✓ Our goal for the FY2010 is R3.4 billion deposit book balance;
- ✓ Deposit book grew from R1.24 billion (2003) to R3.56 billion over a period of 6.5 years (287%)
- ✓ 17% average YoY growth from March 2003 to September 2009

COMPOSITION OF THE DEPOSIT BOOK – 30 SEPTEMBER 2009

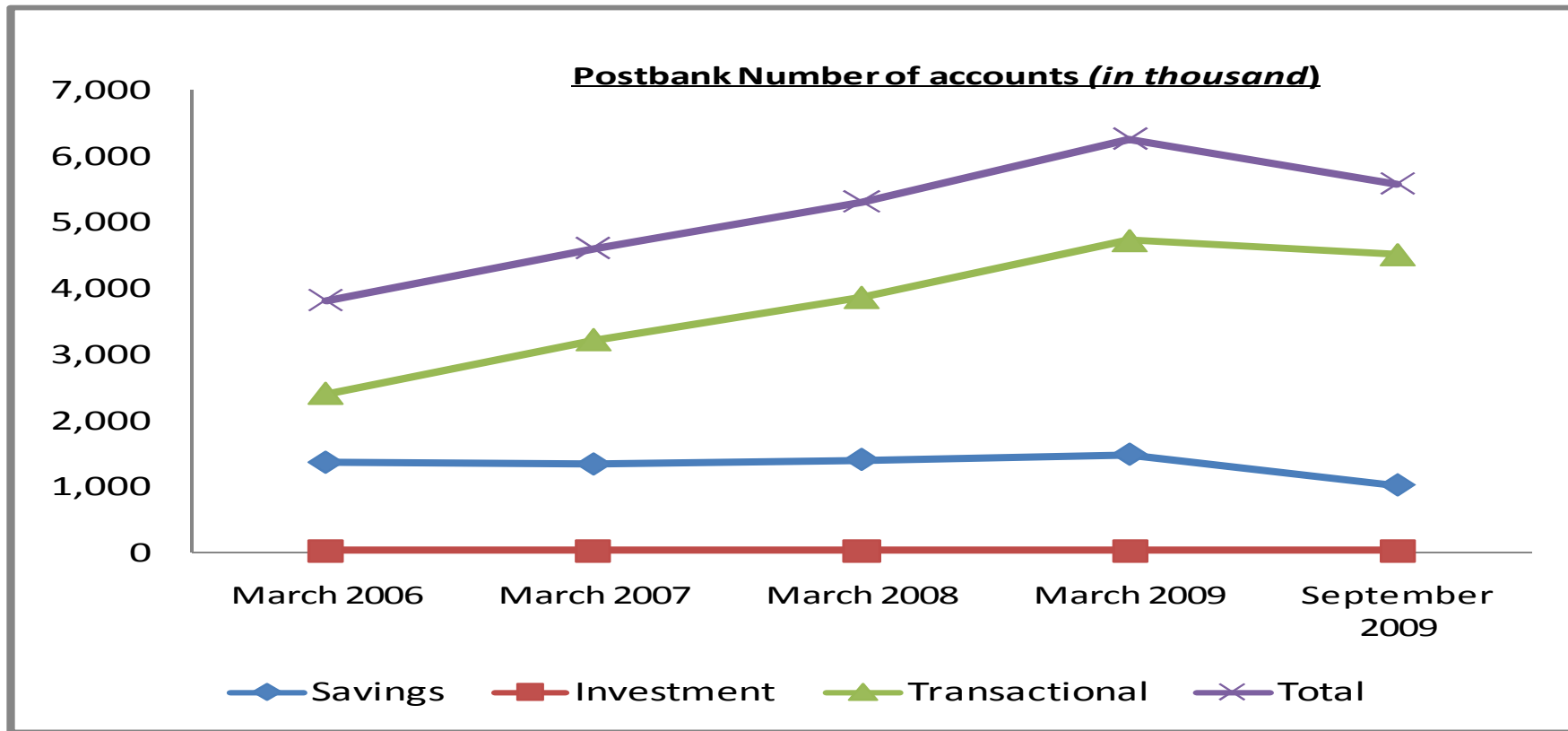


- ✓ our goal for the FY2010 is R3.4 billion deposit book balance;
- ✓ shown a growth of 7.9% since the beginning of the 2010 financial year
- ✓ YoY growth of 9%

MZANSI INITIATIVE BY SOUTH AFRICAN BANKING INDUSTRY

- Mzansi account = an entry level bank account (debit card)
- Developed by the South African Banking Industry
- participation: 4 largest commercial banks + **Postbank**
- Effective from October 2004 to December 2008
- Common minimum products standards were set across the issuing banks:
 - debit card is issued
 - no monthly administration fees levied on the account
 - ceilings on balances
 - KYC – driven ceilings on transaction value
 - fixed fee for withdrawals on a bank's own ATM (on-us) and another bank's ATM (not – on –us)
- 3.5 million current mzansi users – December 2008
- Financial Sector Charter became inactive in 2009
- POSTBANK MZANSI ACCOUNTS (5 November 2009):
CAPITAL: R 697 MILLION AND 2.6 MILLION ACCOUNTS***

Number of customer accounts (March 2006 – September 2009)



- ✓ March 2006: 3.8 million accounts (36% savings and 63% transactional accounts)
- ✓ September 2009: 5.6 million accounts (18% savings and 81% transactional accounts)
- ✓ focusing on reviewing the investment products (35K accounts)

services

- debit & stop order facilities
- Mzansi money transfer
- ATM & POS transactions -> (VISA branded cards)
- Branch transactions (account opening & closing; deposits; withdrawals; statement & balance enquiry; card re-issue)
- Internet banking -> available to staff only

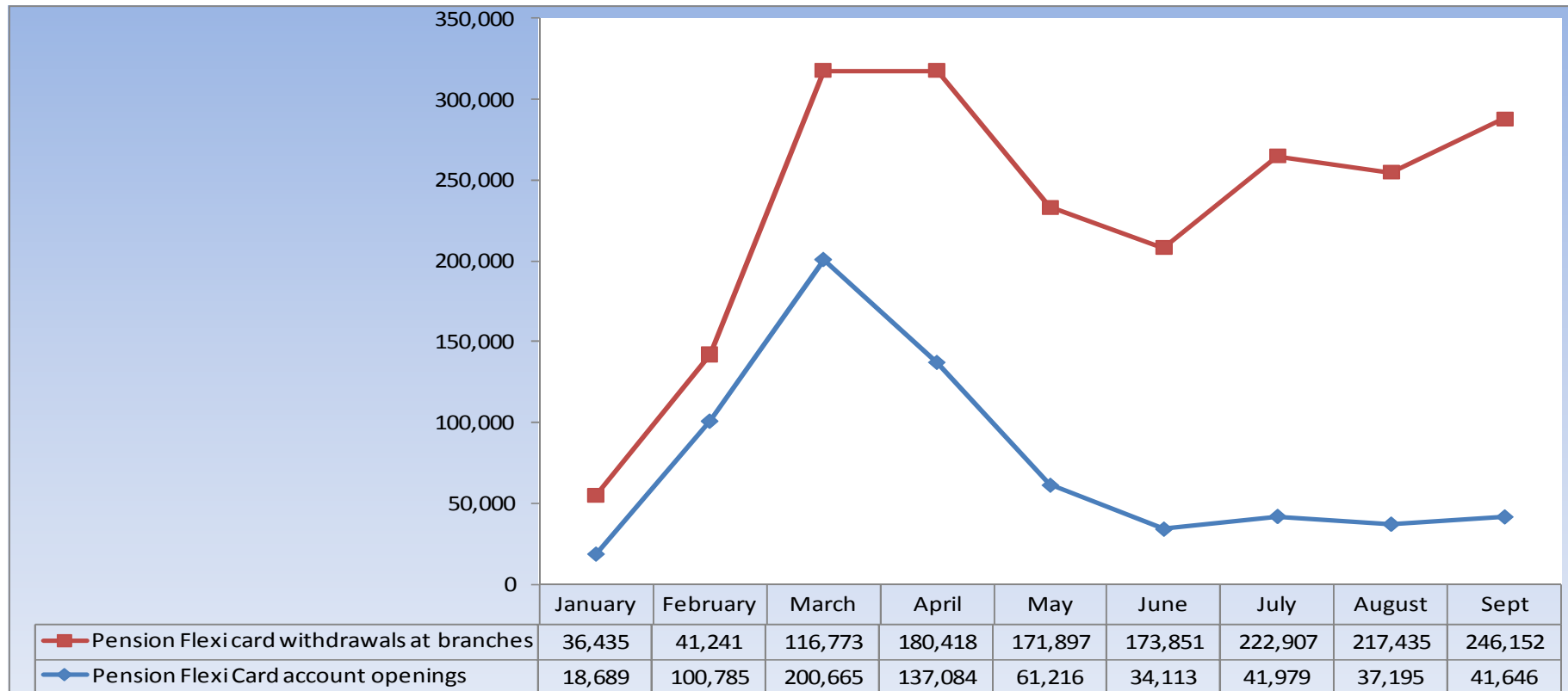
Average number of Postbank transactions (monthly):

- Branches (P.Office outlets): 3 million
- total avg transactions (7.5 million per month)
- ATM: 2.5 million

- POS: 274K

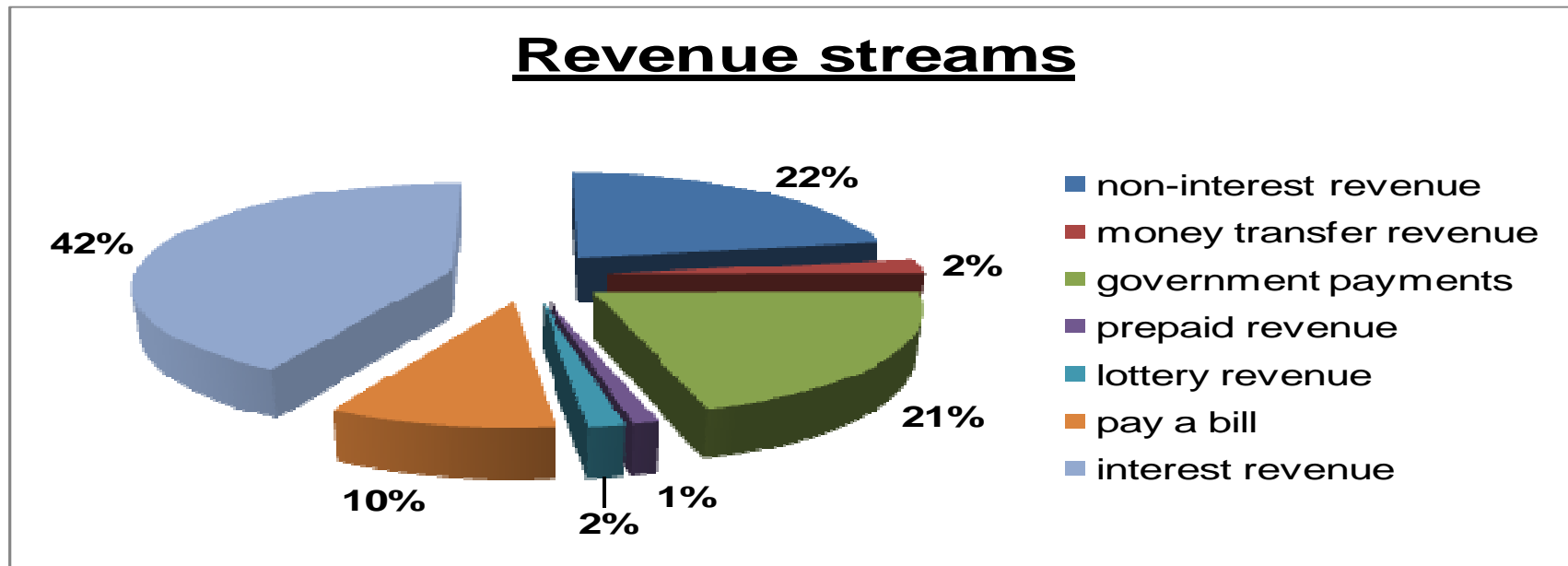
Marketing campaign to encourage card usage

SASSA Phase I initiative – January 2009 to date



- ❑ 673K SASSA accounts opened (January to September 2009)
- ❑ 1.4 million withdrawals @ Post office outlets amounting to R1.1 billion cash disbursed.

REVENUE STREAMS AS AT 30 SEPTEMBER 2009



Government services revenue:

- MVL
- Municipalities
- Social grant revenue

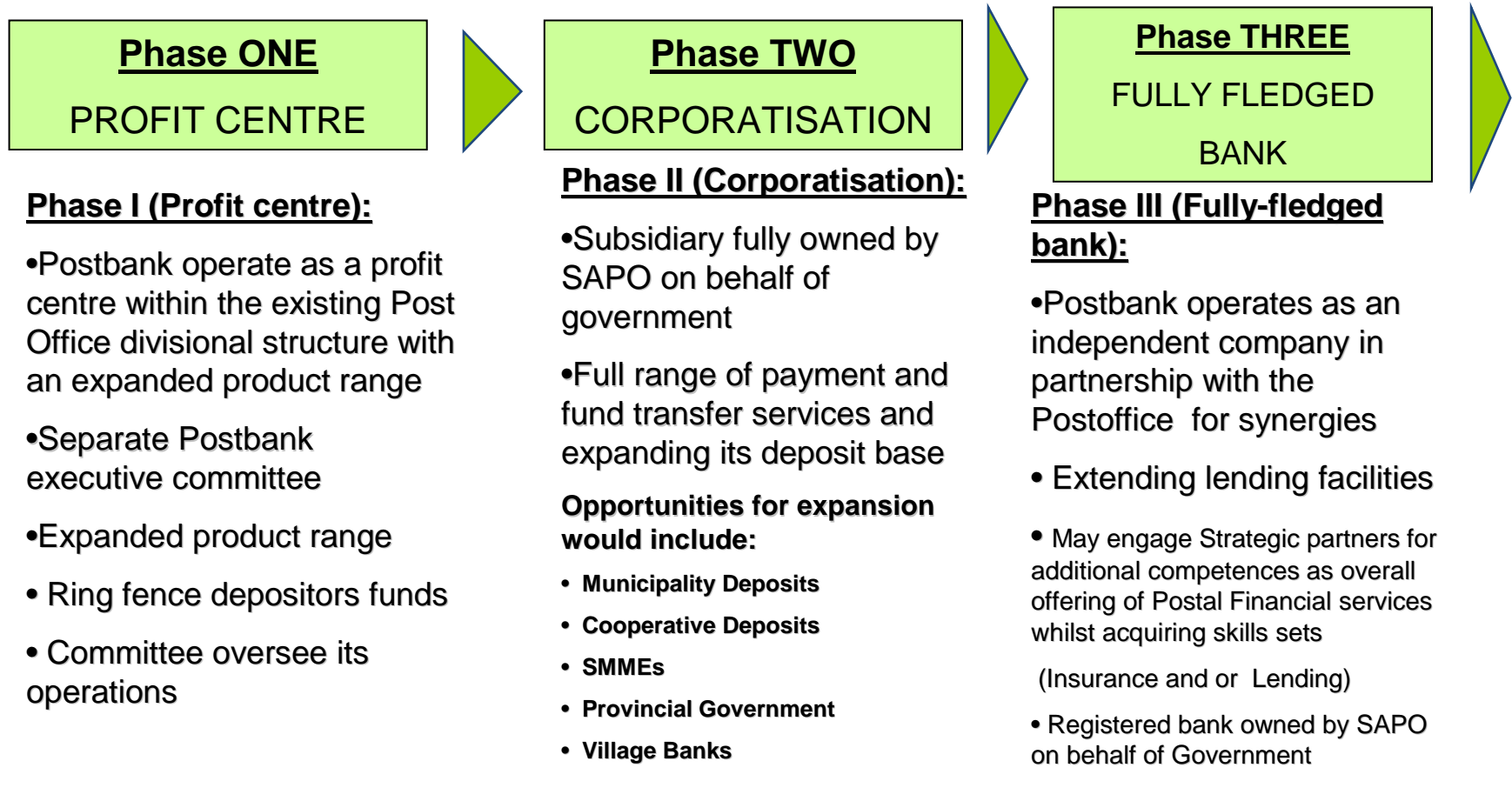
Pay a bill revenue:

- television licenses
- health services
- utilities & Telkom
- educational institutions
- retailers
- financial institutions

FOCUS GOING FORWARD

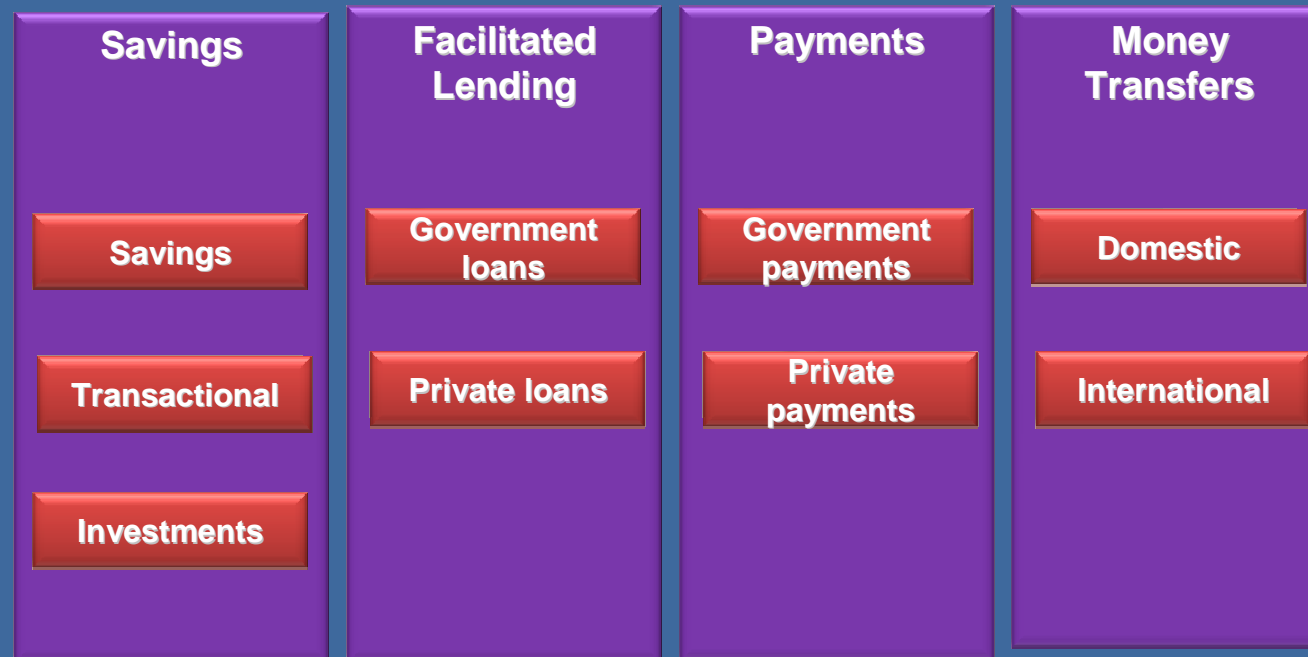
MEMORANDUM OF UNDERSTANDING

A three phased restructuring process was proposed for Postbank in the White Paper on Postal Policy and set the basis for the Memorandum of Understanding signed in 2004



**WHAT WE ARE CORPORATISING UNDER THE BANK
(Based on risk and regulations)**

POSTBANK

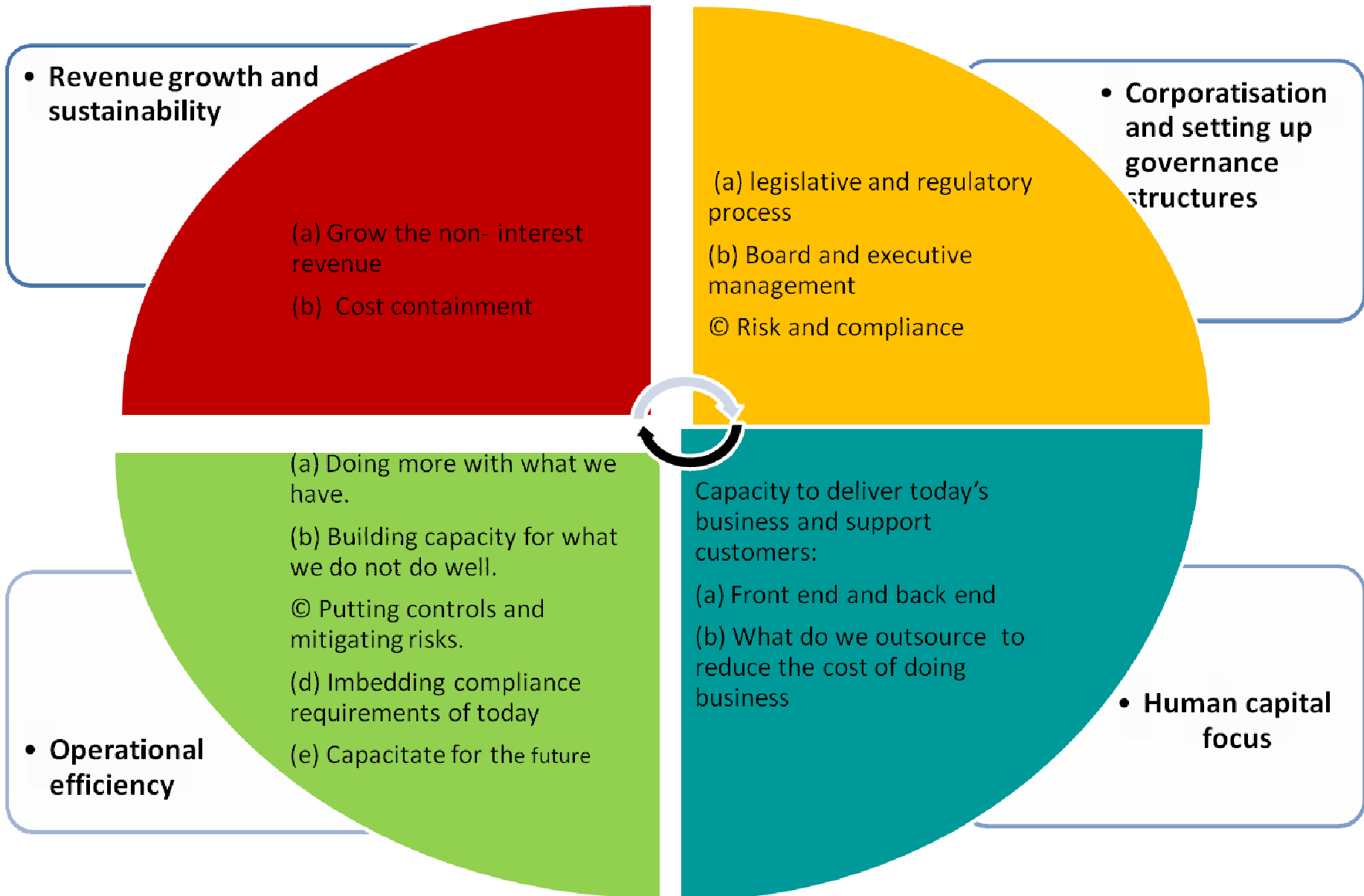


POSTBANK CORPORATISATION = CORE BANKING + PAYMENTS + MONEY TRANSFERS.....FACILITATED LENDING

CURRENT BUSINESS STRATEGIC OBJECTIVES

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STRATEGIC OBJECTIVES FOR CORPORATISATION (Phase II and III)

- Establish a **Second Tier national bank**, providing simple, affordable products to underserved and unserved masses (beyond Umzansi) thus.....
- Enable the bank to **serve its customers** effectively
 - Grow customer base
- Manage **financial regulatory environment**
 - Protect banking system
 - Avoid Systemic Risks
 - Protect depositors fund
- Diversification** strategy of the Postoffice

KEY OBJECTIVES FOR CORPORATISING FOR THE BANK

- ❑ Availing a **full suit of Financial Services** to the poor utilising the Postoffice infrastructure therefore **enabling access**
- ❑ Extend products and banking **services to SMMEs**
- ❑ Establish a **strong supervisory structure** and organization that effectively oversees the Postbank and maintains its strength
- ❑ **Assurance and reporting controls** that provide transparent, complete and comparative views on the health and returns, leading to **sound investment decisions** and capital allocation
- ❑ Develop new products and services to Postbank portfolio to meet complete financial services needs
- ❑ Create material **cost savinas for our clients**

CONCLUSIONS

- Continue with the Financial literacy
- Strategic alliances:
 - No exclusivity
 - Use of Postbank systems to ensure that we own the client database
 - Possibility of buying back the book originated from the Post Office
 - More control on issues such as profit share
- Continue focusing on serving LSM 1 – 6 -> 8
- Continually explore opportunities in Government Financial services
- Upgrading our systems to be in line with best practice

CONCLUSIONS

- Upskill staff and recruit people with right skills (i.e. For vacancies available)
- Implement the recommendation of the due diligence report (i.e. Assignment was on the state of readiness for Postbank to corporatise)
- Streamline our products and expand our product offering
- Focus on the SMMEs, co-operatives
- Corporatise Postbank by December 2010!**

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Thank You!