Report on the works of the UPU POC Committee 4 on "Postal Financial Services”

Co-Chairs: India and Vietnam

Organization of the works of POC Committee 4

- POC Work Plan for 2022–2025
- Key performance indicators

Morocco highlighted the need for all DOs providing postal payments to adhere to the:

➢Multilateral agreement

➢ Quality of service assessment tools

As they are key elements for

➢Further development of a high quality service.

1. Proposed single invoice structure

With the single invoice, no additional payment for postal payment services, such as:

- standard computer licenses
- fees and rights of the PPS*Clearing system

(For the use of the Trademark and Quality Tools)

2. **Members' contributions to the Postal Payment Services User Group (PPSUG)**

- **The basic fee is set at 2400 CHF per year (200 CHF/month).**

3. **Key items of the PPSUG Work Plan:**

- Network extension and development
- Development of products and services
- quality of service as well as development of the commercial brand

Issues related to the Postal Payment Services User Group

- The representative of the PPSUG Chair emphasized the urgent need to develop mobile payments
- to reflect current market practice.
- The IB advocated for the promotion of Pos Transfer.

Proposals to amend the PPSR

- The United States proposed one additional amendment (see CEP 2022.1–Doc 6 Annex 1), which was accepted.
- The proposal to amend article RP 804 (Duty to obtain information) was also amended in the course of the discussions, as shown in CEP 2022.1–Doc 6 Annex 2.
- The date of entry into force is 1st January 2023

Payment readiness assessment methodology for e-commerce

Facilitate core pillars of postal e-commerce to support DOs in achieving optimal efficiency in e-commerce operations

- Operational readiness for e-commerce (ORE) **Done**

- Digital readiness for e-commerce (DRE) **Ongoing**

- Payment readiness for e-commerce (PRE) **Ongoing, through a partnership with MasterCard**

✓ **to develop the PRE toolkit and diagnostic report**

✓ **to facilitate consumer and SME participation in e-commerce.**

5 OBJECTIVES

1. To assess postal financial services
2. To identify challenges
3. To identify areas of interest
4. To identify the limits of the current framework
5. To prepare policy and strategic recommendations

Early findings

DOs : not equipped to compete in a crowded space

1. Overview

- In some countries, DOs: major players in remittances more than 40% of the market share
- Financial services: nearly 18% of total postal revenues in 2020
- Domestic remittances: the most common service provided by DOs
- Credits and loans: the least developed or non-existent service

Early findings

DOs : not equipped to compete in a crowded space

2. **The Market**

- Extensive network: the most important competitive advantage for DOs
- Banks and mobile telecommunications operators: main competitors of the posts
- Lack of investment in marketing, technology and people: main constraints for DOs

Early findings

DOs : not equipped to compete in a crowded space

3. **Value**

- Reliability: most important factor for customers, speed least important
- The physical network of DOs larger than their digital network
- DOs think there is a mismatch between their networks and market needs

Early findings

DOs : not equipped to compete in a crowded space

4. **Drivers**

- New technologies, marketing and new products: key market drivers
- Technology and digitization: main opportunities ahead
- Posts: a lot of catching up to do to digitize their services

DOs must overcome multi-faceted challenges

1. Digitization

- Digitization of services, including Financial Services
- Lack of competitiveness to attract IT experts
- Current business model limit: a lot of efforts by DOs to remain competitive

DOs must overcome multi-faceted challenges

2. Key Success Factor

- Successful DOs have made the strategic decision to become one-stop shops
- High-performing DOs offer a full range of services while improving customer experience
- Successful DOs continually improve service quality, customer convenience, engage in partnerships, **and take advantage of new technologies**

THANK YOU