



UPU

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Pan African Postal Union

Payment readiness assessment methodology for e-commerce

Operation and Technology Committee meeting, 4 July 2022



To help UPU member country DOs achieve optimal efficiency in e-commerce operations, the **UPU has conceptualized and designed a suite of products to facilitate the core pillars of postal e-commerce.** Each element is supported by a diagnostic toolkit which leads to a report with a set of actionable recommendations.

1 | Operational readiness for e-commerce (ORE)

Complete

2 | Digital readiness for e-commerce (DRE)

In progress

3 | Payment readiness for e-commerce (PRE)

In progress, through partnership with Mastercard

Focus for today



The UPU has partnered with Mastercard to develop the PRE diagnostic toolkit and report

- 1 |** Overview of work in progress
- 2 |** PRE project status and next steps

In progress, through partnership with Mastercard

The objective of the PRE diagnostic is to understand the Post's existing payment solutions and capabilities, identifying additional capabilities needed to achieve payment readiness for e-commerce. The diagnostic will aid the Post in identifying the payment solutions and capabilities required to facilitate participation in e-commerce for both consumers and SMEs.

Ultimately, the PRE report will enable the Post to develop a payments strategy for e-commerce.



Three components make up the diagnostic toolkit that will feed into the PRE report and enable the Post to create its postal payments strategy

E-commerce market (potential) assessment

- *Objective:* Market assessment on payment services' potential for domestic and cross-border e-commerce
- *Deliverable:* Develop a list of relevant metrics that consultants can leverage to assess payment services' readiness for domestic and cross-border e-commerce in their respective markets

Market and payment environment assessment

- *Objective:* Market assessment on payment services' potential for e-commerce payment settlements
- *Deliverable:* Develop a list of relevant metrics and interview questions that consultants can leverage to assess payment services' readiness in terms of the e-commerce payment settlement sector in each market

Postal payment strategy and capability assessment

- *Objective:* Gap assessment of postal payments capability in terms of where the Post should position itself within the national e-commerce payment ecosystem
- *Deliverable:* Design the postal payment strategy and capabilities assessment framework/methodology (e.g. questionnaire, in-country workshop plans, etc.)

**PRE report
template on
postal
payment
services**



E-commerce market (potential) assessment

<i>Focus Areas</i>	<i>Relevance</i>
1 Market characteristics	Understanding market demographics such as population distribution and standards of living that support e-commerce adoption
2 Digital adoption	The ability for consumers and businesses to access and leverage digital tools and the Internet establishes the level of connectivity in the market, which ultimately supports e-commerce participation
3 Access to financial services	Supports an understanding of the size of the population that possesses the credentials required to make payments online, or conversely, the size of the population which may leverage payment on delivery as an avenue for e-commerce participation owing to lack of payment credentials
4 Regulatory e-commerce enablers	The presence of e-commerce laws and regulations in a market serves to establish consumer confidence in transacting online, supporting e-commerce participation
5 Goods delivery	Increases in parcel volumes and reliability of goods deliveries correlate to growth in e-commerce, supporting a Post's entry into this sector



Payment services' potential for e-commerce in a given market will be assessed based on their performance across relevant metrics and information gathered

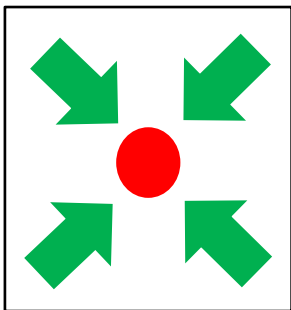
<i>Focus areas</i>	<i>Relevance</i>
1 Infrastructure	<ul style="list-style-type: none">• Payment infrastructure provides insight into the technology and processes in place that can be leveraged to enable payment settlement• Consumer behaviour helps understand the confidence buyers have in the underlying payments environment to make a transaction
2 Regulatory	Assessment of overall local laws and regulations, including those related to e-commerce and payments in a market, serves to establish consumer confidence and remove barriers to a Post's participation in domestic and cross-border online payment settlements for e-commerce
3 Market dynamics	When determining the Post's entry point into the e-commerce market, it is important for the Post to understand the local market dynamics by evaluating the influence of competitors and reach of existing payment providers and gateways
4 Operations	<i>Relevant operational considerations will be covered through the ORE</i>
5 Digital	<i>Relevant digital considerations will be covered through the DRE</i>



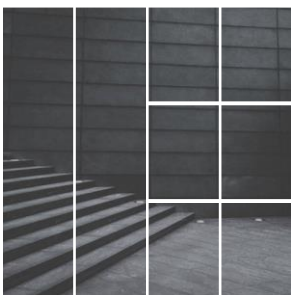
A three-stage approach will be used to complete the payment strategy and capability assessment, through interviews and workshops with the local Post

Stage	Relevance
1 Current state	Current state assessment on Post's existing payment services and product
2 Target state	Defining the Post's aspirational e-commerce business model for national participation
3 Gap analysis	Determining what payment capabilities are required to achieve the target state

Some elements of the DRE/ORE may be leveraged to enrich the payment strategy and capability assessment



- › **PRE diagnostic toolkit and report developed**
- › **Agreement reached** for pilot country assessment



- › **Carry out pilot assessment with selected country** to validate the methodology and toolkits to carry out the PRE
- › Debrief, redesign and **finalize the PRE methodology and toolkit**, based on the outcome of, and learnings from, the pilot assessment
- › **Invite members to apply for PRE assessment**

If you have any questions or would like to participate in either the external feedback or pilot assessment, reach out to pfs@upu.int