



Global Panorama on Postal Financial Inclusion 2023





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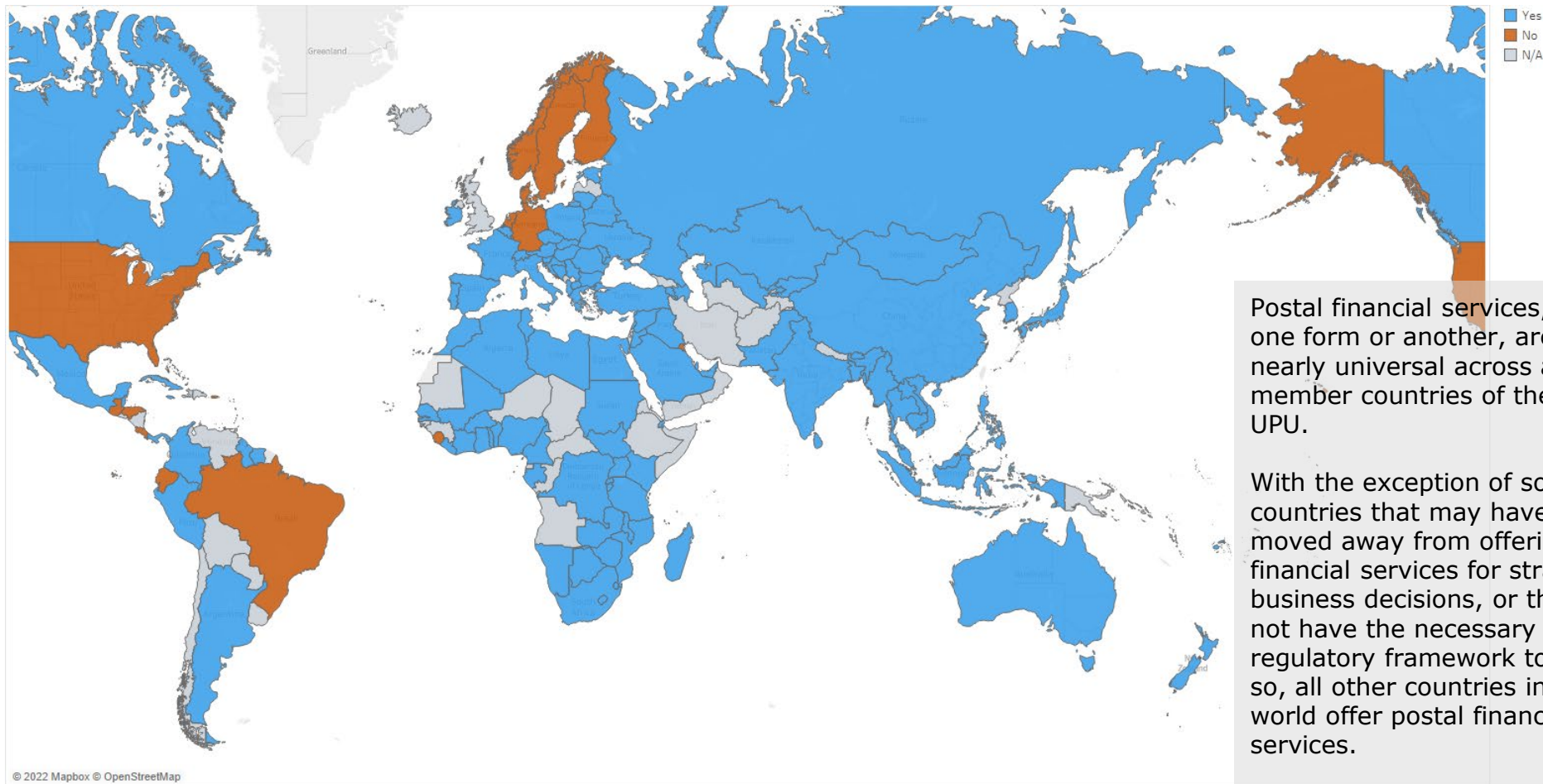
Overview

Understanding the global postal financial services landscape



4 out of 5 Posts offer financial services

84% of responding countries offer some type of postal financial service



Postal financial services, in one form or another, are nearly universal across all the member countries of the UPU.

With the exception of some countries that may have moved away from offering financial services for strategic business decisions, or that do not have the necessary regulatory framework to do so, all other countries in the world offer postal financial services.

90+% of Posts globally offer financial services, as was stated in the last Panorama in 2016.



Services vary by region

All Posts in Eastern Europe, Northern Asia and Africa offer financial services

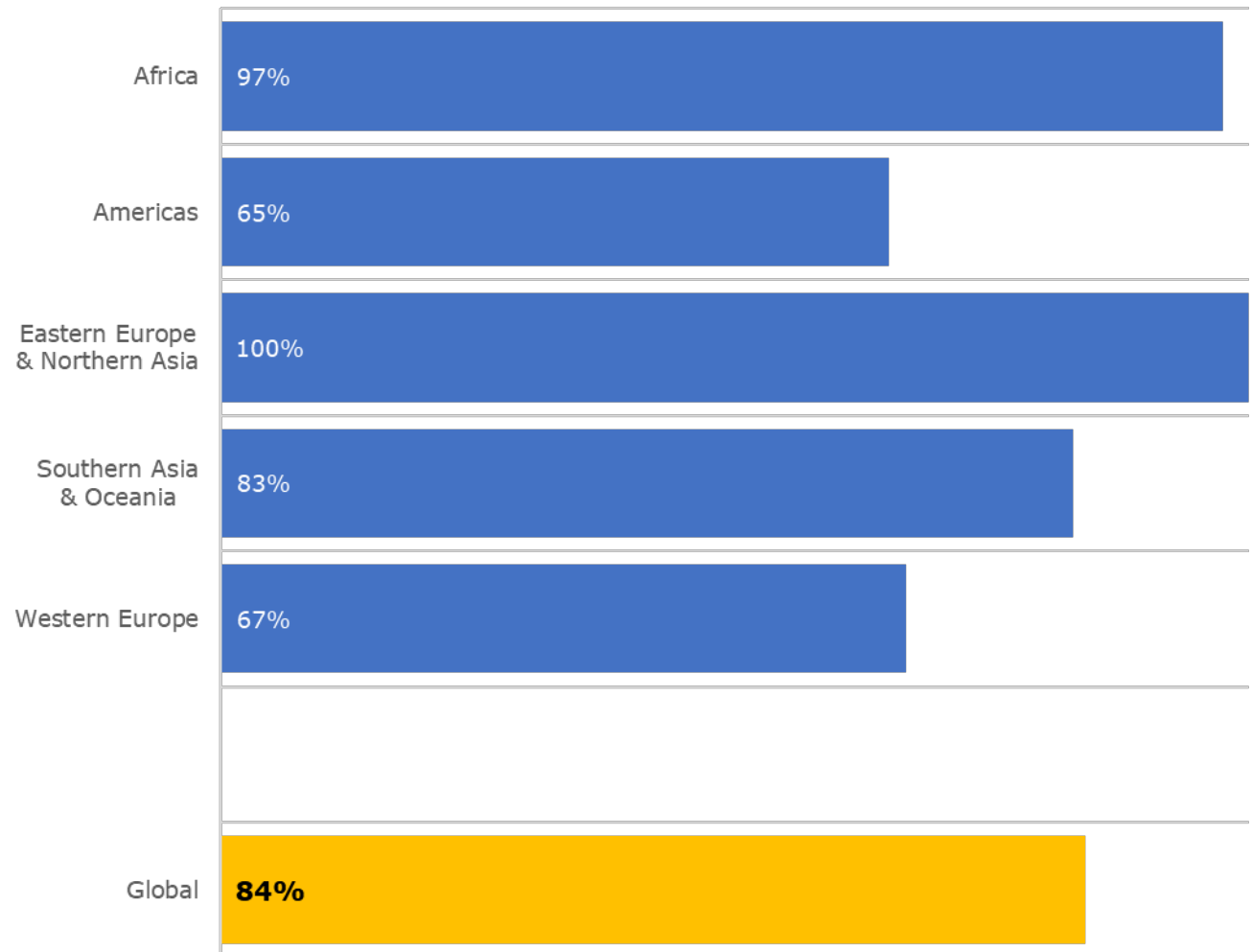
Regulatory regimes, business strategies, and demand for services drive Posts to offer a simplified or diversified basket of postal financial services in their respective countries.

Posts in the Africa, Eastern Europe and Northern Asian regions all offer postal financial services, indicating the trust in the postal network and demand for postal financial services.

As stated, some Posts in Western Europe have moved away from providing financial services and are focusing on core postal logistics as part of their business strategy. Most of them used to offer financial services prior to this shift.

At the lowest level, Posts in the Americas, especially in the Latin American region, have either never provided or have stopped providing financial services.

There is, however, an increasing interest in the region in diversifying into postal financial services.





4 out of 5 post office branches are rural

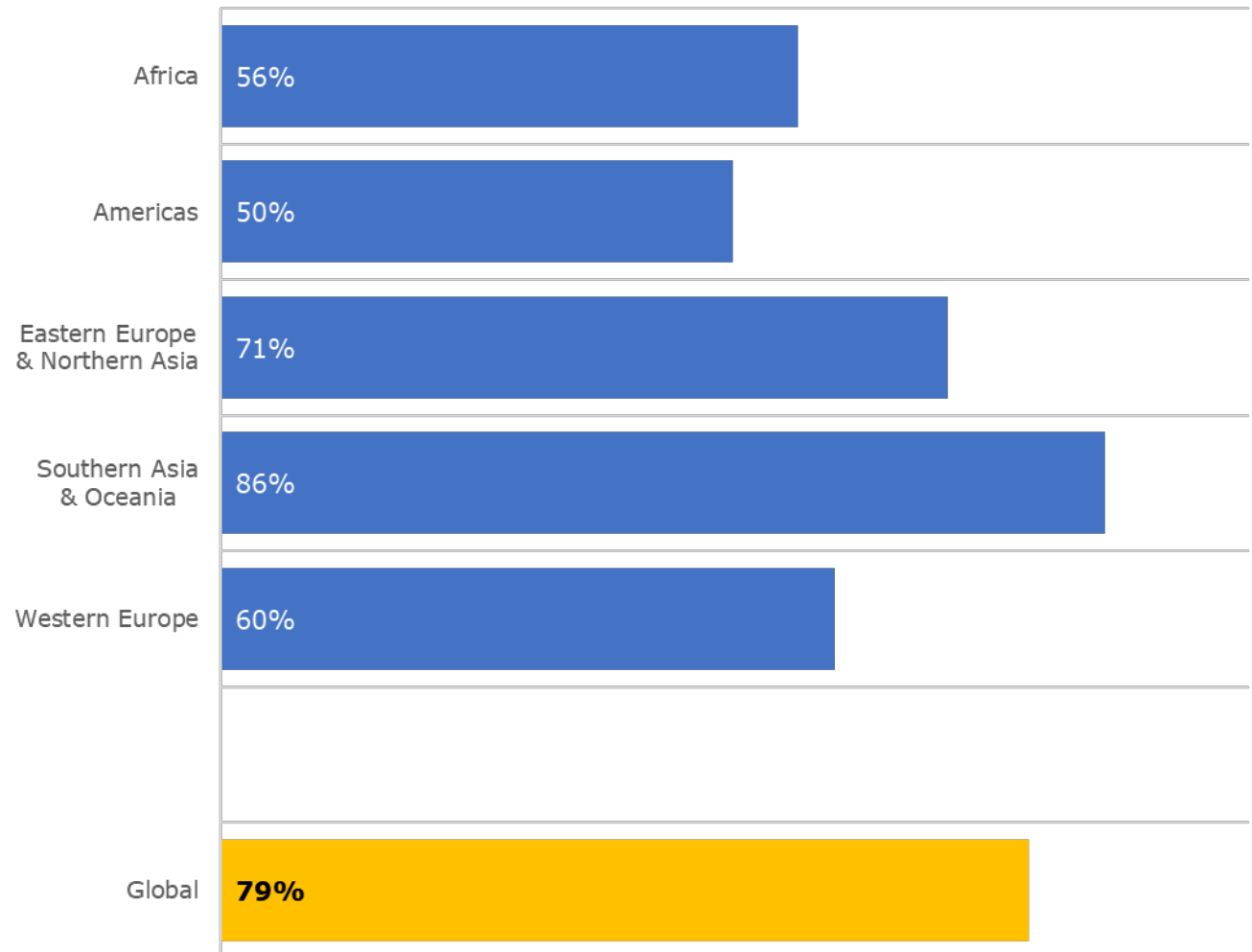
Posts provide unprecedented reach to un(der)served communities

A key facet of postal financial services is the ability of Posts to leverage their extensive physical infrastructure to reach customers in remote, rural, and traditionally marginalized/underserved communities.

The ability of Posts to provide access to financial services through fixed infrastructure is further augmented by postal workers, who can bring doorstep banking services to the vulnerable in emerging and advanced economies alike.

This ability to deliver essential financial services directly to citizens was of great benefit to governments in the midst of the COVID-19 pandemic, where social welfare payments, often in cash, had to be delivered to citizens who were locked in their homes.

While regional variances do exist in rural reach, postal infrastructure in most countries extends to areas where no other retail financial outlets exist.

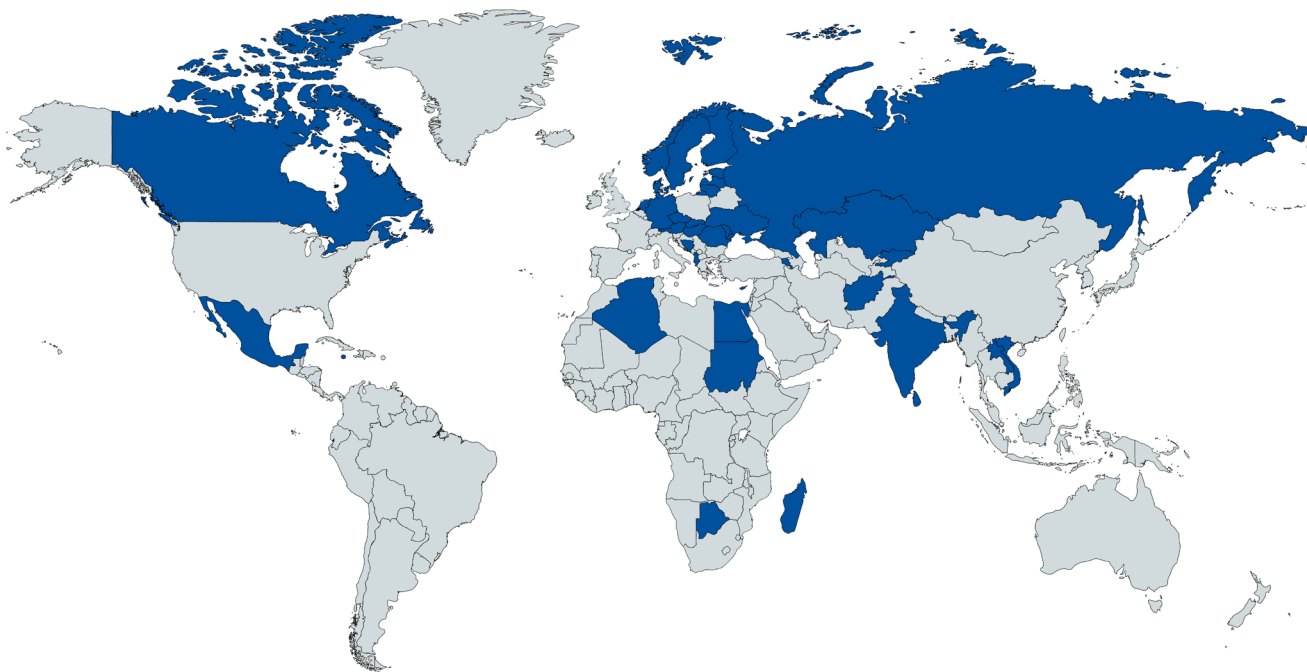




44 Posts have more branches than banks

In 135 comparable country data sets, 44 Posts (33%) had more permanent branches than commercial bank branches in their respective countries.

The number of postal branches (postal multiplier) can vary in size, from nearly the same reach, like Afghanistan, to Ukraine, which had 124 times more post offices (10,478) than commercial bank branches (85).



Country / Territory	Postal Multiplier
Afghanistan	1.00
Albania	1.25
Algeria	2.51
Antigua and Barbuda	1.25
Armenia	1.60
Austria	2.07
Bosnia and Herzegovina	1.17
Botswana	1.12
Canada	3.52
Cyprus	2.84
Czech Republic	1.82
Denmark	1.32
Egypt	1.36
Estonia	4.25
Eswatini	1.20
Fiji	1.96
Finland	6.17
Germany	1.68
Grenada	3.07
Guyana	1.60
Hungary	3.22
India	1.09
Jamaica	3.23
Kazakhstan	7.50
Kyrgyz Republic	2.87
Lao PDR	1.67
Latvia	3.12
Lithuania	2.13
Madagascar	1.14
Maldives	4.13
Mexico	1.31
Moldova	1.58
Netherlands	2.81
Norway	6.65
Romania	1.35
Russian Federation	1.35
St. Lucia	2.61
Seychelles	4.30
Slovakia	1.36
Sri Lanka	1.46
Sudan	5.10
Sweden	1.54
Ukraine	123.28
Viet Nam	1.14

Source: Number of postal branches from UPU's Postal Statistics database. Number of commercial bank branches from IMF's Financial Access Survey (FAS) database. All data for 2018, or for the prior available year. Map created with mapchart.net.



91% of branches are Internet-ready

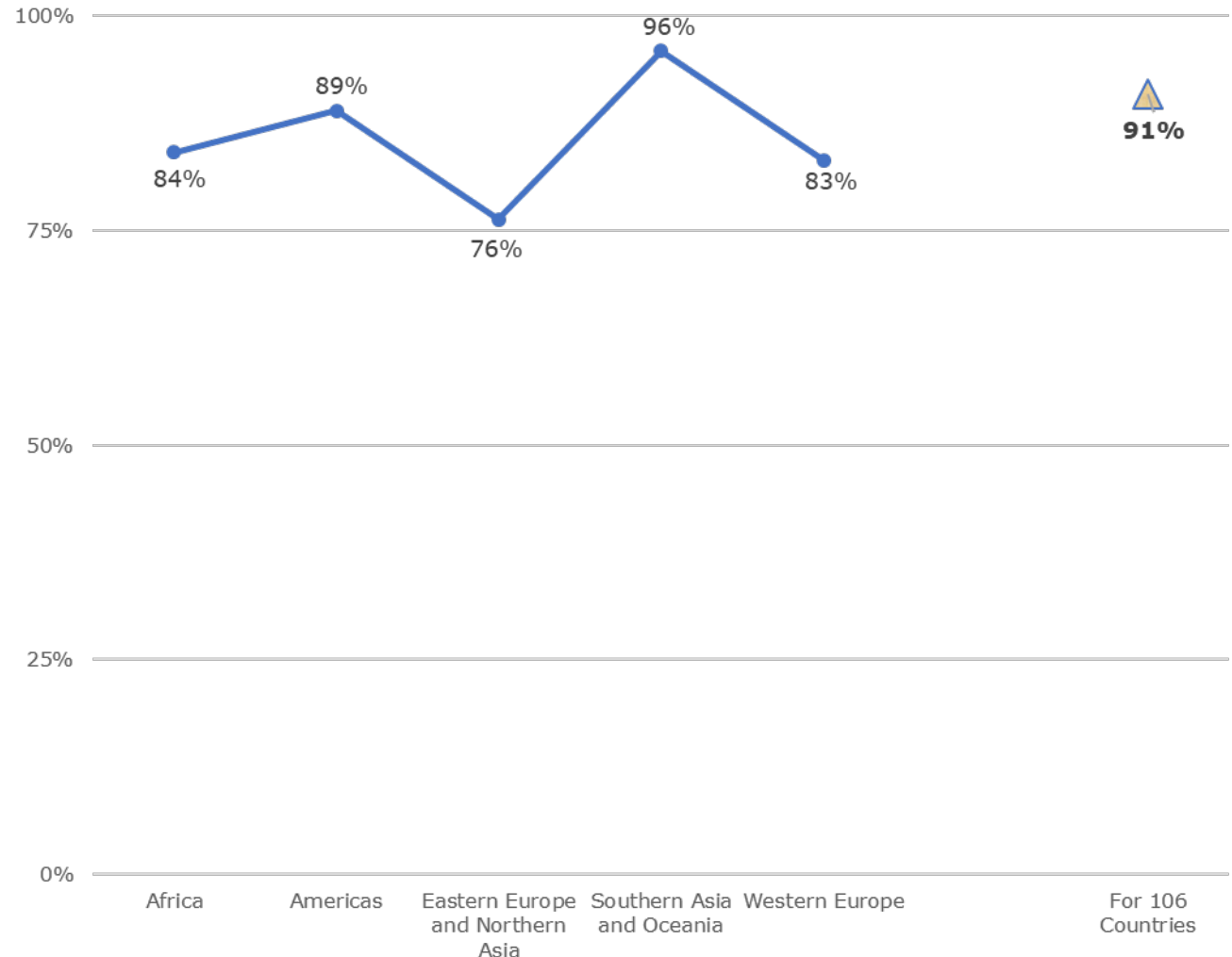
A precursor to offering a range of digital, financial, and social services

Postal operators have made significant progress in connecting their branch offices to the Internet – an important step in the provision of digital postal, financial, and social services.

The global average of post offices connected to an electronic network in 2016 was 58%.

A global average connectivity rate of 91% shows a significant growth across all regions and economic development levels to connect their post offices to the Internet and be digital-ready in their customer service.

South Asia and Oceania made the most significant progress during this period, rising from 15% of connected post offices in 2016 to 96% in 2021. This shows the effectiveness and success of the postal modernization projects in the region.



Q: What percentage of your post offices are connected to the Internet?
n = 106. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



4 out of 5 staff are IT savvy

A high degree of digital literacy shows digital financial services readiness

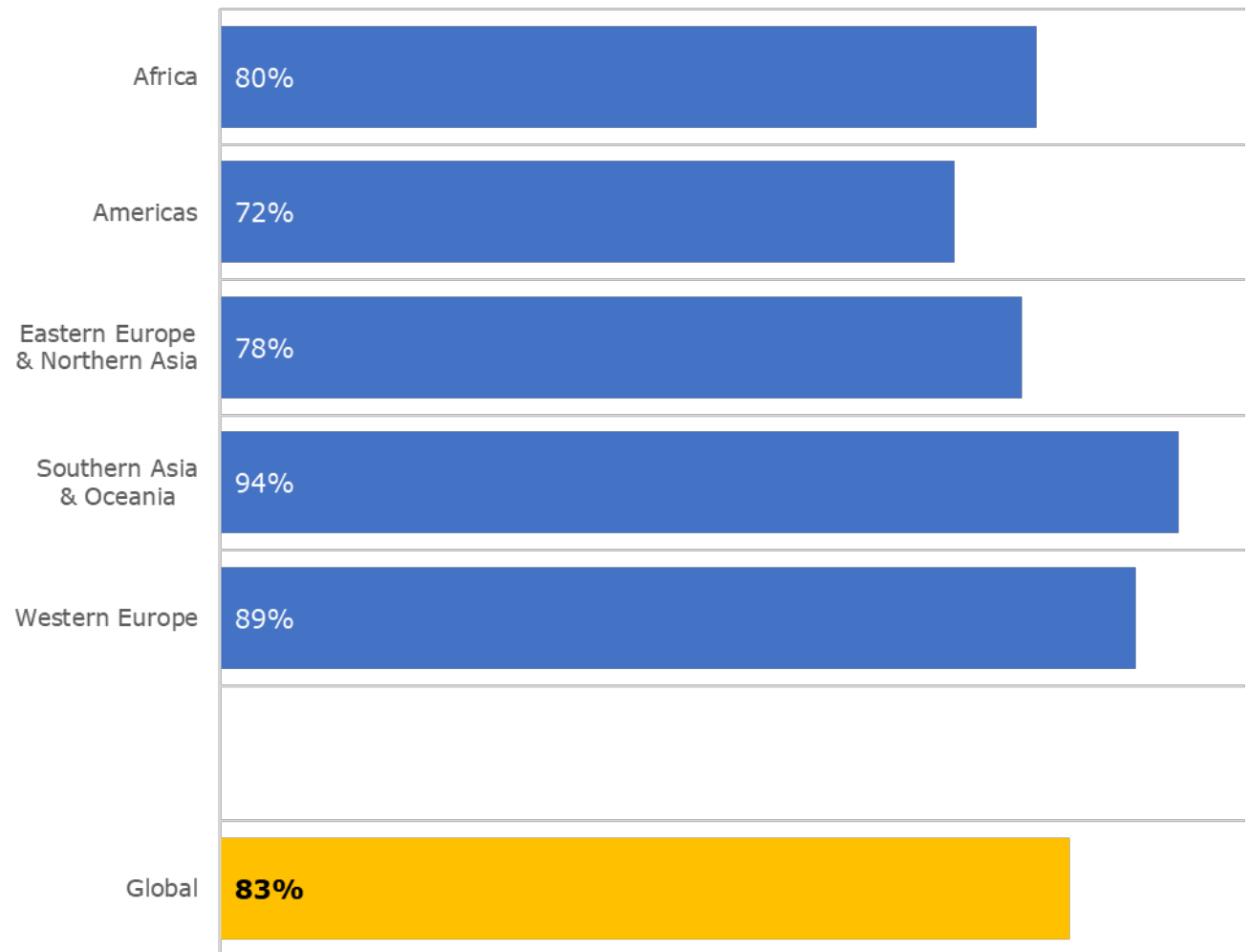
For Posts to offer digital postal, financial, and social services, staff need to be IT literate and tech savvy.

This IT literacy can also be transferred to customers as part of a Post's digital literacy/outreach programme.

Between 2016 and 2021, Posts have made significant progress in training their staff to be digitally literate and savvy.

In 2016, the global IT literacy rate for postal staff stood at 71.6%, rising to 83% by 2021.

This shows the commitment of Posts to staff development, as well as the importance of digital services to their customers.



Q: What percentage of your staff are IT literate? Defined as basic knowledge of Microsoft productivity suite and respective digital management software. n = 90. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



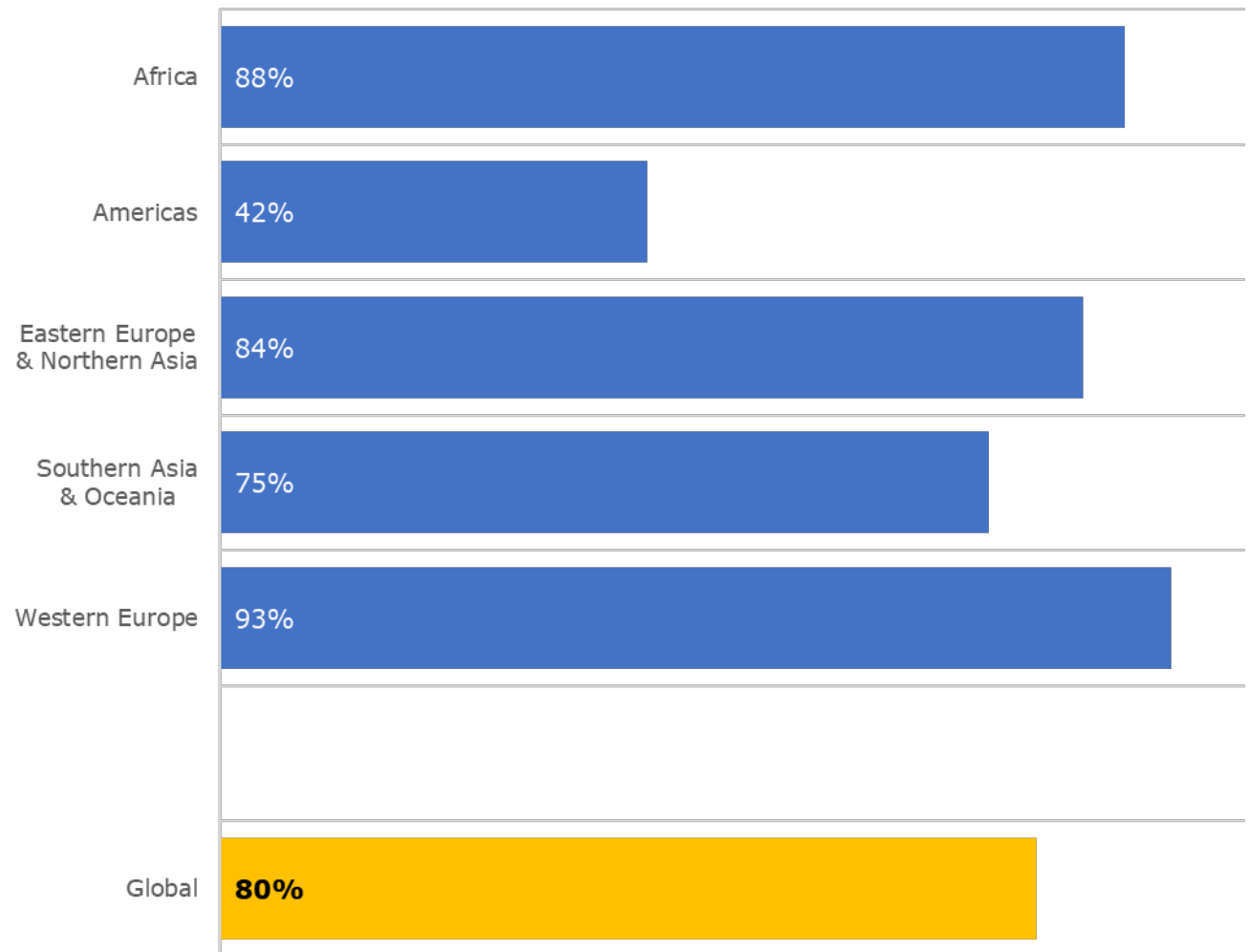
80% trained for financial services

Financial services readiness remains high in most regions

Dedicated staff training in financial services can be on internal processes, IT systems, marketing or presentation of financial services to customers, and basic financial literacy knowledge which can then be passed on to customers.

Globally, Posts have improved the financial training for staff from 70% in 2016 to 80% in 2021. However, regional variances show the stark differences in this overall figure.

The Americas region, which also covers Latin America and the Caribbean, is still falling significantly behind its global peers. This is primarily because few Posts in the region offer postal financial services.



Q: Do you provide dedicated postal financial services training to your staff?
n = 103. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



82% trained in AML/CFT

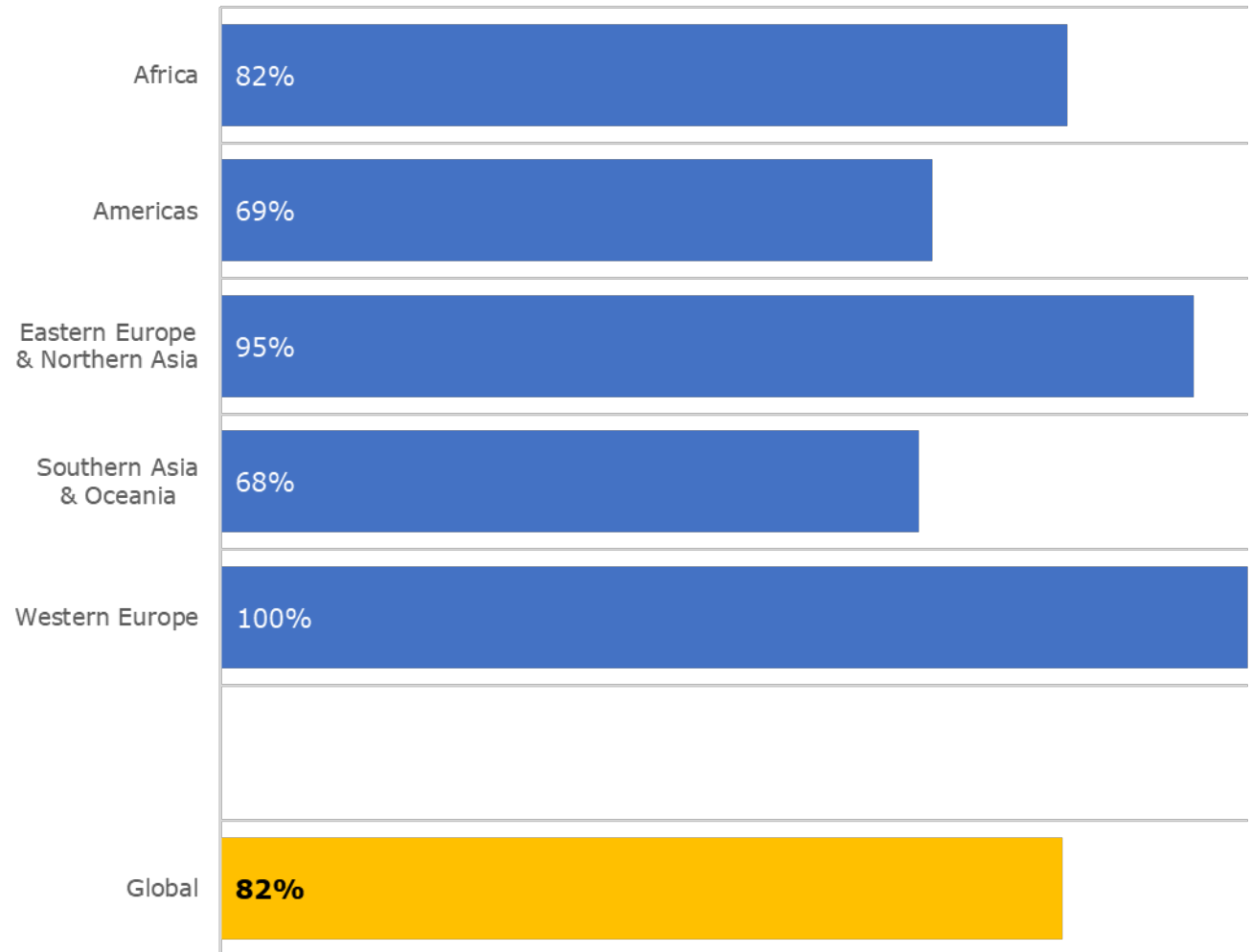
Regulatory compliance and awareness is high in most regions

Training postal staff on anti-money laundering (AML) and combating the financing of terrorism (CFT) is critical to ensure compliance with domestic regulations, especially when it comes to offering domestic and cross-border remittances.

The percentage of staff trained in AML/CFT has risen from a global average of 70% in 2016 to 82% in 2021.

It is important to note that for Posts, AML/CFT training is relevant only for those staff who are directly involved in the provision of financial services.

The absence of relevant financial services explains certain regional variances, especially in the Americas region.



Q: Do you offer AML/CFT training to your staff?

n = 105. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



95% have automated back offices

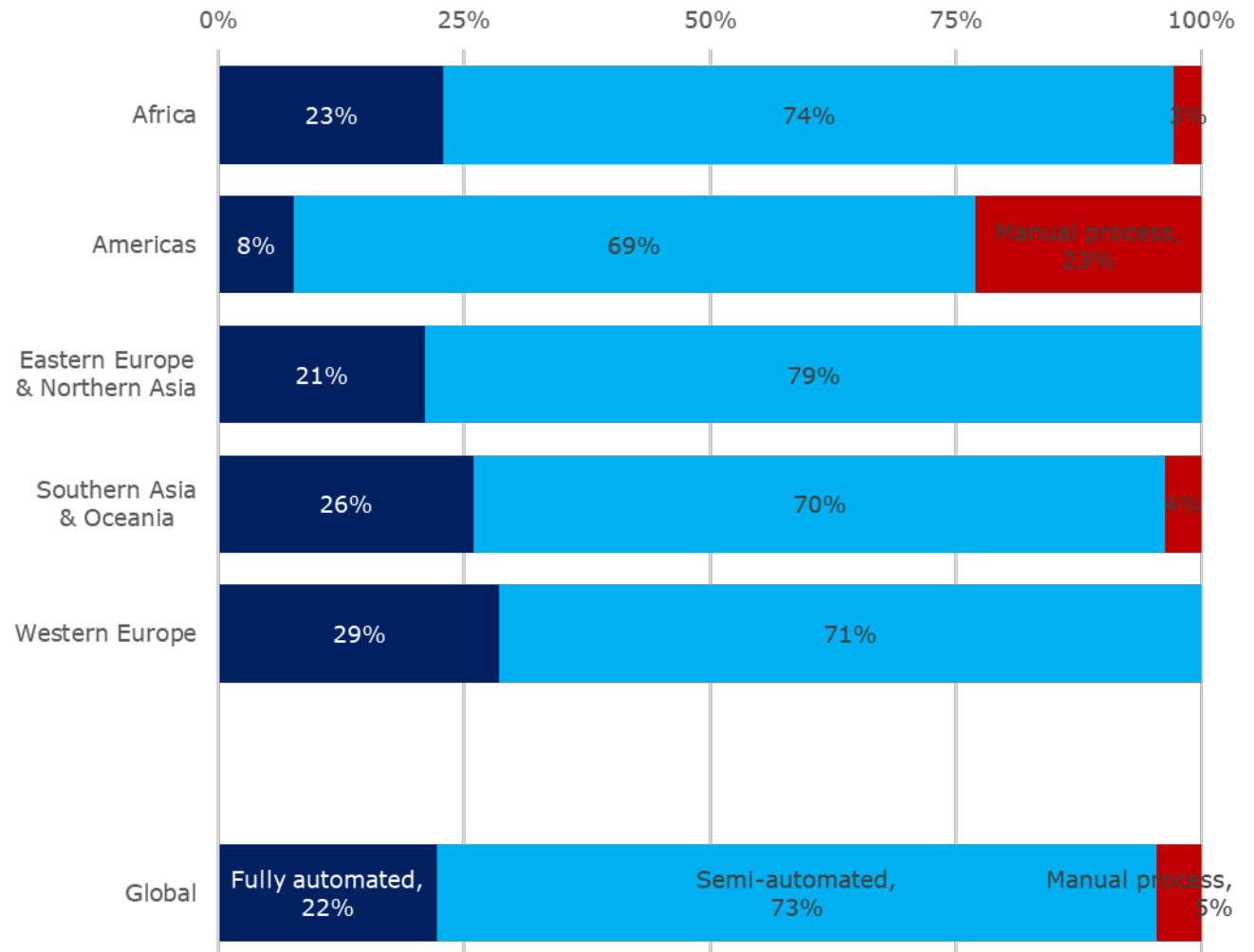
Most Posts are digitally prepared for financial services, albeit not fully

Having automated systems and processes for financial services allows Posts to provide inclusive financial service at scale and to a level that customers expect.

Investment in IT systems, especially those that automate and integrate management information systems as well as office automation solutions is critical for Posts to be responsive and customer-centric.

While only 5% of Posts still use manual processes, nearly 3 out of 4 Posts have semi-automated back offices, showing that there is still some way to go to reach full automation.

This is one area where no significant progress has been made since the last response in 2016.



n = 108. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



National settlement is a challenge

Half the responding Posts have no connection to domestic payment systems

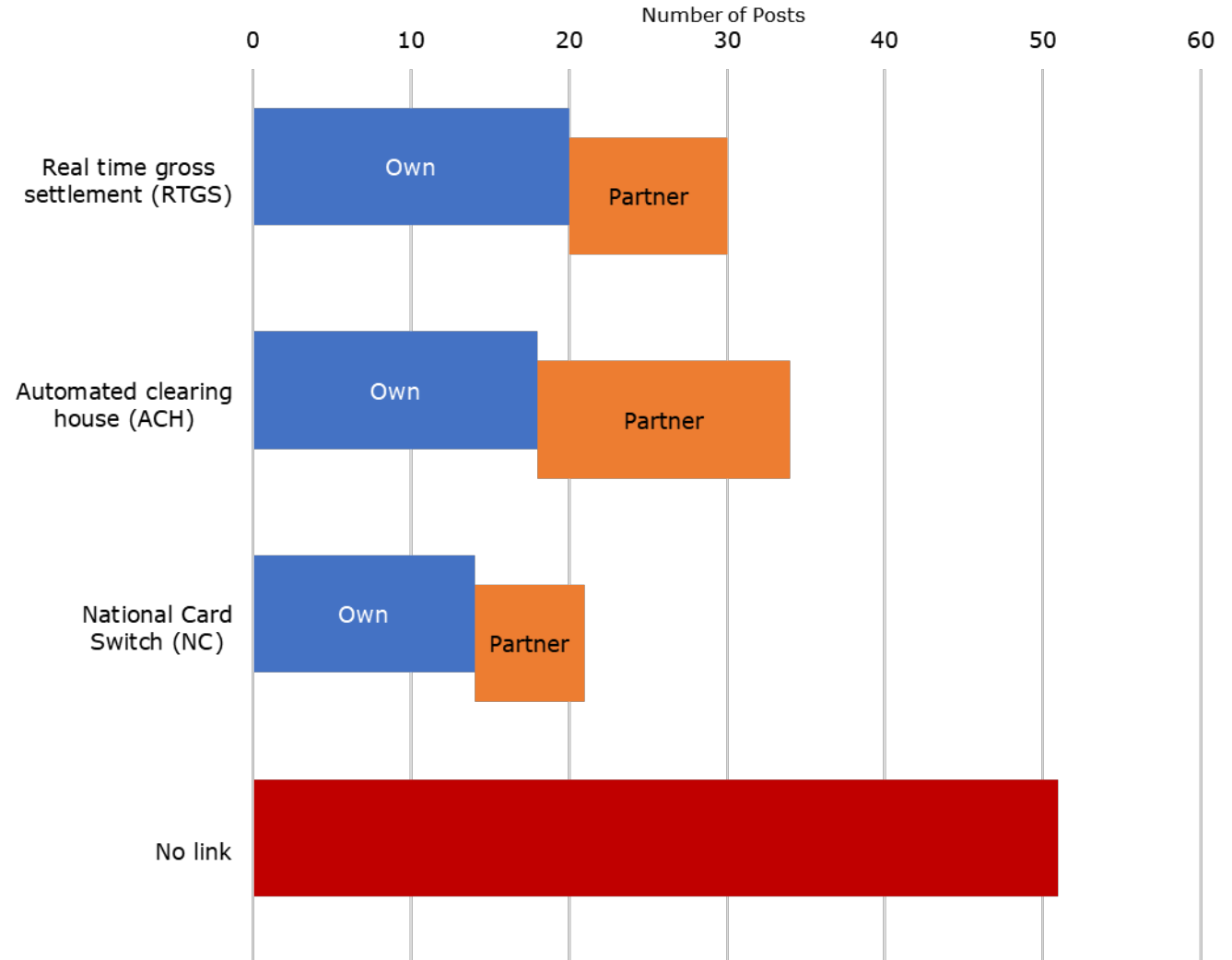
Connection to national retail payment and settlement infrastructure allows a Post to provide better and quicker service to its customers.

As of 2021, over 50% of all responding Posts (51/101) have no direct or indirect connection to national payment or settlement systems.

However, this is an improvement over our last measurement in 2016, when 66% of Posts said they did not have access to national payment services.

25% of Posts that provide some type of postal banking service are not connected to national payment infrastructure, limiting their ability to provide fast and efficient service.

Only 9% of all responding Posts are connected to all three – RTGS, ACH, and NC.





Characteristics of postal financial services

Understanding what drives our business



What are postal financial services?

Remittances and CICO services are most commonly offered by Posts

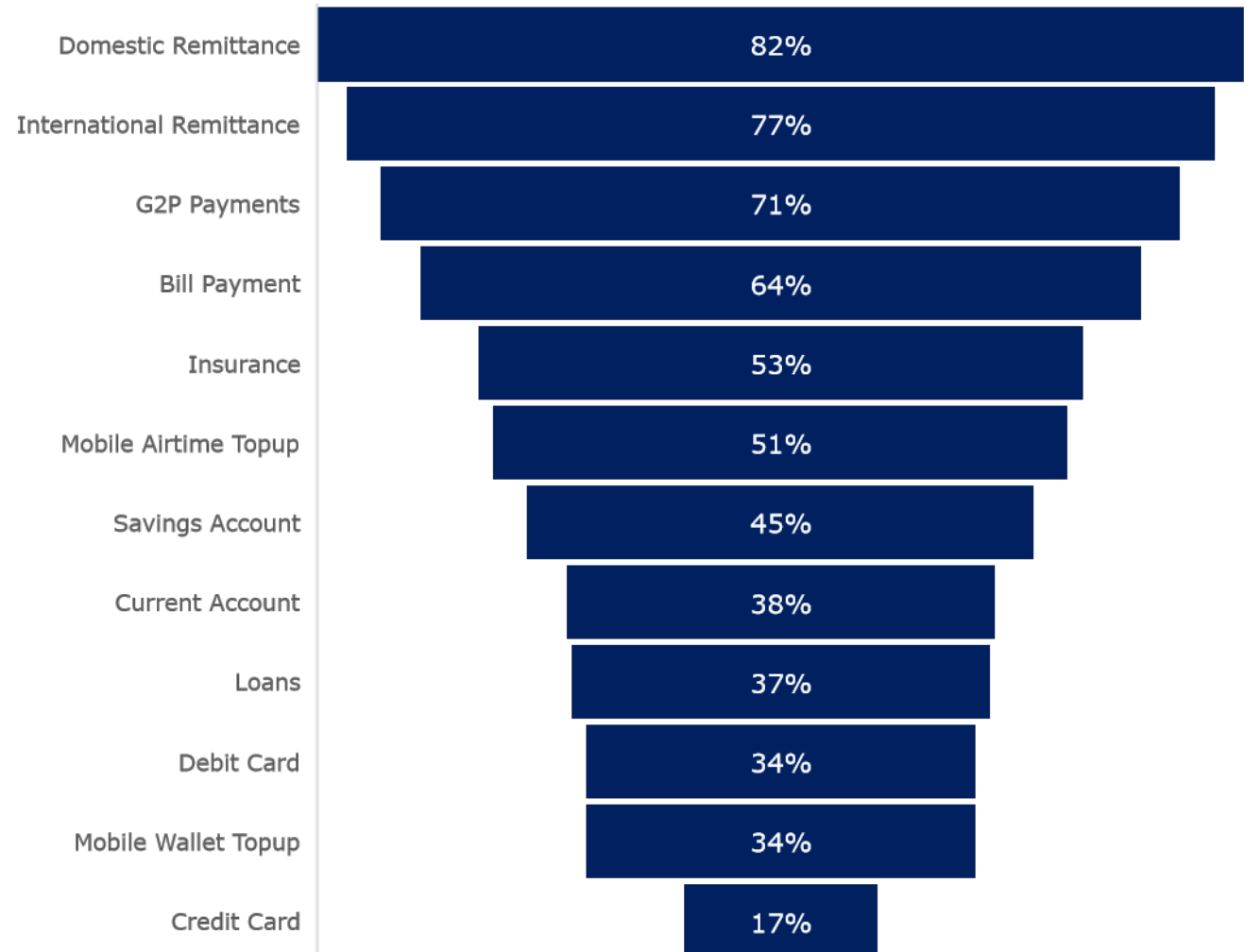
While Posts are traditionally known for offering savings and remittance services, our latest findings show that they are increasingly diversifying into other areas.

Domestic and international remittances are still the most commonly offered service, with cash-in/cash-out (CICO) services such as government-to-person, bill and mobile-based payments increasing in popularity.

This is not surprising, since CICO services typically require little or no regulatory permission to be offered as a service, and can bring a stream of commission-based income.

Since 2016, international remittances have dropped from 80% to 77%, whereas CICO services such as G2P have increased from 55% to 71%, and bill payments from 57% to 64%. Insurance services have also increased from 38% to 53%.

Account-based services, offered directly or in partnership with other financial service providers, are limited and dependent on regulatory approval.

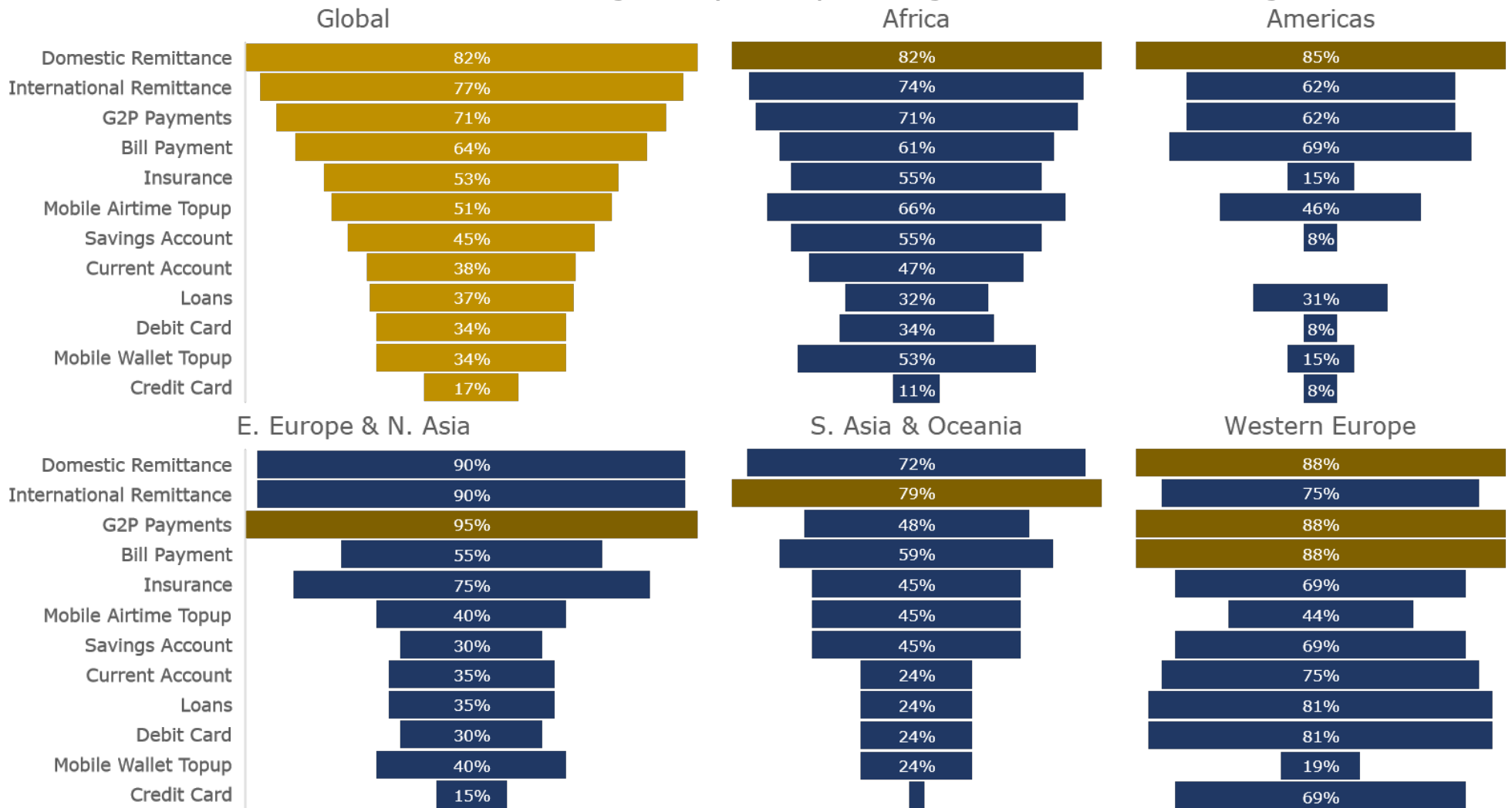


Percentage of responding Posts that provide the type of financial service indicated.
n = 116. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Regional variances in services

Financial services offerings vary – depending on demand and regulations

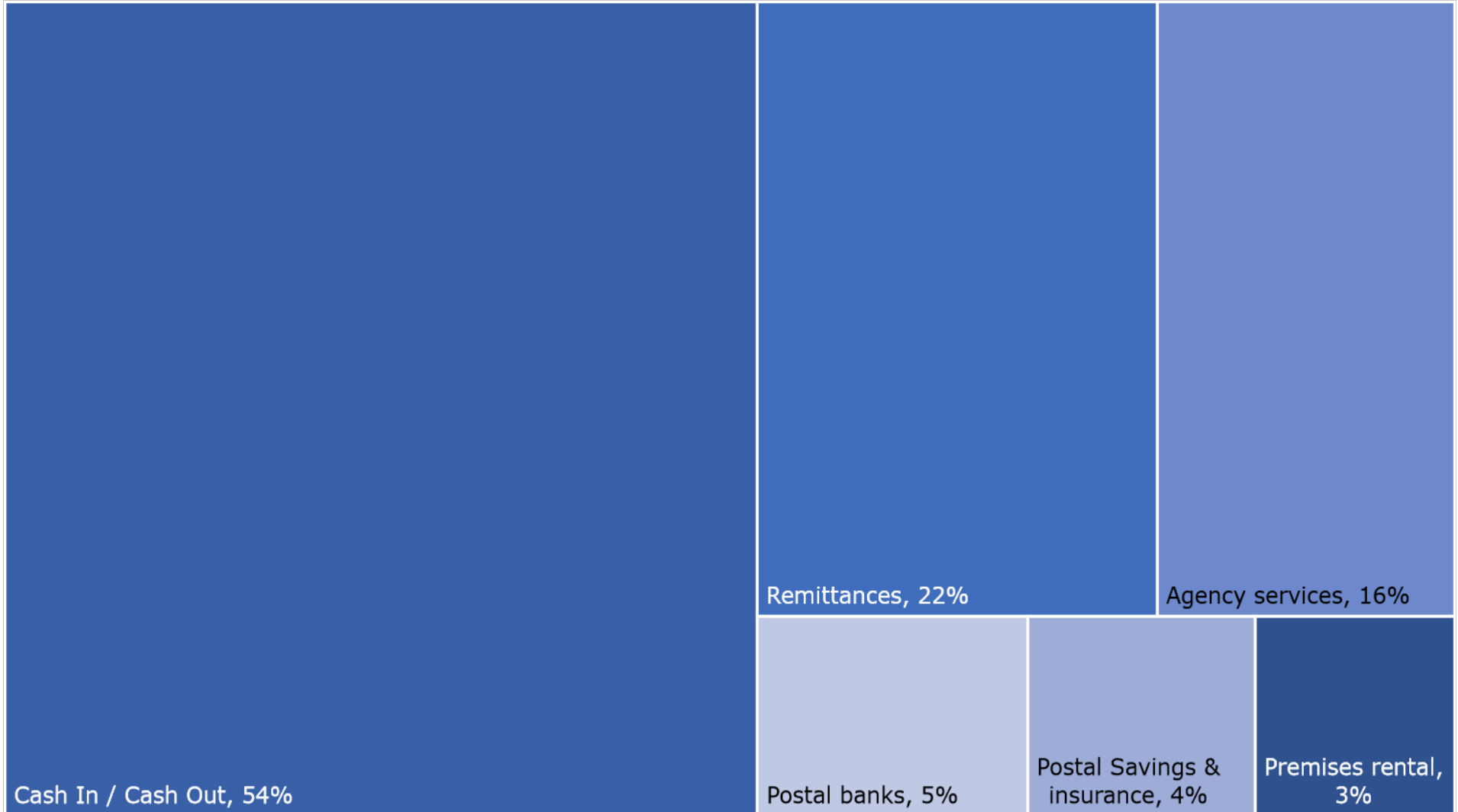


Percentage of responding Posts that provide the type of financial service indicated.
 n = 116. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



CICO is the most common service

54% of all Posts provide some type of cash-in/cash-out service

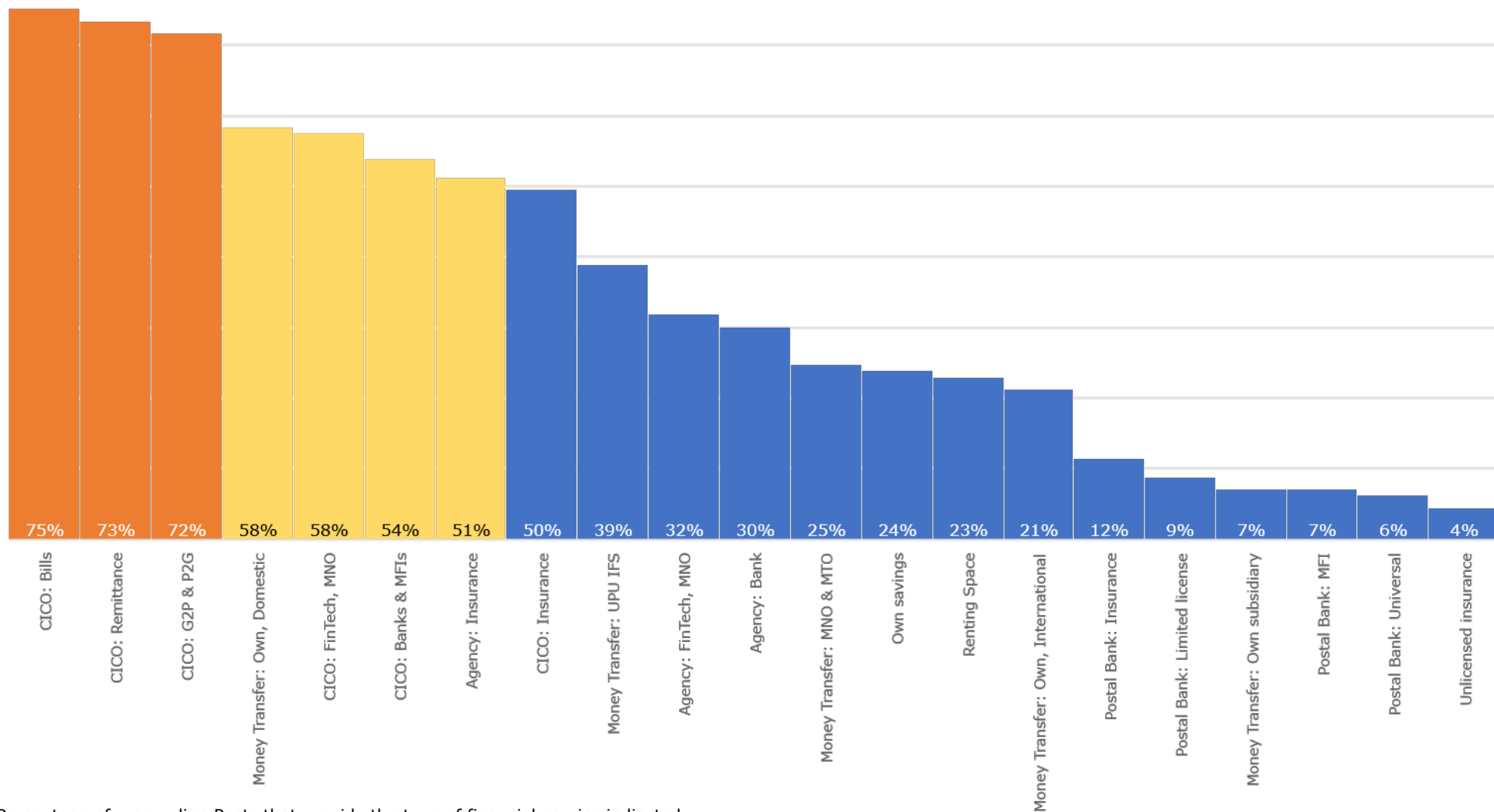


Percentage of responding Posts that provide the type of financial service indicated.
n = 113. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Financial services distribution

Bill collection is the most common CICO service



Percentage of responding Posts that provide the type of financial service indicated.
n = 113. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



CICO is popular globally

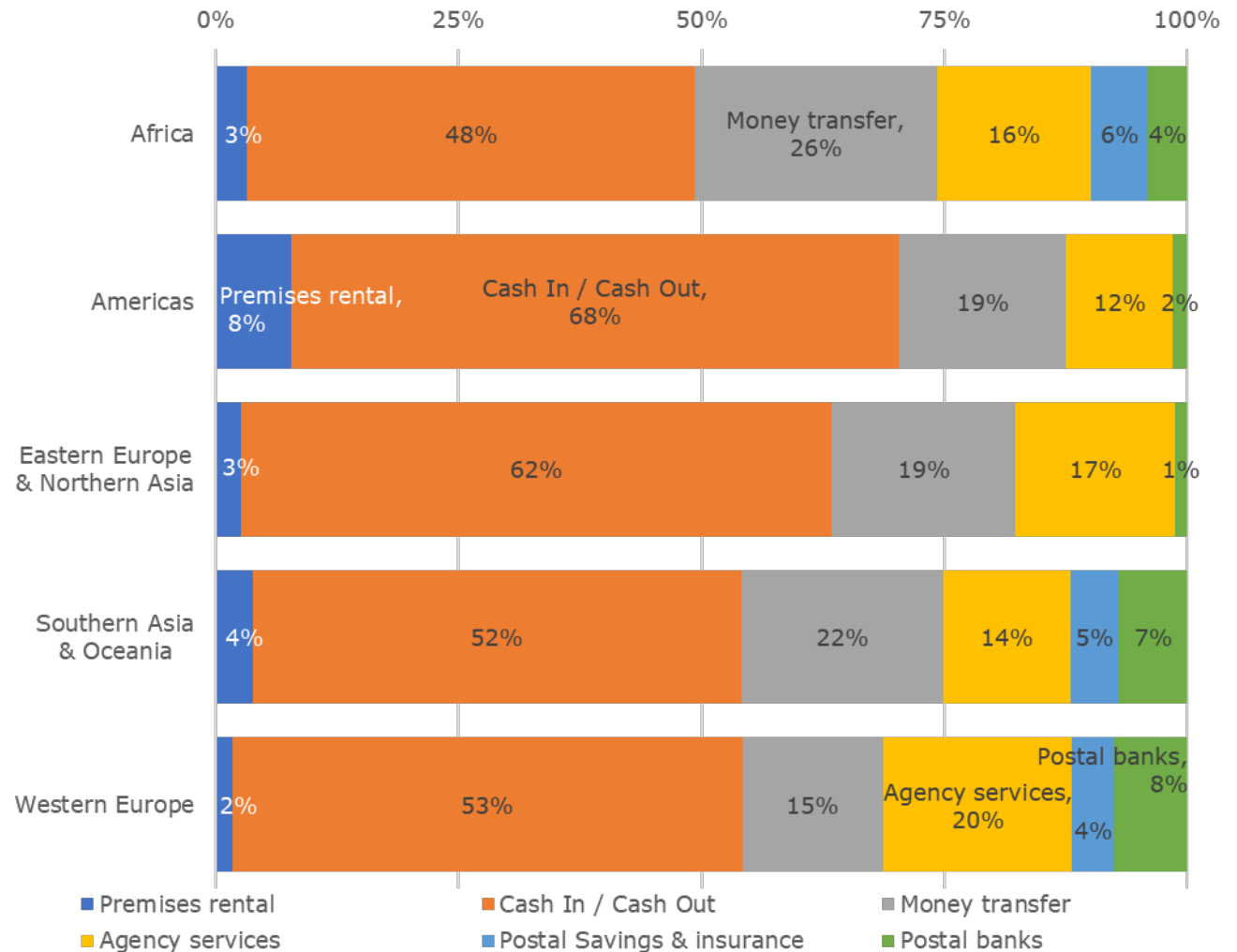
CICO is especially popular in the Americas and E. Europe, N. Asia

Cash-in/cash-out services are popular across all regions, but particularly in the Americas region. This could be attributed to the relatively low postal financial services maturity in that region, coupled with the fact that CICO services have almost no regulatory requirements.

This also plays out with the Americas region having the highest level of rental of postal premises to third-party financial service providers.

Southern Asia and Oceania and the Africa regions lead when it comes to money transfers (domestic and international remittances) and operating postal banks.

Western European Posts, with relatively mature regulatory frameworks, lead in agency services.





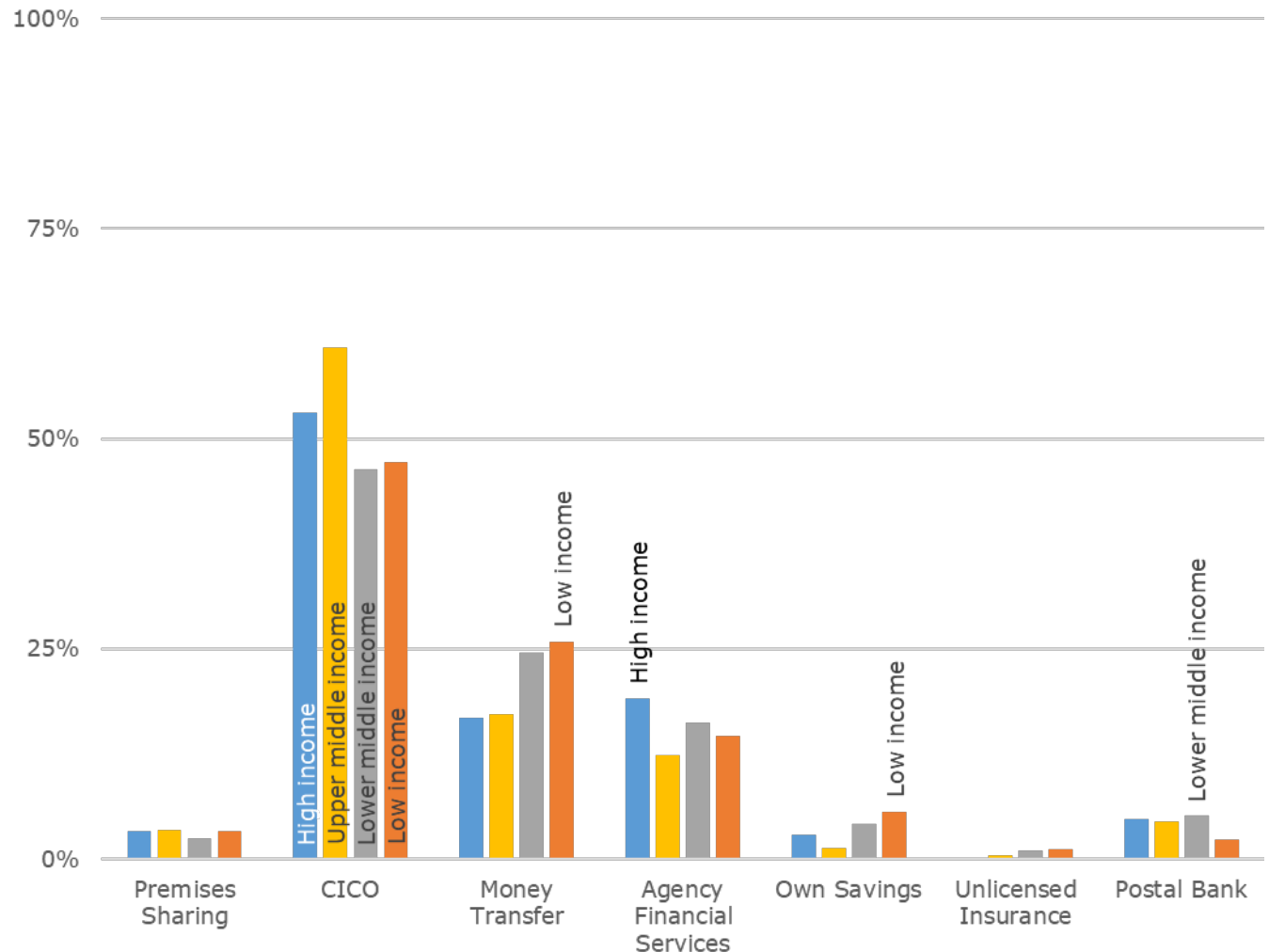
CICO is common across economies

The most common type of financial services across all economic groupings

CICO is also the most popular financial services product category across all economic groupings, with countries in the upper middle income group leading the way.

It is interesting to note, however, that the lower income grouping leads money transfer services globally, potentially due to the lower cost of postal remittance products.

Countries in the higher income categories are more likely to offer agency services for other financial services providers, while those in lower middle income groupings are more likely to have a postal bank.



Country income classifications from the World Bank Group: [link to dataset](#)
n = 113. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



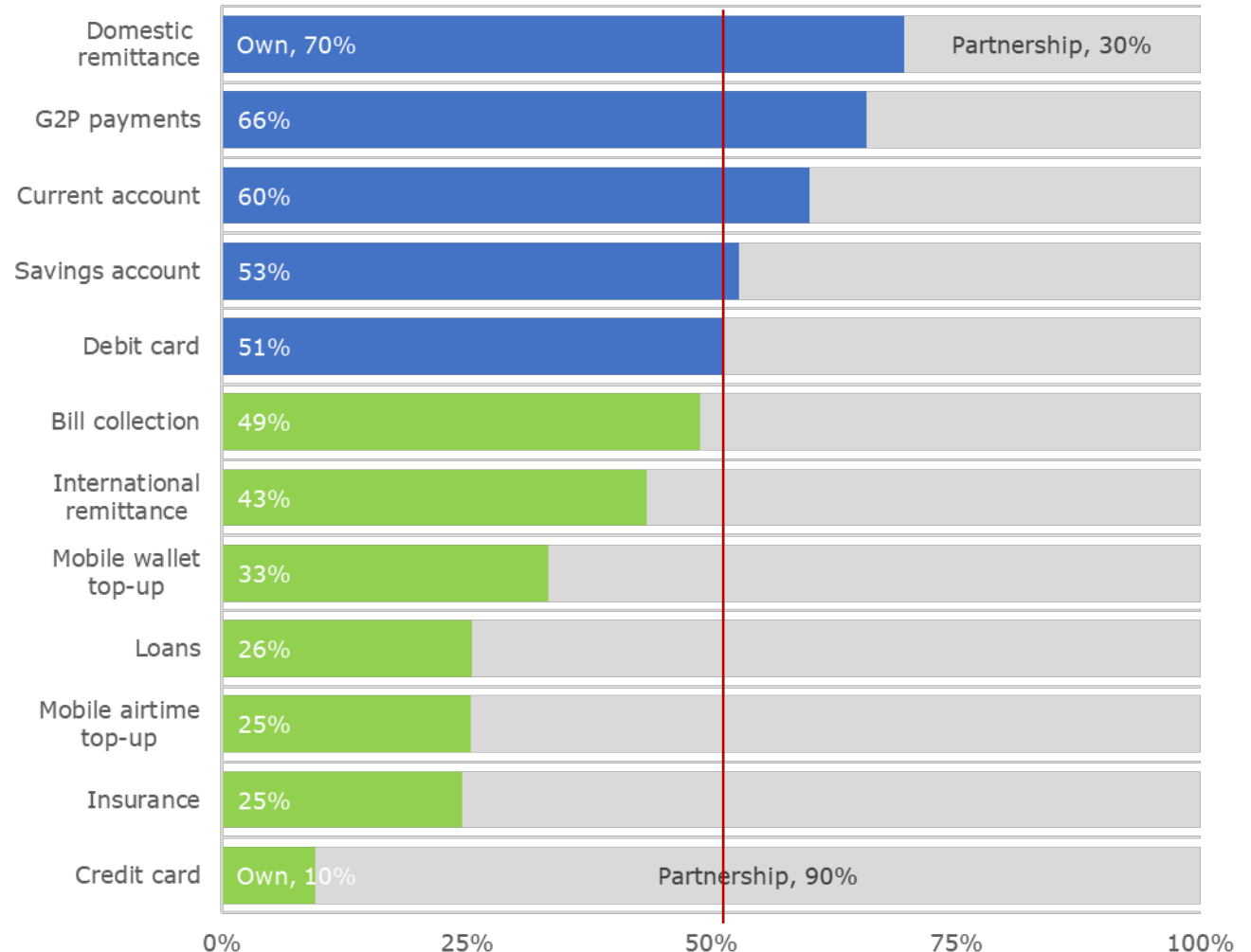
Partnerships drive some services

Complex financial products are more often driven by partnerships

Partnerships are critical in the provision of financial services. Value-driven partnerships allow Posts to offer services without having to seek out regulatory approvals for specific financial service. There is an increasing trend for Posts to partner with other financial services providers to offer agency services, co-branded and white labelled services.

Our analysis clearly shows that Posts prefer to engage in “core” financial services – such as remittances, G2P payments, and accounts services – by themselves.

Partnerships are more common for complex and regulated financial products such as credit cards, insurance and loans.

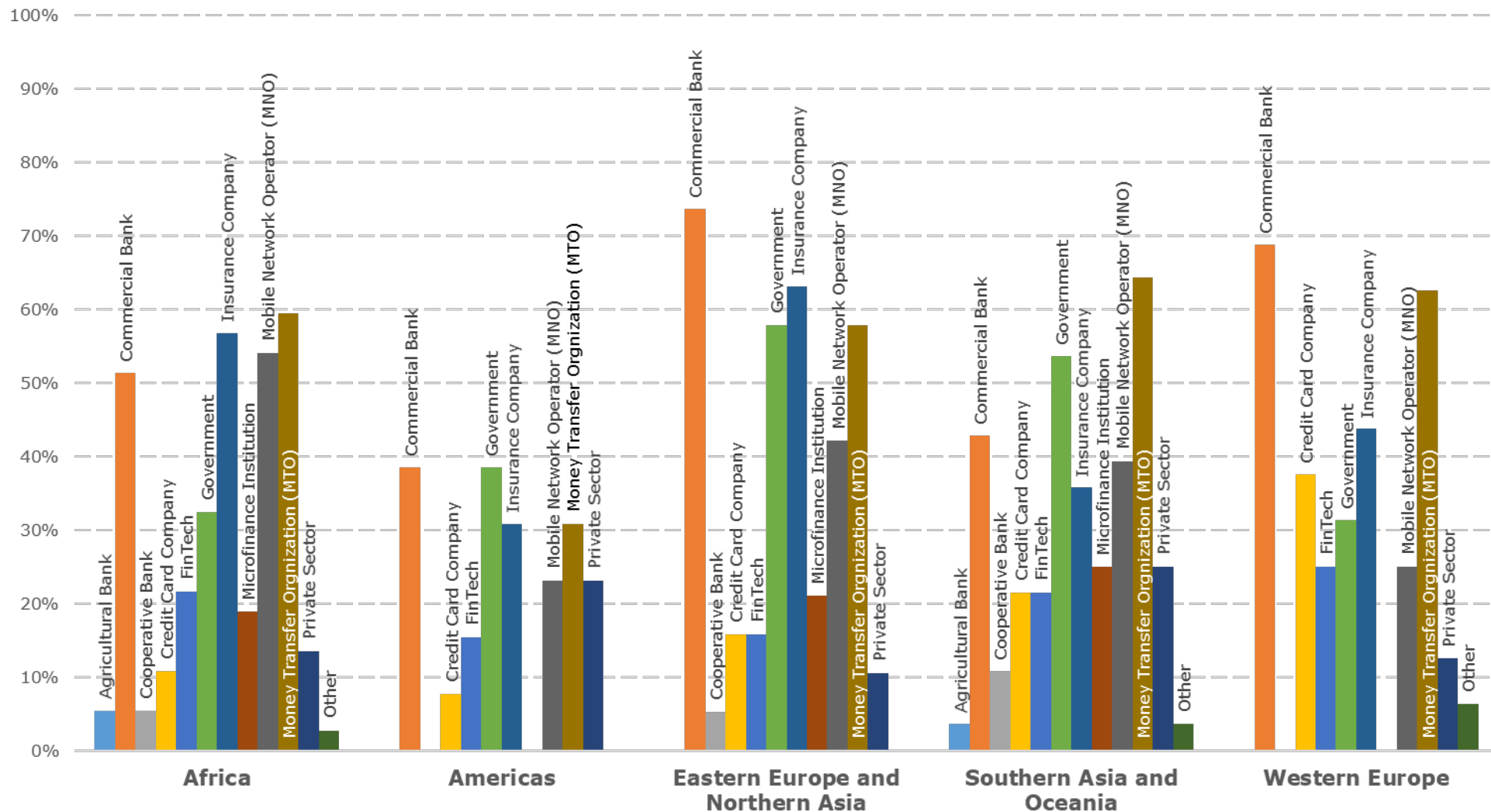


n = 112. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Partner choice varies by regions

Banks and MTOs are the biggest partners across regions

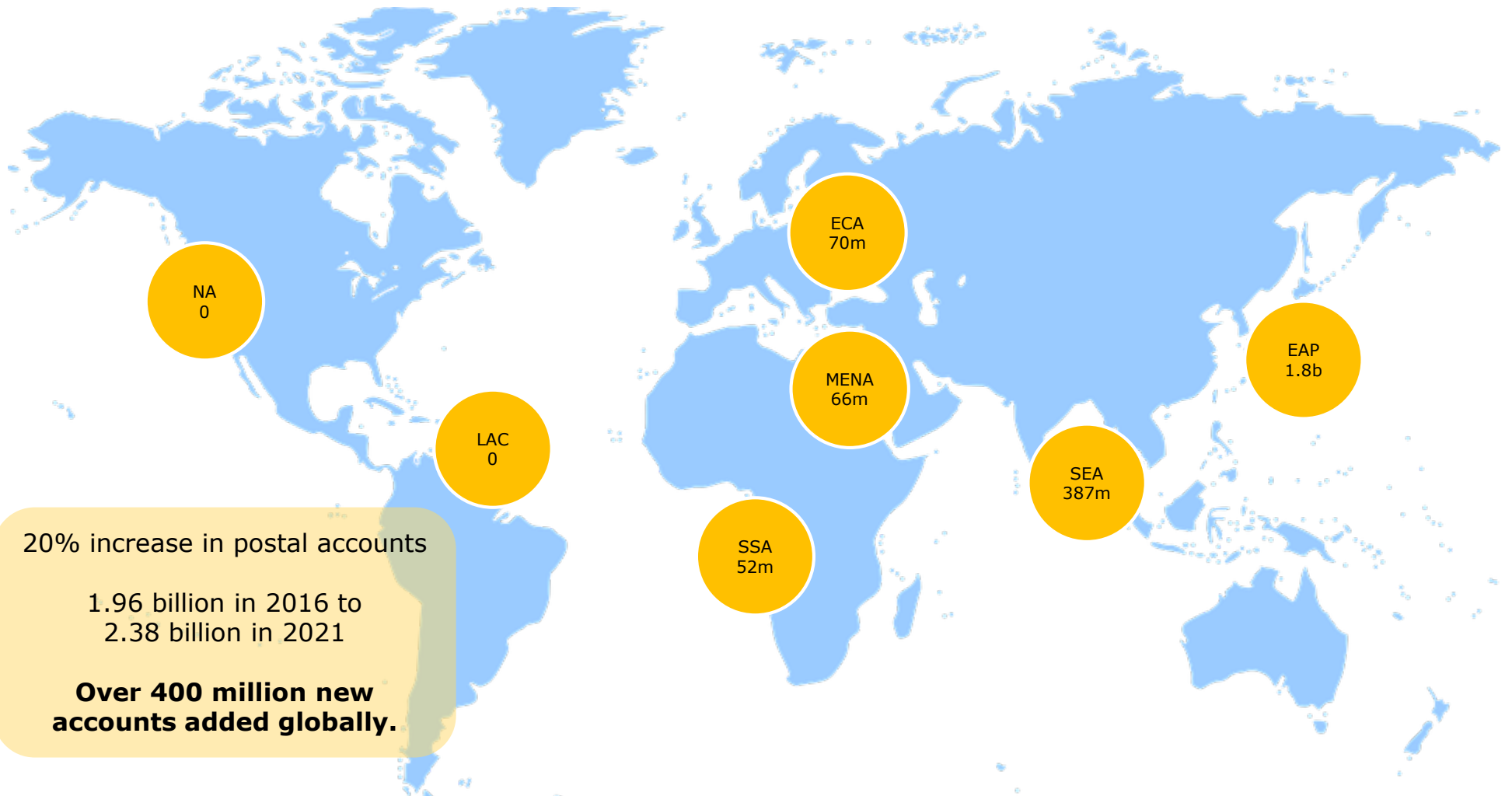


n = 112. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



2.4 billion postal accounts globally

Posts serve 1.2 billion unique customers



20% increase in postal accounts

1.96 billion in 2016 to
2.38 billion in 2021

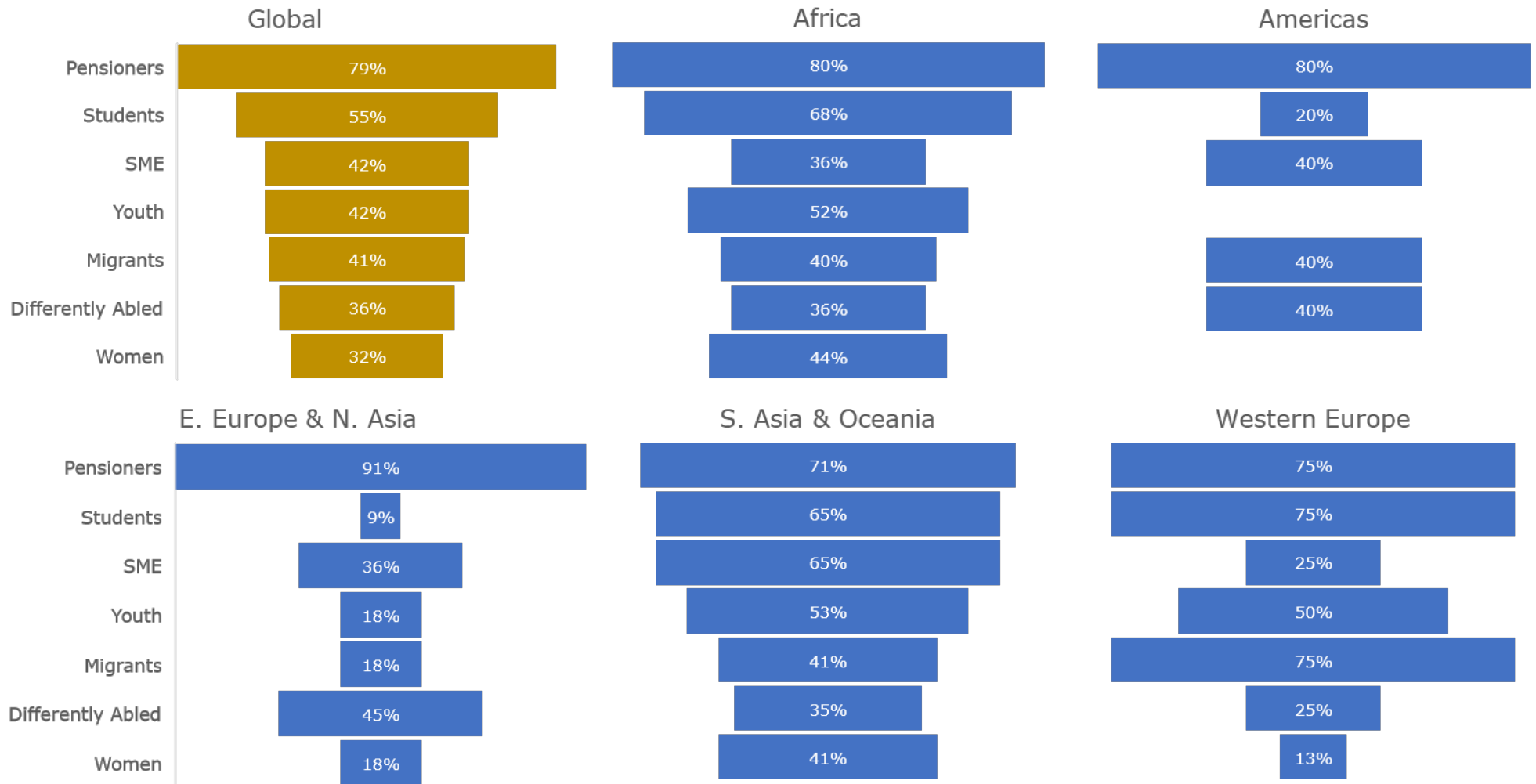
**Over 400 million new
accounts added globally.**

As established in the 2016 Global Panorama, we estimate 2 postal accounts per unique customer. The 2016 study estimated 1.96b postal accounts served ~1b customers. n = 47. Data for 2021 or last available. Sources: UPU Postal Statistics 2020, UPU survey



Pensioners are most served

Posts need to develop specialized products for women, young people and SMEs



Q: Do you offer financial products specifically designed for any of the following groups?
n = 66. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Bills and G2P drive revenues

CICO and remittances generate the highest revenue

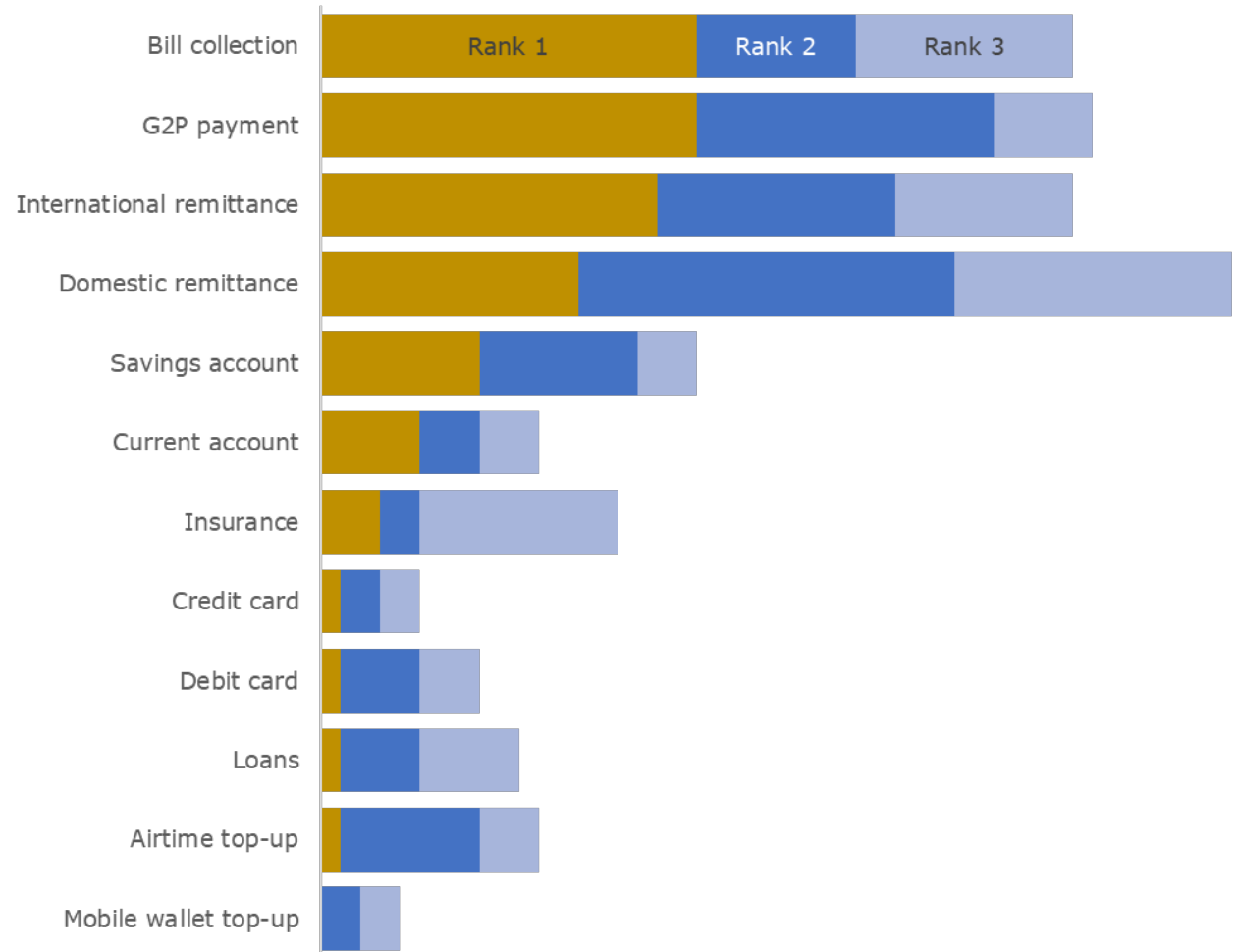
While domestic remittances are the most common financial service offered by Posts (82% of all Posts), because of the ease of offering domestic money transfers, these are not necessarily the highest earner of revenue.

Posts that offer CICO services for bill collection (64%) and G2P payments (71%) receive a higher share of revenue than from domestic remittances.

This finding shines a light on the need for Posts to develop an appropriate, evidence-driven financial services strategy that maximizes network usage, employee capabilities, and revenue diversification.

There is a clear need to strike a balance between the ease of offering a service, such as domestic money transfer, and the profitability of CICO services.

While different types of services are not necessarily mutually exclusive, having the right “product mix” is essential to maximizing revenue.



Q: Please rank the categories below, in an order of revenue earned from financial services.
n = 87. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Drivers of revenue vary

The legal status of service provider influences revenue earned

Legal status of entity providing financial services



Department or subsidiary of the postal ministry (67% globally)



Licensed postal bank (23% globally)



Other/By special act (10% globally)

Top three revenue-earning services

- 1 International remittances
- 2 Domestic remittances
- 3 Insurance

- 1 Bill collection
- 2 G2P payment, intl. remittances
- 3 Domestic remittances

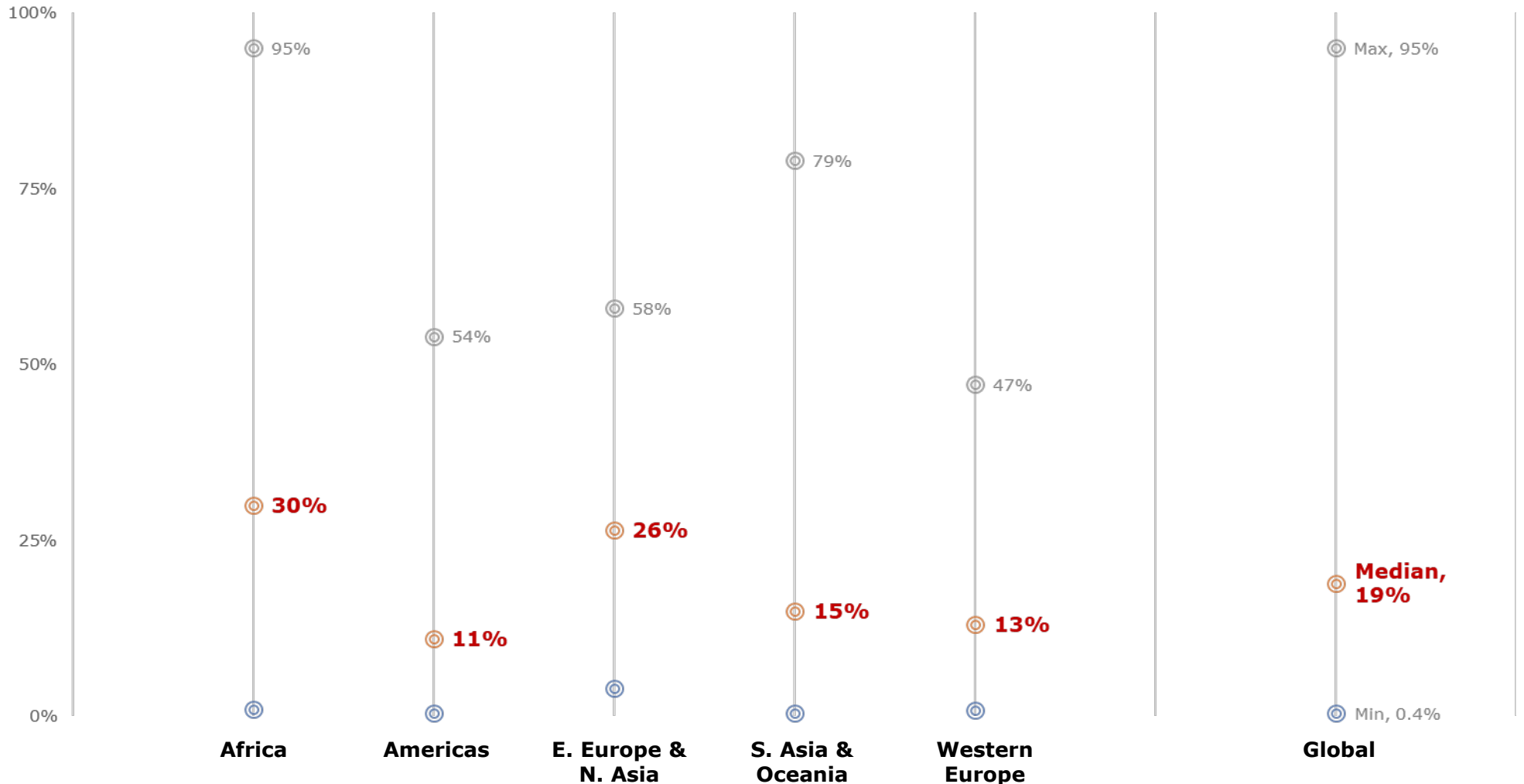
- 1 Bill collection
- 2 G2P payment, insurance
- 3 Domestic remittances

Q: Please rank the categories below, by order of revenue earned from financial services. n = 87. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Median revenue is 19%

Revenue from financial services varies by region, driven by local context



n = 118. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Future plans

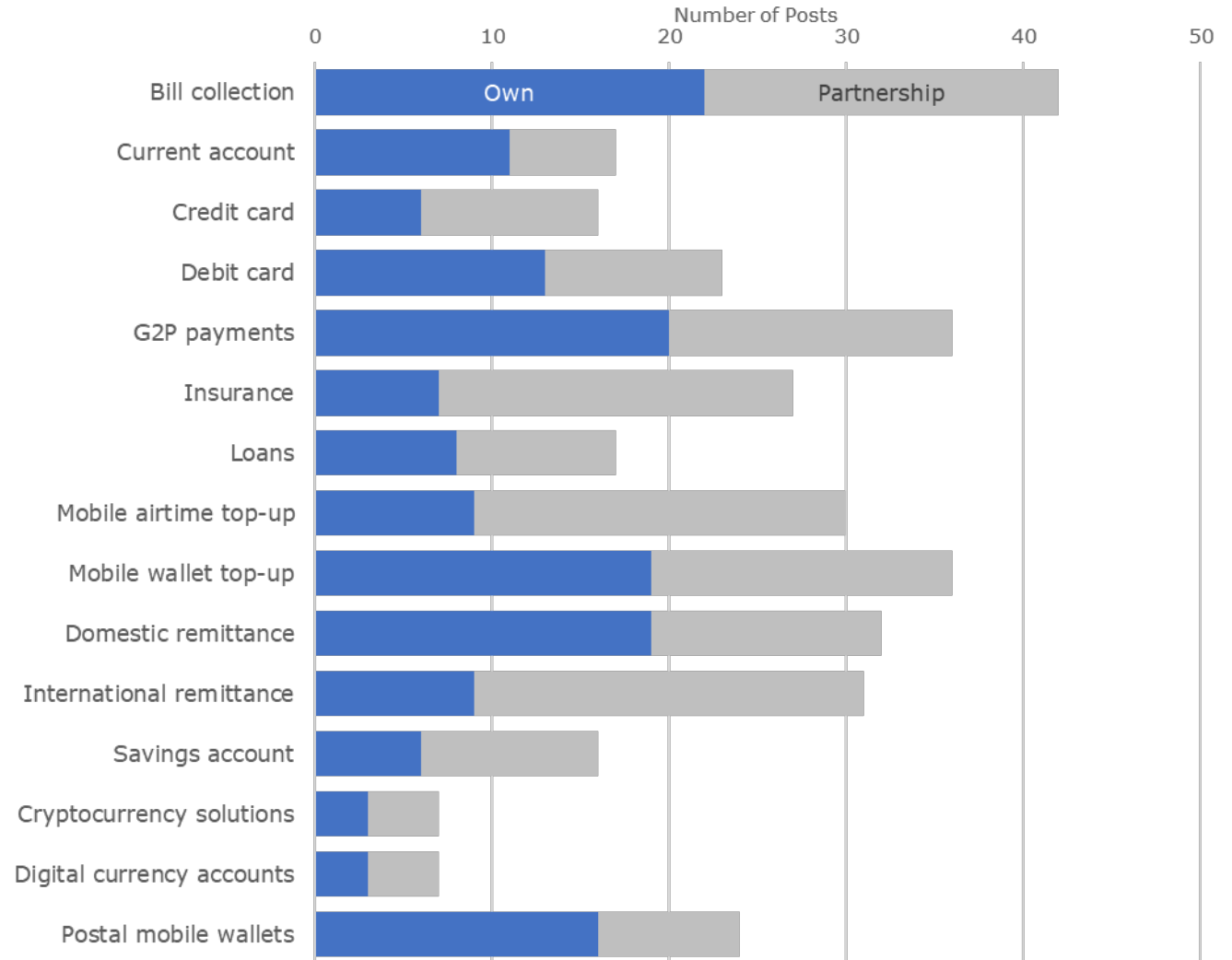
Short- to mid-term financial services development plan of Posts

When asked about their short- to mid-term services development plan, most Posts chose bill collection as their highest priority.

This is a quick win given the low technical and human capital requirement to offer this CICO service, especially given that it is a high revenue earner for other Posts.

G2P is again a key area of interest for Posts, given the high revenue potential. However, this service will require Posts to demonstrate the value proposition of their network in delivering citizen-centric payment services.

Moving beyond traditional postal financial services, there is some interest in emerging technologies such as cryptocurrency and digital currency solutions.



n = 113. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Spotlight on remittances

Focus on a core aspect of postal financial services



544 million transactions annually

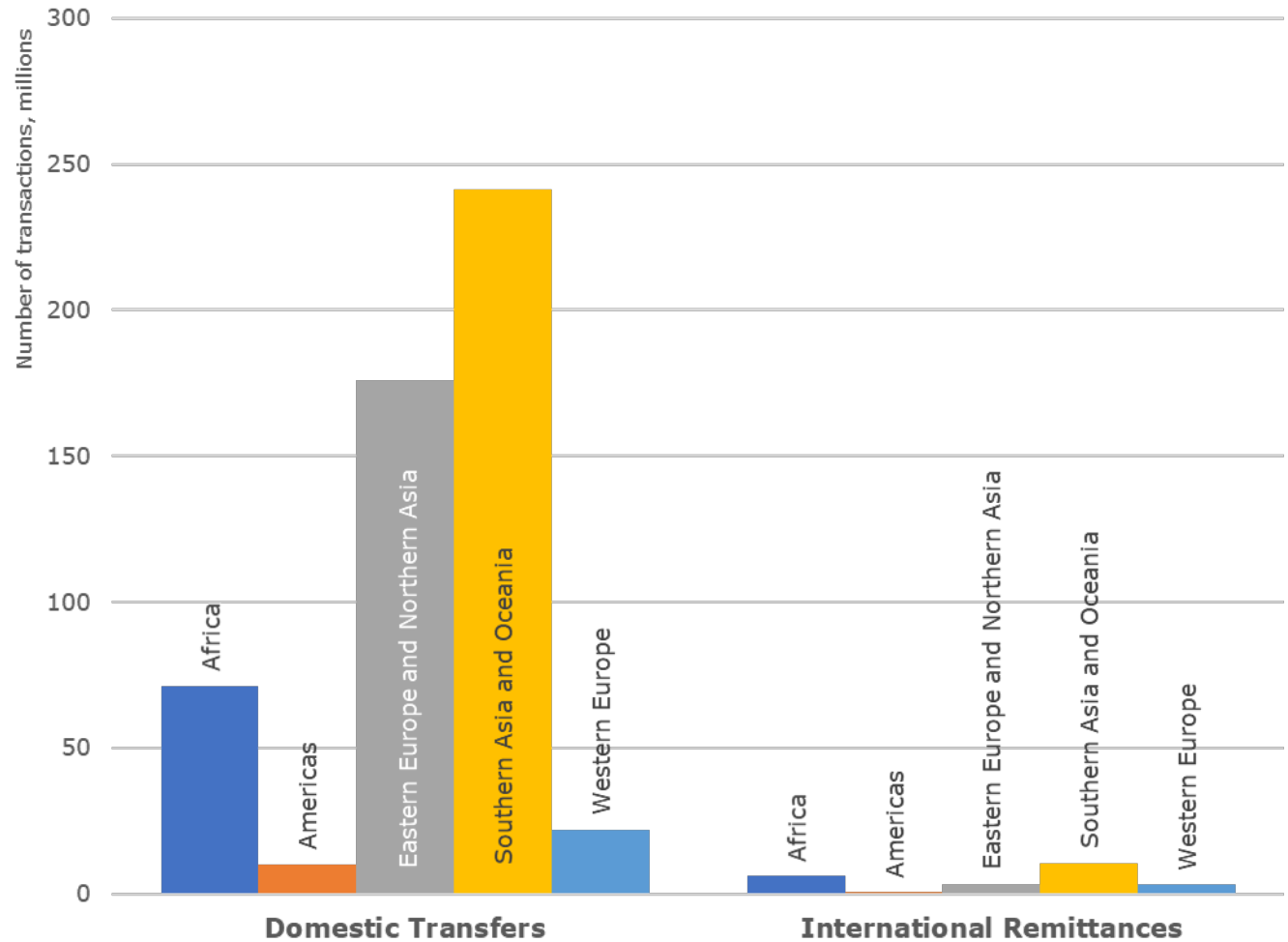
96% of postal money transfers are domestic, cross-border transfers are low

2021 saw nearly 521 million domestic money transfers using paper-based or electronic systems.

Only about 4% or 23.4 million of these were cross-border transactions.

30% of all domestic transfers were paper-based, compared to 4% of global transfers.

Nearly 70% of these paper-based transfers were performed by Posts in the Eastern Europe and Northern Asia region.





44.7 billion USD annual value

Posts annually transfer 39 billion USD on average in their own countries; in 2021, only 0.91% of global remittances were made through Posts

The majority of postal money transfers are domestic. Capturing 88% of total value, Posts transferred 39.2 billion USD within their own countries in 2021.

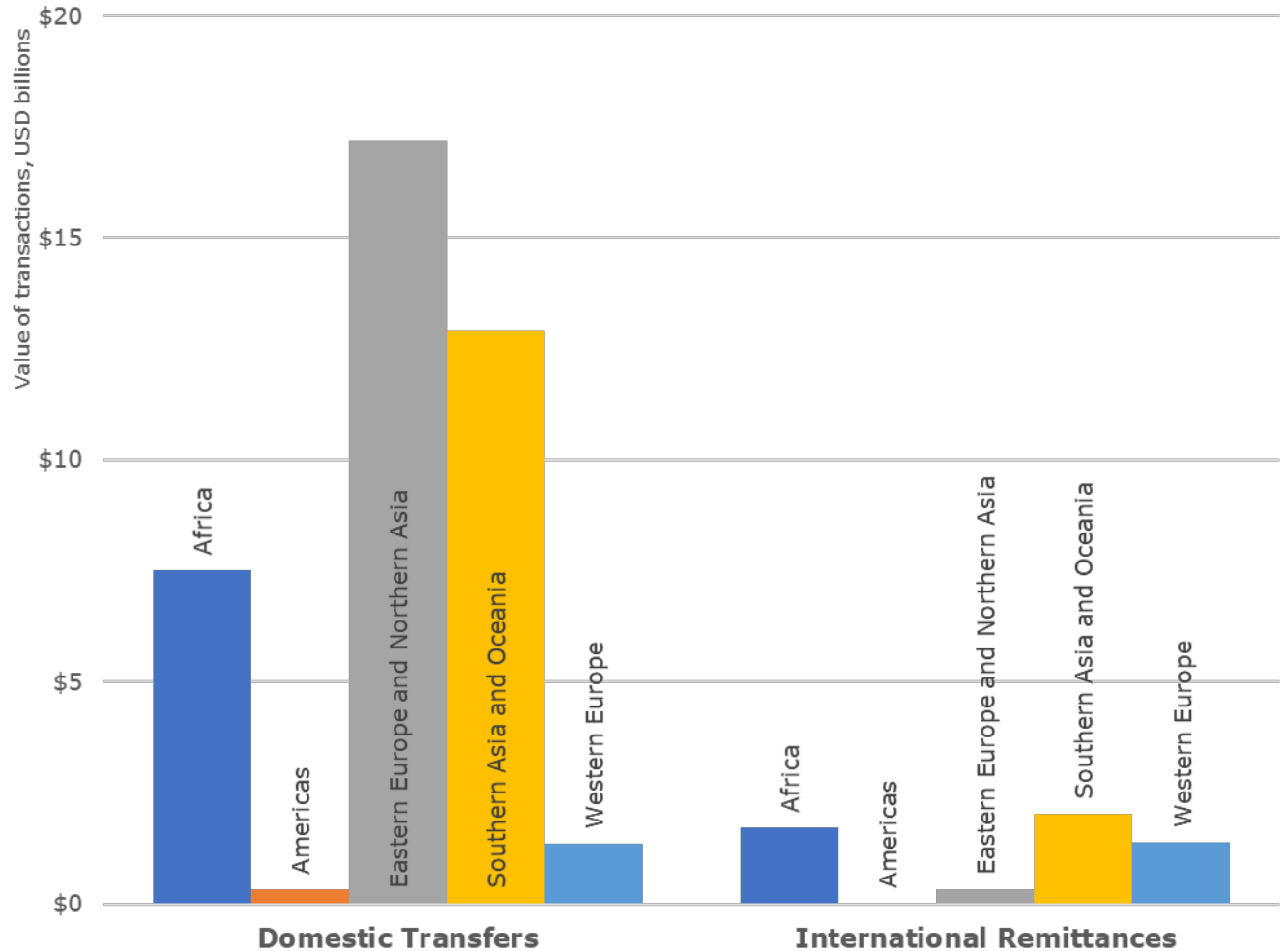
Cross-border remittances are estimated at 5.4 billion USD, which was 0.91% of the global remittances market in 2021.

At 44% of total value transfer, the Eastern Europe and Northern Asia region dominates, with nearly 17 billion USD being sent through the postal network.

Southern Asia and Oceania region makes up the bulk of cross-border remittances with 37% of total global transfers, at 2 billion USD.

The average domestic postal money transfer in 2021 was 85 USD.

The average cross-border postal remittance was 229 USD.



The World Bank estimates global cross-border remittances in 2021 at 589 billion USD. n = 60. Excludes Japan Post Bank owing to its transaction volumes and nature of business. Sources: UPU Postal Statistics 2021, UPU survey



Regional remittance preferences

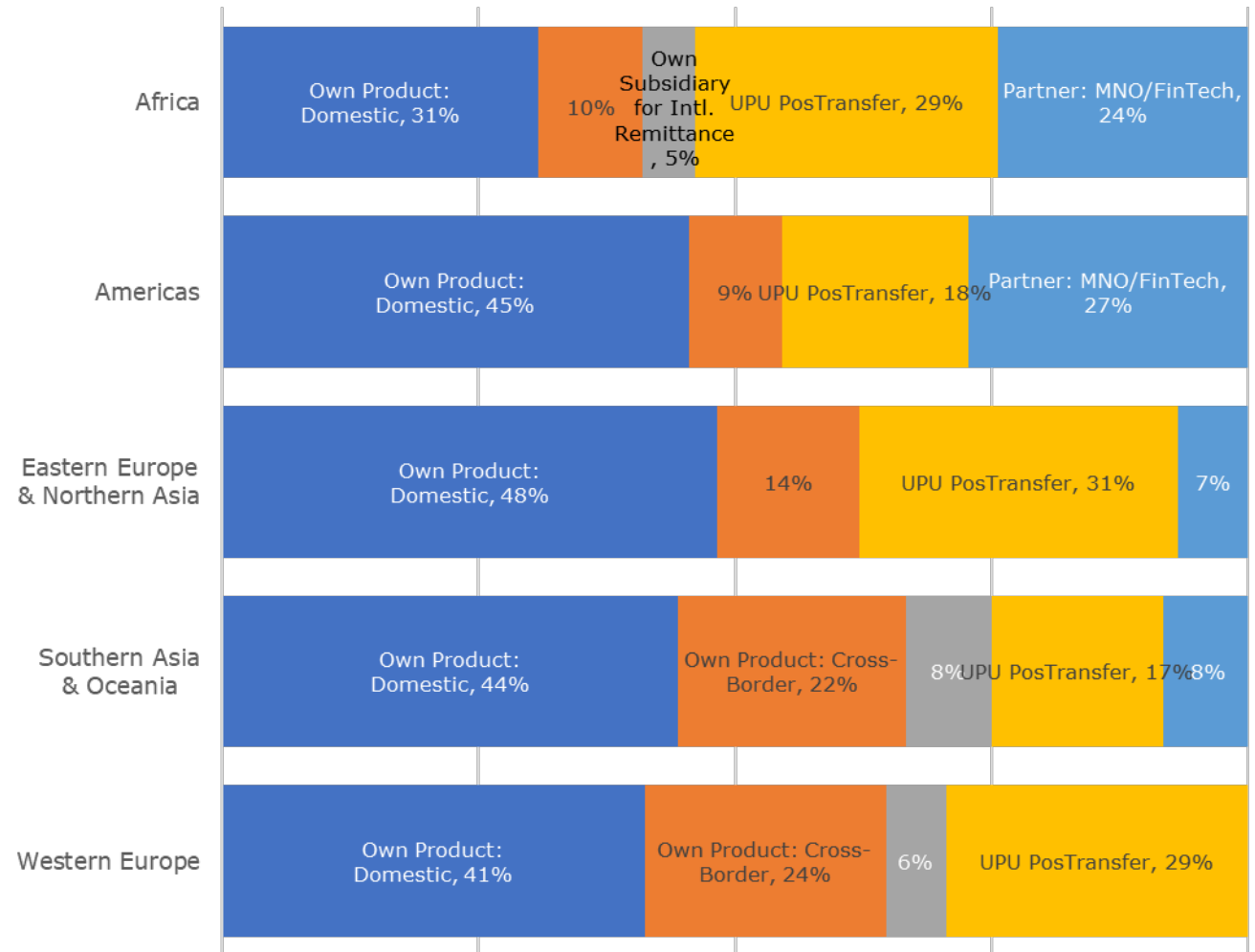
Posts prefer to offer their own domestic and cross-border remittance service

Given the priority attached to domestic money transfers, it is not surprising that 59% of Posts globally offer their own solutions.

When it comes to cross-border remittance service, only 22% of them offer their own service and an even lower 7% partner with mobile network operators (MNOs) and FinTech firms to offer remittance services.

There is a clear opportunity for Posts to increase their partnerships with MNOs and FinTech firms to increase their reach and volume for both domestic and cross-border remittances.

With rather large regional variances, about 25% of respondents use the UPU PosTransfer solution for cross-border remittances.



n = 113. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



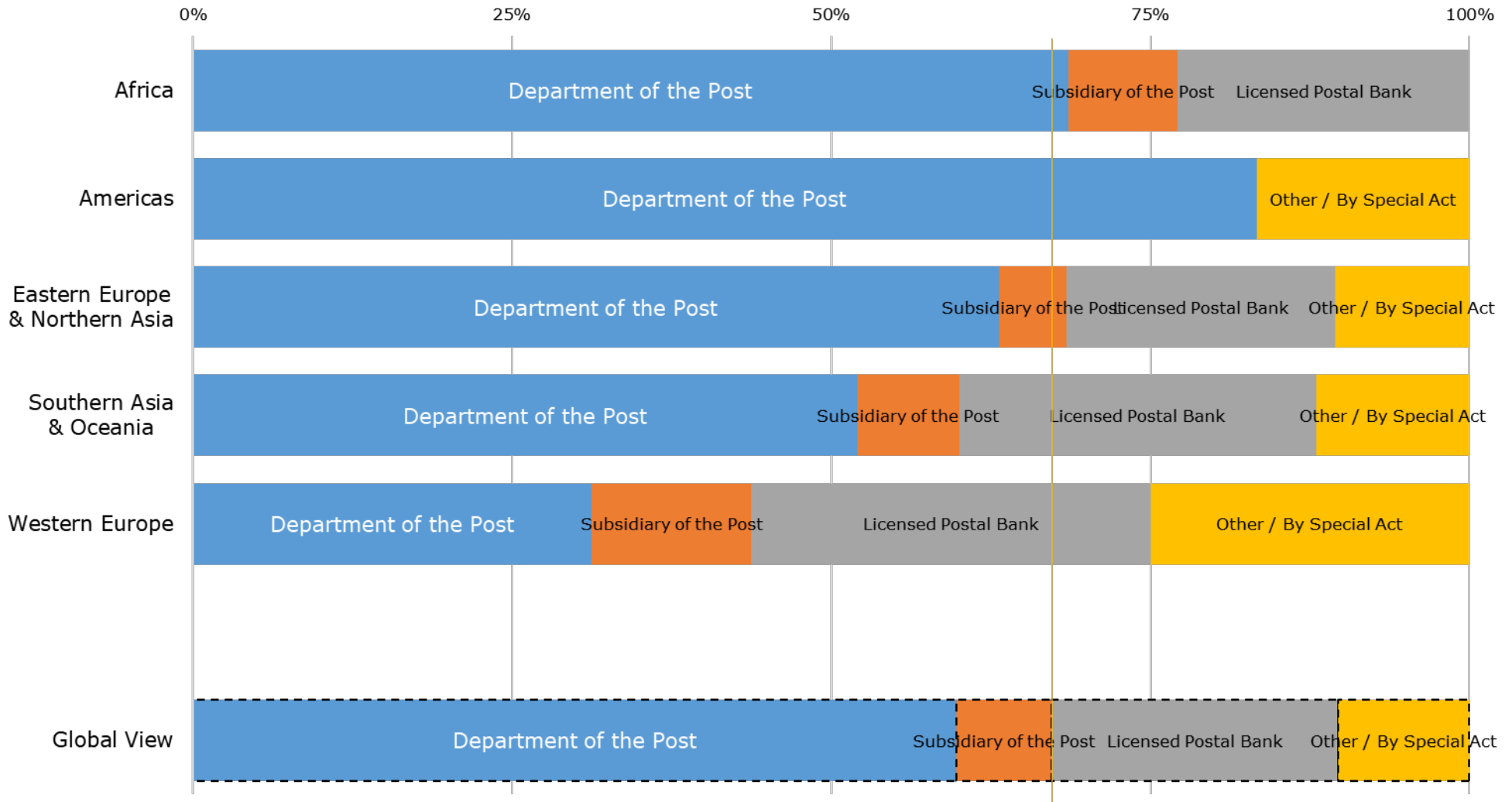
Governance and Regulations

Understanding how the sector is regulated and operates



2 out of 3 Posts offer services directly

Only 23% of all postal operators have a banking licence



Q: What is the legal status of the entity providing postal financial services?
n = 133. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Posts report to multiple regulators

Fragmented regulatory regimes require Posts to report to multiple agencies

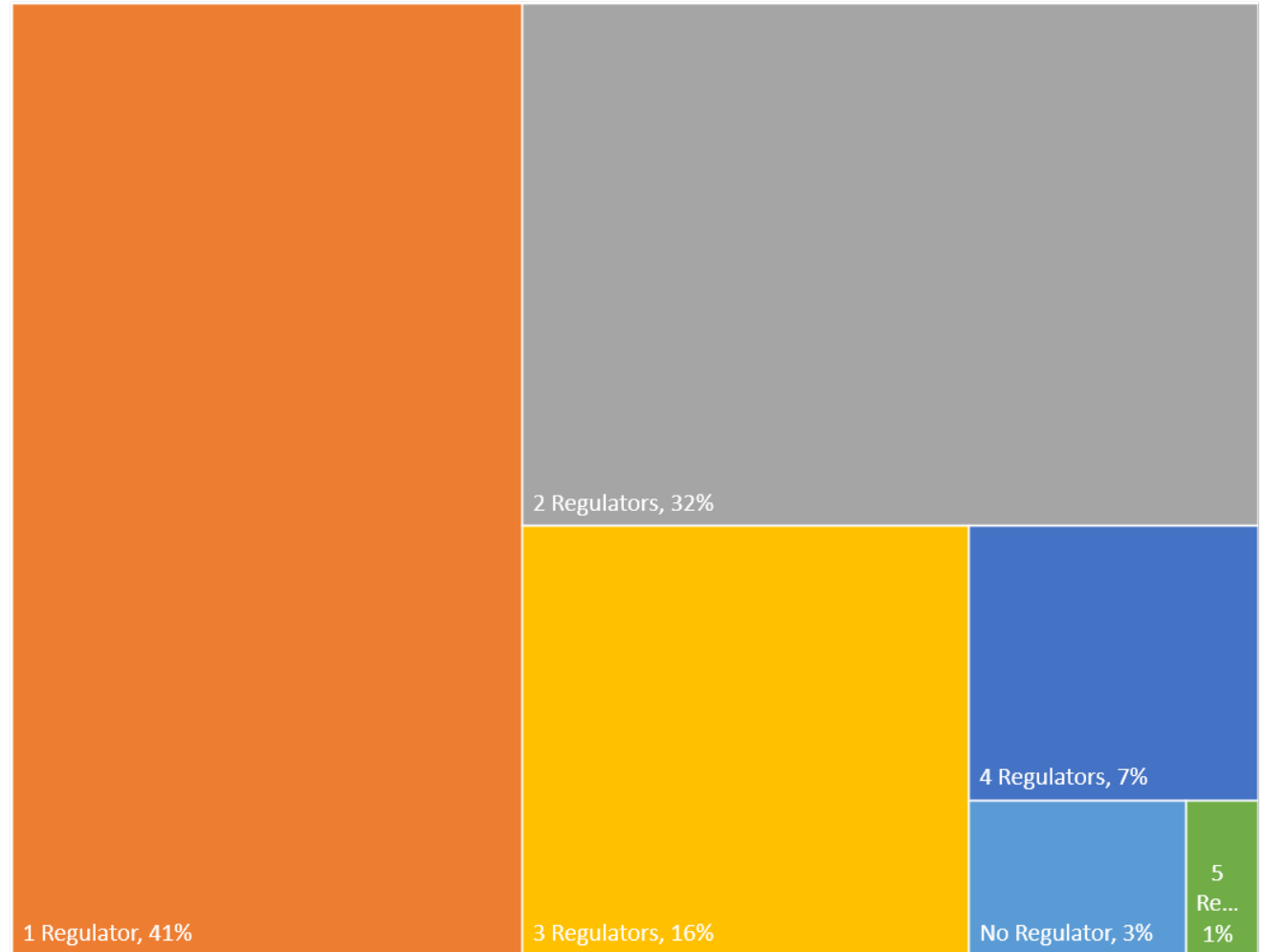
With increasing diversification comes increased regulation. Posts that were traditionally under the supervision of a postal ministry are now reporting to multiple authorities with respect to the financial services they provide.

Globally, we find that 2 out of 3 Posts report to more than one regulator.

While the number of regulators varies by country and is entirely dependent on domestic regimes, Posts in South Asia and Oceania have the highest number of regulators to which they report – on average, 2.5.

In contrast, Posts in the Western Europe region report to 1.5.

Only 1% of Posts do no report to a regulatory authority at all. This marks a substantial decrease from the 9% of unregulated markets reported in the 2016 Global Panorama.





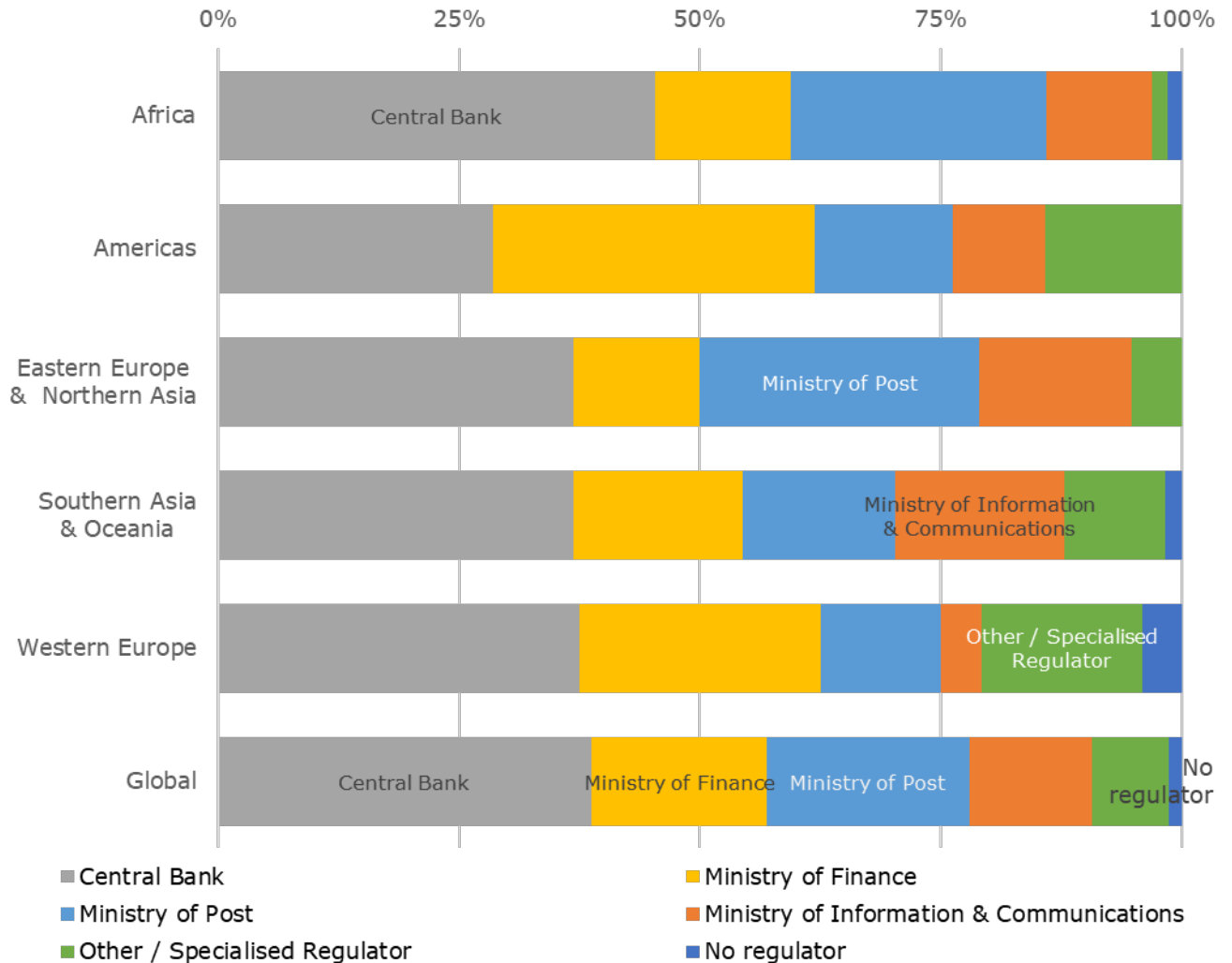
1 in 3 reports to a central bank

Increased fragmentation in reporting to regulatory authorities

The 2016 Global Panorama found that 50% of Posts reported to the central bank exclusively. This has since decreased to nearly 33%, which does not indicate a reduction in regulatory reporting, but rather an increase in the number of regulators that Posts have to report to.

Posts around the world report to the central bank, ministry of finance, postal ministry, ministry of information and communications, and to specialized regulators specific to individual countries.

While this fragmentation does not, in itself, indicate an improvement or deterioration of the business environment, it shows the increased complexity of operating postal financial services and the need to invest in appropriate human and IT resources to ensure strict regulatory compliance.



n = 133. Data for 2021 or last available. Sources: UPU Postal Statistics 2021, UPU survey



Conclusions



Overall findings

Strong growth across all financial services categories.

A strategic, long-term view, approach is needed for sustainable growth.

More Posts are providing financial services

An increasing number of Posts are offering more products and services

The importance of postal financial services as a core business line is undeniable

There is an increasing demand and uptake of postal financial services by customers

Growth seems to be organic and opportunistic

Growth seems to be driven by ease of offering new products

There is a need to take a strategic approach to service diversification

There is a clear need for best practice sharing and technical assistance

Revenue growth is stagnant

Revenue hovers at the 20% mark and is expected to remain stagnant

Posts need to consider sustainable revenue diversification strategies

Posts need to advocate for government to become an engine for G2P and G2B services



Annex 1

Survey coverage



Conducting the survey

The global panorama survey was constrained by the COVID-19 pandemic



2020-2

We extended the survey period to get maximum responses

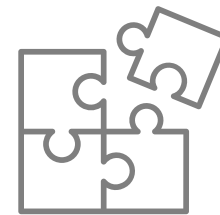
134

countries responded to the Global Panorama survey



70%

coverage achieved globally

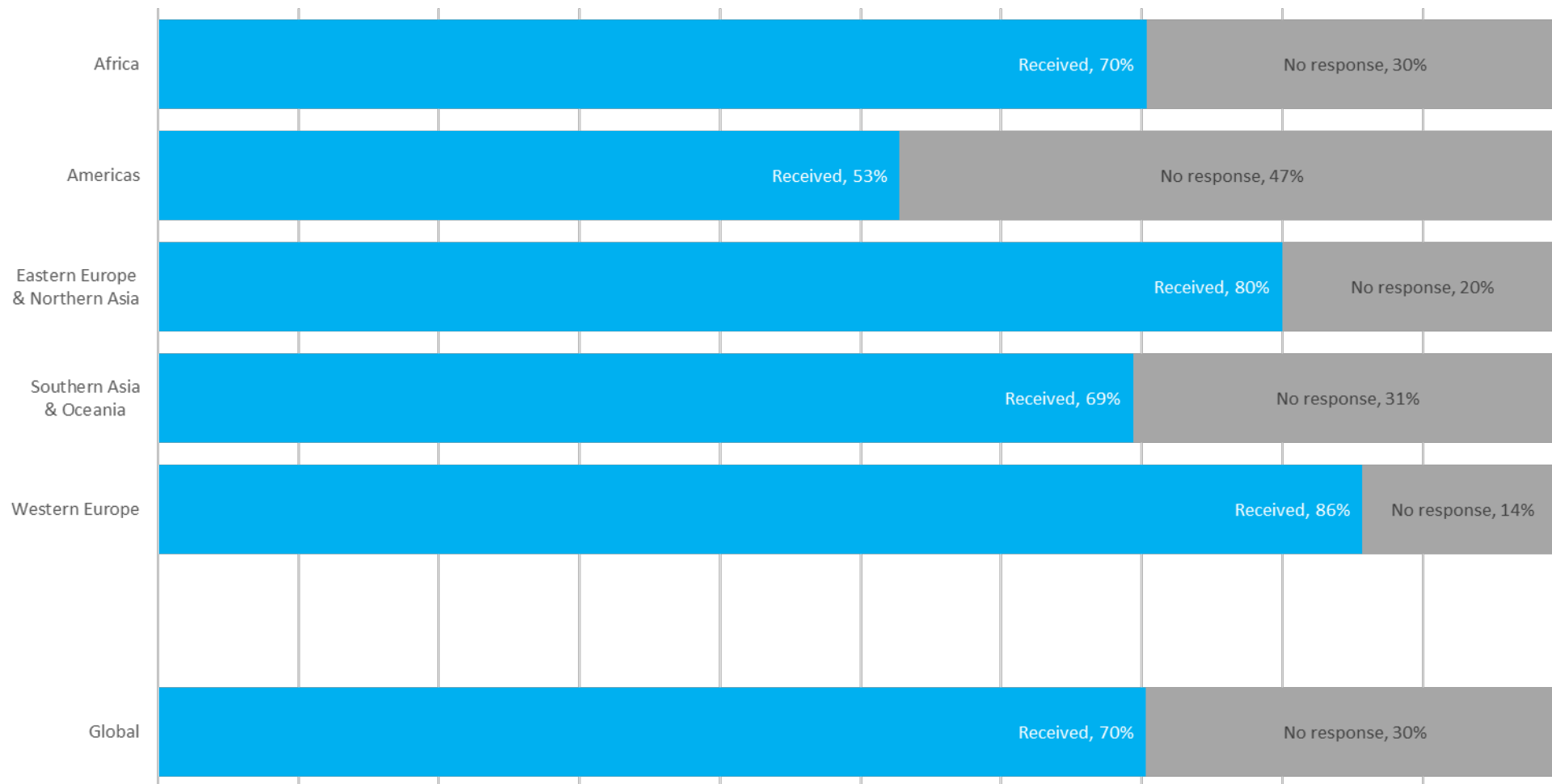


Some notable absences despite repeated requests and some incomplete data



135 countries shared data

70% of the UPU's member countries responded – with some notable absences



n = 135. Data for 2021 or last available.

Sources: UPU Postal Statistics 2020, UPU survey – global panorama on postal financial inclusion 2021

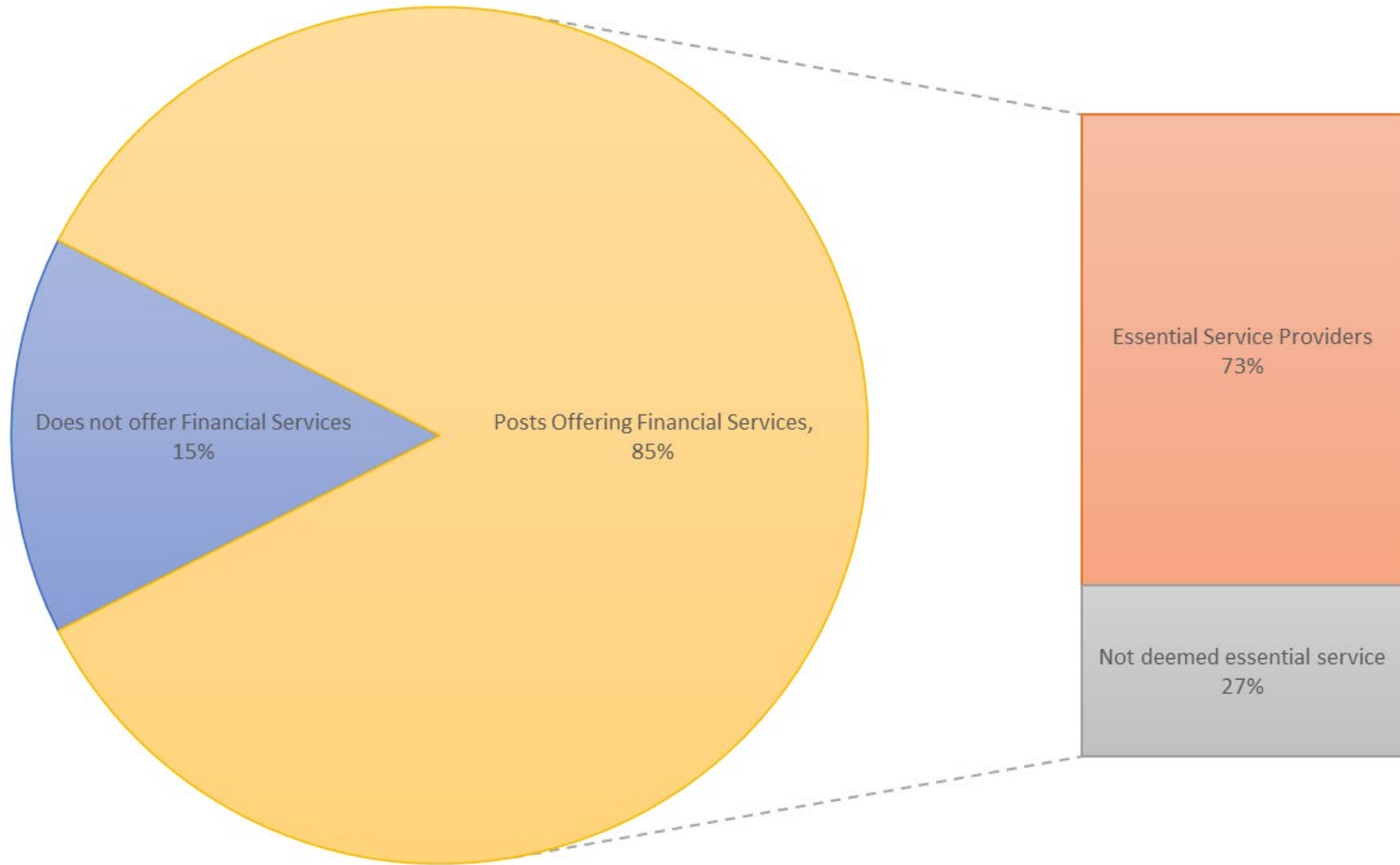


Annex 2

Impact of COVID-19



3 out of 4 Posts designated as essential service providers





COVID-19 accelerated expansion



One in three Posts provided doorstep cash delivery *for the first time*

40% 

of Posts modified their opening times to meet customers' needs

10% 

of Posts disbursed unemployment benefits *for the first time*



One in four Posts disbursed social welfare payments *for the first time*



COVID-19 accelerated growth

42%

An icon representing digital transformation, showing a computer monitor with a cloud above it and two curved arrows indicating a cycle or process.

said the COVID crisis had accelerated their digital transformation

22%

An icon representing new financial services, showing an open treasure chest filled with gold coins.

offered *new* financial services to their customers

25%

An icon representing digital financial services, showing a smartphone with a classical building facade on the screen.

offered new *digital financial services* to their customers

52%

An icon representing challenges, showing a beetle.

faced challenges in providing financial services to their customers



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