

UNION POSTALE

March 2010

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Raising Haiti

.post gets real
Banking on India Post



The postal network

*Facilitating affordable
money transfers
worldwide*



Postal Technology Centre - Universal Postal Union
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Express Mail Services
building, Port-au-Prince,
Haiti

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Editor-in-chief: Faryal Mirza (FM)

Assistant editor: Rhéal LeBlanc (RL)

Translation assistant: Gisèle Coron

Contributors: Miridu Khullar, Monika Kugemann, Dick Rayori (DR), Itziar Marañón (IM)

Photographers: Axel Heimken, Sophia Paris, Alexandre Plattet, Simon de Trey-White, Martial Trezzini

Translation: Lynsey Poole

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Union Postale
International Bureau
Universal Postal Union
P. O. Box
3000 BERNE 15
SWITZERLAND

Phone: +41 31 350 35 95

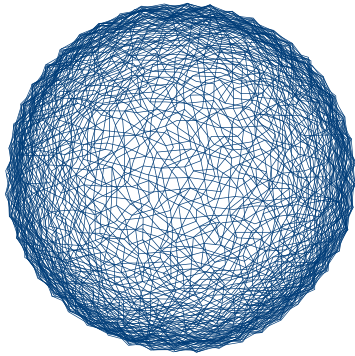
Fax: +41 31 350 37 11

E-mail:
faryal.mirza@upu.int

Website:
www.upu.int

Union Postale is the Universal Postal Union's flagship magazine, founded in 1875. It is published quarterly in seven languages and takes a closer look at UPU activities and features international news and developments within the postal sector. The magazine regularly publishes well researched articles on topical issues facing the industry, as well as interviews with the sector's leading individuals. The colour publication is distributed to Posts around the world from our 191 member countries, including thousands of decision-makers, who regard it as an important source of information.

Union Postale is also published in French, Arabic, Chinese, German, Russian and Spanish.



COP15
COPENHAGEN
UNITED NATIONS CLIMATE CHANGE CONFERENCE 2009

International Bureau

UPU gets green light at Copenhagen

Attending December's United Nations climate change conference in Copenhagen, UPU Director General Edouard Dayan said that business as usual was not an option and that the global postal sector will do its part to reduce carbon emissions. The UPU's director general also participated in a conference organised by the United Nations Environment Programme focusing on UN efforts to become more climate neutral.

Dayan joined other heads of UN agencies, funds and programmes to discuss how the UN system can support the world in addressing climate change through action on adaptation, capacity building, technology transfer, financing and other areas. UN Secretary-General Ban Ki-moon said tackling climate change was "a political, morale and historical imperative", adding that UN organizations in Copenhagen were there as one team to continue to lead the process on climate change and deliver." Climate-change conference chief, Yvo De Boer, added that the UN had to support concrete actions on the ground. "Success depends on implementation on the ground."

Dayan pledge to work with the postal operators of the UPU's 191 member countries to reduce global carbon emissions. UNEP chief Achim Steiner commended the UPU for its efforts and said there was a huge potential for greening sectors like the postal services. Postal buildings and vehicles produced an estimated 26 million tonnes of CO₂ in 2008, according to a recent worldwide inventory published by the UPU. The agency is also looking into implementing a carbon offset system for the postal sector.

Meanwhile in Berne, the UPU headquarters has reduced its energy consumption and adopted several environmentally friendly practices. A new lighting system has already saved 70 per cent of electricity in one year, and most staff travel economy class for business purposes or take trains whenever possible. The International Bureau wants to reduce its CO₂ emissions by 20 per cent by the end of 2012. It currently produces around 1,500 tonnes annually. **RL**

Middle East

Palestine closer to exchanging mail directly

The Palestinian postal service's ability to have direct mail exchanges with UPU member countries is improving with the UPU granting an international mail processing centre (IMPC) code to the Ramallah office of exchange. The code is a UPU standard that applies primarily to mail-processing facilities involved in receiving or sending despatches exchanged under the Union's regulations. Without an IMPC, countries cannot dispatch mail to Palestine or vice versa.

For the moment, mail entering or leaving Palestine continues to transit through Israel. But the Israeli and Palestinian postal authorities pledged in 2008 to work to facilitate direct mail exchanges for Palestine through Amman, Jordan.

The UPU is also providing technical assistance to modernize the Palestinian Post, improve mail processing and train postal staff. **RL**

Send us your news!

Phone: +41 31 350 35 95

E-mail: faryal.mirza@upu.int

Union Postale

Universal Postal Union

P. O. Box
3000 BERNE 15
SWITZERLAND

Editor's note

2010 marks Union Postale's 135th anniversary. From its humble beginnings as a review for UPU members in a multi-lingual format, it has gone through a number of dramatic changes – just like the sector it serves – to reach its present avatar. And more improvements are on the cards. To increase our coverage of news from different regions, we are working more closely with our regional coordinators and restricted unions, as well as freelance journalists and photographers based on the ground. The first fruits of these new collaborations can be seen in Dick Rayori's piece on the Pan African Postal Union's 30th anniversary, our feature on one of India Post's customers and the Haitian photos.

On a more sombre note, our cover story on Haiti reveals how the postal sector has flocked to the assistance of the crisis-hit nation to restore mail services. This act of solidarity has a practical base with efforts being coordinated by the UPU to not only help the Haitian Post rise from the ashes but also look forward to a brighter future.

Since the 2004 tsunamis in South Asia, the UPU has a policy to assist member countries affected by natural disasters. Following the recent earthquake in Chile, the UPU also immediately contacted the authorities for a damage assessment to the postal infrastructure and offered its help.

Faryal Mirza, Editor-in-chief

South America

Brazil Post joins HIV campaign

Brazil has become the seventh country to join the global HIV awareness campaign organised by the Universal Postal Union and its partner agencies. More than 12,000 post offices are participating, using materials, such as postcards, posters and leaflets, to spread the message. The Post will also deliver HIV prevention information to some 800,000 households in selected areas for the first time in Brazil. The launch was timed to coincide with the country's carnival season.

An estimated 730,000 people live with HIV in Brazil, according to the Joint United Nations Programme on HIV/AIDS (UNAIDS), a key partner of the campaign. Speaking at the launch event in February,

UNAIDS country coordinator, Pedro Chequer, said: "The post office, with its wide-reaching distribution network, offers a strategic entry point to reach the general population and post-office staff with HIV prevention messages." The campaign materials carry the message: "The post offices are fighting against AIDS. What about you? Protect yourself: use condoms."

The global campaign has already been launched in Burkina Faso, Cameroon, China, Estonia, Mali and Nigeria. Other partners include the International Labour Organization and UNI Global Union. The objective is to mobilise the postal network's 660,000 outlets to raise awareness of HIV/AIDS. **FM**



Some 800,000 households will receive materials

The UPU urges all member countries to join the campaign. Contact sust.dev@upu.int for information.

The figure

220 million

This is the number of savings accounts held by India Post.

in brief

Who's who at the UPU

Bringing postal financial services into digital age



Name David Avsec

Position IT development manager

Department Postal Technology Centre

Nationality French

In just a decade, the world of postal technology has changed drastically and Avsec has accompanied it closely on its journey. Twelve years ago, at the beginning of his time in Berne, Avsec still remembers the postal money order as a paper-based business, which was unreliable and costly. The market was ripe for a new product, a challenge taken on by the Postal Technology Centre (PTC). By 2004, 10 member countries were using the International Financial System (IFS) application to handle all phases of international money processing using electronic data interchange.

"Now more than 40 countries are using IFS with another 50 in various stages of production and implementation," Avsec reveals.

And it is not all about technology, with Avsec working with the UPU's financial services and legal department to ensure the application's success.

"IFS is not just technical. There is a business behind it. For the Posts, it is an entry-level service that brings in the unbanked population, like migrants," explains Avsec.

Once the need to transfer money on a regular basis for this segment disappears, the idea is that they will return to the Post for more sophisticated products, like savings accounts.

As for Avsec, IFS occupies about 30 per cent of his time, given that he is also responsible for developing a number of other PTC applications, as well as managing a team of nearly 30 people.

"For me, the pleasure of working in IT is not only about tackling technology, but above all about the customers, who will benefit from a product that improves the nature and efficiency of their work," he says. **FM**



Africa

PAPU celebrates 30 years

The Pan African Postal Union (PAPU) has successfully wrapped up its 30th anniversary celebrations, attracting a record number of postal-sector ministers and top policy-makers from international and regional organizations. High-level personalities from Mali, Tanzania, Ghana, Ethiopia, Angola, Cameroon, Kenya, Burundi, Chad, Sudan, Malawi and South Africa attended an opening ceremony in Arusha, Tanzania, on January 18. PAPU is the largest restricted union of the UPU and has 43 member countries.

Tanzania's vice-president, Mohammed Shein, presided over the ceremony and set in motion a series of activities. These included a postal industry exhibition and a three-day postal forum. The challenges of providing universal postal service, the UPU's regional development approach, product and service diversification and the development of e-services were among the topics discussed. The forum highlighted the postal agenda and infrastructure as among Africa's national priorities for socio-economic development.

The African Union Commission's (AUC) Elham Ibrahim commended PAPU for its focus on developing e-services and postal reform. She said

that the AUC would support Africa's postal sector in its efforts to harmonize policies and regulations leading to its sustainable development. In his message to PAPU, Tanzanian President Jakaya Kikwete said that, by hosting PAPU's headquarters, his country had kept alive the ideals of Africa's founding fathers of building a developed and integrated continent. He said his country supported the Union's aim of developing postal services on the continent. "In order to realize this noble goal, it is important to provide affordable, reliable and efficient postal services," he said.

In his video message, UPU Director General Edouard Dayan said PAPU's 30th anniversary theme of bridging the digital divide was a challenge for postal services not only in Africa, but in many other regions, too. He said that, although postal services provide a real and unique opportunity to bridge the digital gap, they are also a driver of economic and social development in Africa. PAPU Secretary General Rodah Masaviru urged members to strengthen the Union in order to strategically position it internationally as a united and harmonized voice for safeguarding Africa's interests and building bridges with international partners for faster development of the continent's postal



Egypt stamps of Nobel Prize winners issued ahead of anniversary

infrastructure. "Postal services have great potential as agents of positive change in the digital era, especially among the underserved communities in rural and urban areas," she said.

As part of the anniversary celebrations, several PAFU member countries issued stamps to honour African Nobel Prize winners. Nobel Peace Prize laureate Wangari Maathai, the environmentalist from Kenya, and the son of Nobel Literature laureate, Wole Soyinka of Nigeria, attended the opening ceremony. **DR**

Erratum: In the last issue of *Union Postale*, the country of a prize winner of the readership survey draw should have been cited as "the Former Yugoslav Republic of Macedonia" and not as Macedonia.

Regulation

Counterfeit items on prohibited list

The Universal Postal Union's Letter Post Regulations now include counterfeit and pirated items in the list of articles, which cannot be sent through the post, since January 1, 2010. This was decided by the Universal Postal Congress in 2008. Generally associated with the luxury goods market, the problem of counterfeit and piracy has become increasingly serious, particularly since online shopping has taken off. Other goods, such as medicines, toys and textiles, are also affected and have a direct impact on public health, employment and the economy. Posts have also fallen victim to this practice, with the counterfeiting of products such as stamps, for example.

In 2009, France's La Poste – vice-chair of the UPU customs group – hosted some 40 postal operators and international organizations, including the UPU, the World Trade Organization and customs authorities, at the first international conference on postal freight and forgery, held in Paris in November.

On a national level, the French Post has launched a number of measures to prevent forged items entering the mail stream. One was a film aimed at raising customer awareness, which was shown on television screens in over 1,600 post offices. The presence of customs officers in postal sorting centres, combined with a new IT tool, has also led to a 155 per cent increase in the number of pirated items seized: 623,028 in 2008 compared with 244,095 the previous year.

As for the UPU, discussions about worldwide awareness-raising initiatives aimed at dealing with illegal merchandise being posted continue within the UPU's Postal Operations Council. Its postal security and customs groups also conducted a pilot project at Milan airport, Italy, in 2009. The aim was

to define the role of postal services in identifying counterfeit items. The results demonstrated that only the customs authorities and holders of intellectual property rights were authorized to declare that an item was counterfeit or pirated. For its part, the Post could only provide data obtained to help customs conduct their threat and risk assessments. In addition, operators could use the data provided on Form CN 15 – the declaration required for customs clearance – to identify those countries where the goods originated that had failed to comply with the prohibitions and restrictions in force in the country of destination.

RL (Based on an article by La Poste)



.....
Fritzner Bernadel, finance director, Marie-Claudine Gaston, secretary, and Margarete Emile, Haiti Post's director general, on the site of what was Port-au-Prince's main post office

Rallying to help Haiti

.....
Postal experts are helping Haiti to jump-start mail services, paralyzed since January 12 by a devastating earthquake that registered seven on the Richter Scale.



“The people of Haiti need us. If we can just open up another communication link with the outside world, it will make a great difference to its citizens,” says Jimmy Ortiz, the UPU’s regional coordinator, who visited Haiti in early February. He was part of an international team sent there by the Universal Postal Union, the United States Postal Service (USPS) and the Postal Union of the Americas, Spain and Portugal (PUASP) to assess how to re-establish postal services as soon as possible.

That link will soon be a reality as postal services get ready to resume shortly. Experts from Canada, France, Senegal and the United States will return to the capital, Port-au-Prince, in early April for a one-month stint to help the Haitian Post bring back a sense of normalcy to daily life. Some 600 postal employees – 350 in the capital alone – are waiting to return to work.

Donated by the UPU, a 600m² portable structure is being installed on 6,000m² of land the government has reserved for Haiti Post next to the airport. The latter is again open for commercial flights, making it easier to receive and dispatch mail stranded in Haiti and various countries since the catastrophe occurred. For the foreseeable future, the sturdy structure will be the country’s main office of exchange. Mail coming into and leaving the country will transit through it. Postal boxes are also being installed for government mail and that of many United Nations and humanitarian organizations on site. A poste restante service will enable people to get their mail. Authorities will use radio broadcasts to inform the population of mail services available to them.

The earthquake left the postal network crippled. At least four employees lost their lives and many others lost family members and friends. In Port-au-Prince, the main post office, the building that housed the Express Mail Service facility and five other offices were toppled. Three outlying post offices were also damaged but remain operational. The Haitian Post’s vehicle fleet in the metro area – four vehicles, more than 20 motorcycles and as many bicycles – was lost. And what was not destroyed naturally was either vandalized or stolen in the aftermath of the catastrophe, with some individuals pillaging abandoned buildings for whatever they could find.

Government priority

The UPU international team is supervising the installation of the temporary office of exchange and coordinating new mail operations with Haiti Post staff. Experts are also helping staff members prepare for the start-up of mail operations and training them accordingly. They also hope to establish at least two more postal outlets in the capital to act as mail deposit and delivery points, offering basic counter services, such as the sale of stamps. Transportation will be provided between the processing centre at the airport and these contact points.

The Haitian government has made it a priority to reinstate public services as soon as possible and welcomed the international postal community’s quick response soon after the earthquake struck. According to the UPU’s Rudy Cuadra, programme manager for Latin and South America, who also travelled to Haiti in early February, Haiti’s minister of commerce, Josseline Colimon Féthière, said she was astonished at how quickly the postal community had come to the rescue.

Heeding the call

With the priority placed squarely on helping victims in the days after the catastrophe, the international postal community responded swiftly to calls for aid, shocked by the tragedy unfolding before its eyes. Deutsche Post’s DHL quickly dispatched its emergency response team to Santo Domingo and then Port-au-Prince to help unload, take inventory and upload humanitarian aid onto trucks. The USPS and Canada Post have offered to send a dozen mail trucks and vans to Haiti, as well as sorting cases, mobile post offices and other equipment. France’s La Poste issued a revenue-generating stamp for the French Red Cross to assist the devastated country. Other Posts, including those of Spain and Mauritius, also raised funds for the crisis-hit nation through their Red Cross organizations. The Dominican Republic Post, whose director general, Modesto Guzmán, was the first to visit Haiti Post following the earthquake, received donations, including nearly 800 kilogrammes of non-perishable goods from the Colombian Post.

Other Posts and the Caribbean Postal Union have also pledged equipment and financial donations. At the time of writing, the Republic of Korea and Iran had donated US\$100,000 and US\$50,000 respectively from their Quality of Service Fund (QSF) credits. PUASP and the Posts of Argentina, Belgium, France, Italy, Japan and Portugal have also donated money totalling more than US\$175,000. The UPU’s QSF helps developing countries finance projects to improve the service quality of the universal postal service. South Korea’s donation will enable the UPU to purchase vehicles to help Haiti Post re-establish a basic transportation network.

From UPU headquarters in Berne, a taskforce of representatives from the International Bureau, the Dominican Republic, Haiti Post, the USPS, Canada Post, France’s La Poste, Spain’s Correos, PUASP and the Caribbean Postal Union is coordinating the worldwide show of postal solidarity.

Donated funds and money from the UPU’s budget have enabled it to develop an emergency aid project with a value of nearly US\$300,000 to send international experts to the Caribbean country and purchase much needed equipment and vehicles to help the Post get back on its feet. From working tables to sorting stations,

.....
By
Rhéal LeBlanc

.....
Photos:
Sophia Paris



Staff provide basic services, like selling stamps, from the director general's house. Beside them, a truck of recovered mail is protected from the rain by a tarp

as well as racks, sacks, carrier satchels and batteries, Haiti Post needs basically everything. Donated materials will be distributed on the ground through the United Nations Development Programme, the UPU's sister agency.

Modernizing services

Furthermore, the UPU's Telematics Cooperative is releasing Haiti from its debts and, for the next five years, will provide Haiti Post the application International Financial System free of charge. This will facilitate the provision of electronic postal financial services, including money transfers.

Mail volumes in Haiti have always been modest. Before the earthquake, the Post processed about 1,000 mail pieces a week. But, in the wake of the tragedy, the international postal community hopes to help the country dramatically improve its postal services so that the latter can better serve the needs of the population and contribute to reviving the economy.

"We have an opportunity to help Haiti Post rebuild and modernize its operations and activities so that it can play a more important role in revitalizing the economy," says the UPU's director general, Edouard Dayan. "With close to one million Haitians living in the United States, 130,000 in Canada, 80,000 in France and so many more elsewhere, setting up efficient postal services in Haiti will contribute to stimulating the economy and alleviating inhabitants' difficulties."

Frank Silva, one of the US postal inspectors who travelled to Haiti with five other colleagues to assess the situation, says the team sometimes had to deal with surprised reactions about the concern for mail at a time when humanitarian aid was obviously the first priority. But Silva explained that mail would be important to rebuilding the country.

"Restoring mail services is as essential as opening banks and turning on the electricity," he says. "Many people don't realize that mail is important, especially in rural areas where survivors depend on the Post to receive goods from abroad."

According to members of the same mission, the government is eager to have the parcel service reinstated as quickly as possible, given the number of Haitian emigrants abroad wishing to help their families at home by sending packages.

As preparations continue for a second international conference focusing on the rebuilding of Haiti, in New York at the end of March, the UPU and its member countries will do what it takes to ensure that the postal infrastructure is not forgotten.

Around the end of March, members of the UPU task-force are also planning a meeting in neighbouring Dominican Republic at the invitation of the head of its Post, Modesto Guzmán, to determine how to best help the Haitian Post to modernise.



Viviane Vincent, 78, lives with Director General Emile after losing her postal-worker daughter



These homeless postal workers also live under tarpaulin in Emile's garden



UPU representatives and US postal inspectors first visited Haiti in February



Site of new makeshift post office in SONAPI park



“The Post will rise from its ashes”

Interview with Haiti Post’s director general

By
Rhéal
LeBlanc

Photos:
Sophia Paris

On a typical warm and sunny day at the end of February in Haiti, *Union Postale* spoke to Margarette Emile, the Haitian Post’s director general. That day, one sensed a bit of sunshine even in her voice. After several weeks of hardship, she was starting to see a light at the end of the tunnel, she said. Days before, she had received postal experts from various parts of the world and a plan to resume postal services had been developed.

Those experts agree that Emile has been a veritable pillar during the entire ordeal. The dust had not yet settled from the earthquake when she tried to recover as much mail as she could from the rubble, safeguarding it at her house, and welcomed a dozen postal employees struck by the catastrophe into her home, including a young woman who lost her mother and sister when their house collapsed. US postal inspector Frank Silva visited her and was touched by her generosity. “Despite living in her own disaster zone, she was up early every morning, immaculate and dressed up, ready for business and caring for the people camping in her front yard. This woman has the greatest heart.”



.....
Emile takes down the names of postal staff looking for work

How would you qualify the support you've received up to now from the international postal community?

Margarete Emile: There are no words to describe this act of solidarity. No one thought the Post was such a tight-knit family. No other public institution [in the capital] has received so much support, and it's a city that is devastated. Before [the catastrophe], the postal service was looked down upon. Today, the authorities see the Post differently and are starting to understand the important role it plays. We are at a decisive turning point in the postal life of Haiti.

Do you have hope for the Post?

I firmly believe in its future. Before, we did not see the end of the tunnel. Today, postal employees see [in this tragedy] a positive beginning.

As you wait for services to start again, how is life unfolding for you day to day?

We're certainly not lying around [laughter]. Today [February 19], for example, work is about to begin on the piece of land the government

has given the postal service in the SONAPI industrial park. In about 30 minutes, I have to be there because a contracted company will erect the security fence around the area where the portable structure will be installed for us to start up postal operations.

With 350 employees in Port-au-Prince, how will you progressively bring them back to work?

First, we'll work with a reduced team at the exchange office in the SONAPI park. We'll set up shifts so as many employees as possible are productive. Then, once the few offices left standing in the outlying areas of the capital are given a clean bill of health and operational again, we will send some employees to work there.

Modesto Guzmán, the head of the Dominican Post, visited you just a few days after the earthquake.

How was that?

He's nothing less than a brother to me. He was so supportive. There's just no price to put on it. The earthquake happened on Tuesday,

January 12, and he was at my home the following Saturday. He brought me essential staples, such as water, medicines and clothing. One week later, he sent a team with additional supplies. I will never forget him.

How do you see the future of Haiti's postal services?

I am truly confident that the Post's future is bright. I want to say to all Haitians that the Post is not dead. This tragedy had to happen for the world to discover the important role postal services play. In the street, people ask me where they can find postal service or when they will start again. The Post will rise from its ashes and be more modern than ever. We need to meet this expectation.

Sophia Paris is a freelance photographer based in the United States.

Banking on India Post



.....
Bharat Tiwari saves with the Post

.....
By
Monika
Kugemann

.....
Photos:
Simon de Trey-
White

.....
In India, postal financial services go hand in hand with government measures to promote financial inclusion. This collaboration is helping to ensure that poor people are not excluded from basic products, such as savings accounts.

Covering the last mile is a major challenge of governmental engagement in poverty alleviation. Financial exclusion is not only a symptom of poverty but can also be its cause. As those with no access to a bank account cannot develop savings, they become vulnerable to unofficial moneylenders and can often not receive regular wages or pension payments. The good news is that Posts can offer an effective solution to the unbanked population, as the example of India shows.

The Indian central bank has been using the Post as a delivery outlet for social-security benefits for the past four years, crediting wage and pension payments directly to postal accounts. This approach has considerably stopped the diminishing of funds on their way from grantor to recipient through corruption – a major problem in many emerging economies. “In India, funds are comprehensively reaching the individual entitled to them for the first time,” says Sandip Ghose, regional director for Northern India at the Reserve Bank of India.

The Indian central bank hand-picked India Post as preferred financial inclusion partner for several reasons. With 155,000 post offices, 139,173 of which are located in rural areas, India Post has the potential to reach the financially excluded population, many of whom are farmers. India’s 33,800 rural banking branches are mostly concentrated in selected pockets, covering no more than 5.2 per cent of its 650,000 villages. India Post, on the other hand, is represented in all villages and is often the only provider offering savings accounts specially to those on low incomes. During the past two years, the Post has opened 35 million savings accounts with no capital requirements for unbanked people. The government also uses postal branches for the distribution of currency in rural areas, where 85 per cent of transactions are still made in cash. “Our partnership with India Post began seven to eight years ago, when there was a huge shortage of coins in rural areas,” explains Ghose. “The post offices were paid a commission to distribute coins and fresh currency notes.”

Another reason why the central bank chose India Post was the post’s proximity to customers. “Postmasters in rural post offices come from the same village and know everyone in the community,” says Shukadev Samant, member of India Post’s board. “Our Post encourages employment of locals in rural branches, adopts flexible work hours to suit people of the community and organizes its promotional drives to take place during community festivals.” Some rural postmasters serve in the same office for 15 to 20 years and can help the government to verify proof of identity, one prerequisite for opening an account.

Reaching out

The central bank has been actively involved in financial inclusion since 2005, bringing more than 70 million Indians without access to a bank account into the financial fold. Due to a concentration of poverty in rural areas, the Reserve Bank has focussed on promoting financial access in the countryside. To do this, it introduced no-frills accounts and credit cards especially targeted at the farming population. “First came this change of mindset that anyone who wants to can open an account, even if they have no money. Secondly, we wanted to expand access to banking cards,” Ghose recalls.

One of the biggest problems in rural India is that the population is not accustomed to formal banking and turns to local moneylenders in times of need. “Moneylenders are willing to give you any amount of money, provided you have some collateral in the form of land, house, jewellery or even cattle. And of course they charge huge interest,” says Ghose. Out of fear for their livelihood, farmers only approach money lenders for special situations, such as medical emergencies, their children’s weddings or religious ceremonies. As traditional banks do not grant credit for these kinds of expenses, the central bank issued a “kisaan credit card” for farmers, designed to enable them to borrow money in precisely those circumstances.

Two years after the introduction of the no-frills accounts, however, the Reserve Bank discovered that many of the newly opened accounts still had a zero balance as the account-holders were still conducting most transactions in cash. Carrying around cash or storing it in private homes was both insecure and inhibited the generation of savings – a vital component of financial inclusion, as Ghose explains: “Savings is the biggest protection a financially excluded person can develop.”

In view of the crucial role of savings, the central bank decided to collaborate with India Post in 2006. The latter looks back on a very long history as a savings institution (since 1882). “We are helping the Post to actively become part of the payment and settlement system, so people no longer need to only transact in cash but can use different instruments, such as cheques, drafts and plastic cards,” says Ghose.

Village approach

The savings account is India Post’s most successful financial service to date, while also being one of its most flexible products, says A.S. Prasad, deputy director general of its financial services. “We have savings schemes for senior citizens, monthly-income accounts and different short and long-term investment products.” The Post plans to increase its 220 million savings accounts to 350 million accounts within the next two years. Samant specifies: “We are promoting the concept

of *Bachat Village* or *Savings Village* with at least one postal savings account per household." Many villages in India have already achieved this goal and serve as models to other communities. The Post also aims to provide the rural population with other basic financial services as a banking correspondent. "A complete bouquet of financial services should be available to those who are financially excluded," says Prasad. The ultimate goal of India Post is to make customers' lives financially sustainable. In its view, this can be achieved by responding first to basic needs – such as providing access to remittance services and social-security payments – and later by offering savings and insurance opportunities.

Providing the rural population with a first point of entry to the financial world, as well as targeting farmers, has advantages for India Post. "A very valuable lesson is that dispensing of savings and insurance products at a community level has business advantages for the post office," Samant says. "In rural areas, economic activities are on the increase and there is more scope and opportunity for savings, insurance and asset-management activities. The post office plays an important role in expanding the market for such services."

Wages and microcredit

India Post is also vital for distributing social benefits to the rural population. "The Post is the government's largest partner in the National Rural Employment Guarantee Scheme [NREGS]," says Ghose. In operation since 2006, the scheme provides at least 100 days of guaranteed wage employment per year to every rural household whose adult members volunteer to do unskilled manual work. NREGS covers all Indian districts with a rural population and disperses wage payments through postal or bank accounts.

India Post held 46.13 per cent of all NREGS accounts in 2009 (35.46 million accounts), with 93,301 post offices having distributed more than 35.3 billion rupees (US\$765 million) under the programme. "An account is opened for a worker and wages are paid into it," explains Prasad. "The worker can then withdraw money from a postal branch near his home." Because funds are directly credited to postal accounts, they are effective in reaching beneficiaries. The Indian government has also started using postal accounts to pay out other social security schemes, such as old-age pensions and other social-welfare benefits. The Post regards the distribution of social benefits as a means of optimally exploiting its network, while complying with its public service mandate. In September 2009, it was granted the CNBC Financial Advisor Award for effectively utilizing its network to promote financial inclusion in small communities. The TV channel presents the award each year to honour the best financial advisors across the country for their contribution towards wealth creation

and preservation. It was also the first time a governmental department won.

Along with social-security payments and savings products, an important instrument to financially include the rural population is microcredit. For this reason, India Post has signed an agreement with the National Bank for Agriculture and Rural Development (NABARD) to distribute small loans to the so-called Self Help Groups in rural India. The collaboration has helped to develop alternatives to institutional credit disbursal, enhancing access to credit to the poor. Nearly 2,000 post offices are implementing this scheme in nine districts of Tamil Nadu state since 2006 with a revolving fund of 10 million rupees.

NABARD's microcredits are especially important for rural women, who, in their patriarchic environment often lack resources to run their own small businesses. Some 54,000 women have to date been linked by the scheme, empowering them to identify their financial needs, manage their savings and explore opportunities in income generation. India Post has granted 26.4 million rupees as loans to 2,842 Self Help Groups, 115 of which have already fully repaid their loans.

Financial literacy

But the Post can do even more to bring the rural population into the financial fold, says the central bank. As the latter's experience shows, the mere provision of financial products targeted to farmers often is not enough to promote financial inclusion effectively. "We found that our experimentation in providing access was not as material for financial inclusion as providing some knowledge of basic financial services," Ghose explains. Along with Financial Literacy Counselling Centres and Rural Entrepreneur Development Kiosks, the government has designated post offices as major contact points for financial education. "The Post can become the biggest single organization for propagating financial literacy," says Ghose.

The personal touch of carrying out transactions in a post office can give customers without prior knowledge an understanding of different financial services. "For people that are not financially literate, it is becoming more and more difficult to access financial products, because they do not know how these products can help them," says Ghose. Banks today hardly have any direct contact with customers, while post-office workers can take the time to explain different products, he continues. "By contrast to virtual banking, Posts have a face to the office, someone to which you can talk and get your doubts clarified."

Rural postmasters are often the only literate person in a village and are prime candidates for taking charge of



villagers' financial education. However, some postmasters need more training to transmit financial knowledge effectively. "Inside the Post itself, financial training is currently limited to the product the postal branch is marketing," explains Ghose, who has longstanding experience in training the top management of India's public sector commercial banks.

UPU workshop

Providing appropriate training is an issue, which India Post is currently tackling. Some food for thought was found during the financial inclusion workshop in 2009 organised jointly by the Universal Postal Union and the Alliance for Financial Inclusion in Berne, Switzerland. The two-day event underlined the pivotal role financial literacy plays in making financial inclusion a success. As a result, senior representatives from India Post approached the central bank, expressing an interest in developing comprehensive training for their staff with the latter's cooperation. The bank is now in the process of creating training modules for postal employees, while India Post has increased training in rural areas. "We are taking up skill development of rural postmasters both in professional and soft areas on a large scale," says Samant.

The workshop not only encouraged India Post to strengthen its efforts in financial education. It has also given new impetus to the central bank's commitment to financial inclusion. "For me, this congregation in Berne was a unique experience, getting first-hand information

of what is happening in Brazil and other countries that have gone ahead in this area – whether as postal banks or correspondents," says Ghose. "When we came back to India, we discussed the different models that had been presented to determine how to implement the best of each in our system."

Meanwhile, India Post is planning to offer core banking solutions in 4,000 branches by 2011. "Our proposal to become a bank is in the conceptual stage," says Prasad, explaining that post offices are to be fully computerized and linked via a virtual network. Once all technological hurdles have been overcome and comprehensive staff training completed, India Post's prospects in the financial sector are bright, according to Ghose: "Already today India Post has savings deposits that are larger than that of any single bank. Its credibility and network, the backing of the government, its long history as an institution, its reach – all this supports the case for establishing a strong bank in the future."

Monika Kugemann is a freelance journalist based in Switzerland.

Simon de Trey-White is a freelance photographer based in India.

Financial inclusion in motion



.....
Bharat Tiwari is a security guard based near the Indian capital, New Delhi. This is his story and why he has invested his savings with India Post.

.....
By
Mridu Khullar
Photos:
Simon de Trey-
White

Each day at dawn, Bharat Tiwari rises with his wife, and has his first cup of tea. He is the first to leave the family home in Mehrauli to start work in a government-run girls' senior secondary school in Saket, a posh neighbourhood in South Delhi where he has worked for the last ten years. Fifty-year-old Tiwari gets on the bus, which takes him halfway, and from there, he waits another fifteen minutes to catch the next bus, so that he can get to school before it starts at 7.30.

Fifteen years ago, when Tiwari was working in a different school, also run by the Delhi government, several of his co-workers were talking about savings and investments. Tiwari too became interested in what they had to say, and, after getting some advice, decided to invest 30,000 rupees (US\$652) in a scheme called the Postal Life Insurance (PLI) offered by India Post. Ten of his peers invested in it too. "People told me that the PLI was very good, and was better than the Life Insurance Corporation of India, which is more popular among Indians," says Tiwari. "People with private company jobs can't invest in the PLI since it's specifically meant for employees of the government."

The PLI was established in 1884 for employees of all government departments in India, especially in central or state administration, defence services, the departments of Post and telecom, nationalised banks, municipal and other local bodies, and government-aided educational institutions, such as the school Tiwari works in.

Happy returns

Tiwari says he is very pleased with how this investment has worked out for him. "Right now, I need the money. In a year or two, I have to get my daughter married, and this money that I have received from investing in the PLI scheme will be so beneficial to me," he says. "Now I can do good things for her."

For fifteen years, Tiwari deposited 155 rupees each month at the post office, a total investment of 30,000 rupees. Last year, in November 2009, his scheme matured, and he received 65,130 rupees in a lump sum from the Post. "You don't notice the 155 rupees each month going out because it's a small amount," he says. "But when you get that big 65,000 rupees cheque, there's so much you can put it towards."

Tiwari's two sons and daughter are still studying and he says the biggest expense for his family right now is the sheer amount of money that goes into their education. There is the oldest son, who is doing his Master in Business Administration and Tiwari spends 8,000-9,000 rupees each month on his fees. The other son is doing a long-distance learning course with the Indira Gandhi National Open University and every six months, Tiwari has to pay for the tuition. His daughter is still in high school and, since she is not interested in or doing particularly well in academics, he would like to enrol her in some sort of vocational training when she graduates, another potential major expense.



.....
Bharat Tiwari at the post office and work

"It's hard for a worker like me to live in Delhi," he says. "The price of everything is going up constantly, we can't afford to buy a house, and if you want your children to have good-quality education, you need money for private institutions." The investments he has made have helped to that end. He has invested in a number of products, he says, mostly schemes that have been offered by the government. Of all those, he found the India Post schemes, especially the PLI investment, to be the most sound and rewarding.

"If I had had a policy for one lakh [100,000] rupees, then I would have received 250,000 rupees today," he says. "At the time I didn't understand these things, and I couldn't afford to invest that much either. But now, I'll be investing this money again, not only for my wife and myself but also for our children." Now that his salary has recently increased, Tiwari will be investing a lot more in his future.

In addition to the position at the school, Tiwari works odd jobs to earn a few extra thousand rupees each month. He says that, while his regular salary is all spent at the end of the month and, try as he might, he cannot save anything from that, he has made it a point to save at least something each month. All the money that comes from the odd jobs or his share of the farming land his family owns back in his home village in Bihar state is put away as savings or investments.

Crucial trust

Tiwari says the interest he received for the PLI scheme at 8.5 per cent is the highest he has seen for either government or private investments. Then, there is also the matter of trust. If he were to get a better deal, even at double the rate of interest from a private company, Tiwari says he would not invest in it. "There's no reliability in private companies," he says. "There's no guarantee and I can't bring myself to trust them.

Companies are going into loss and bankruptcy all the time and I don't want my hard-earned money to go with them." Since the PLI is operated by the Indian Post, he says he trusts it. "I went into a very well-known multinational bank the other day and they told me about all kinds of schemes, but I just can't take that risk."

There are, to be sure, some problems. "Like most government departments, there's a bit of inefficiency," he says. "Nothing more or less than you'd find in other government-run organizations." The other day Tiwari went to open a new account with the post office, but they told him to come back the next day. When he returned, they told him to return the following day. "I would have opened up an account right there and then, but I couldn't. And I would have saved 500 to 1,000 rupees in that account each month."

He is still happy with the PLI. "I had no problems with the PLI investment, however," he underlines. "I've been recommending it to everyone I know, and just last month, on my advice, my nephew opened up an account as well."

Mridu Khullar is a freelance journalist based in India.

Squaring up to a double bottom line

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The Republic of Korea's Post has recently been busy forging partnerships with other national postal operators as well as focussing on its insurance business. The director general of its bureau of Posts, Kee-Deok Kim, explains more.

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By
Faryal Mirza

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Photo:
Korea Post

What is the purpose of forging postal partnerships with other operators?

The background is that the demand for international mail is constantly increasing along with the growth of Korean economy. International mail-volumes are increasing as more and more Koreans move overseas and local companies expand their business to overseas markets. The quality of our postal service depends on partner Posts too. Therefore, for us to enhance our quality of international postal service, it is essential for our partner posts to have modernized postal facilities and information technology. The recent postal partnerships with other Posts ensure the improvement of service quality. We have so far signed memoranda of understanding with eight designated operators, including Hong-

kong, Thailand, Kazakhstan and Viet Nam.

What areas do the partnerships cover?

Given the development of our postal information-technology (IT) and automation of mail processes, we are committed to focusing on these areas. We also have a great interest in overseas money-transfers as we are also active in the postal-savings business.

How does the Post decide which foreign operator they wish to partner with?

We do not have any specific criteria. We are willing to work with any countries having the same interests as we do, such as postal IT and automation. In the Asia Pacific region, Korea Post has regular meetings

with China, Japan, Kazakhstan, Mongolia and Kyrgyzstan. We have also started staff exchange programmes with other Asian countries to strengthen mutual cooperation through the Asia Pacific Postal Union. These meetings and programmes have enabled us to introduce our advanced postal systems and facilities to other Posts and share relevant information.

What has been your most successful cooperation to date?

Our participation in the Kahala Posts Group [the express mail services (EMS) network]. We are one of the original members, along with Australia, China, Japan, Hongkong and the United States. The United Kingdom, France and Spain have also recently joined. The group has improved EMS considerably and the EMS brand is now recognized as a fast, safe and high-quality premium service in our region.

Through its participation, Korea Post has improved electronic data interchange, enhanced customer services and optimized its transportation network. At present, 79 per cent of our outbound EMS volumes go towards Kahala Posts. This cooperation has helped our EMS volume and revenue increase about 10 per cent annually since 2005 when the Kahala service was officially launched. Our outbound EMS volumes in 2009 increased by



Korea Post
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“The quality of our postal service depends on partner Posts too.”

18.5 per cent and revenue grew by 19 per cent, compared with 2008.

What are the current challenges facing Korea Post as far as its customer base is concerned?

As with other Posts, declining letter volumes has become one of our most troubling issues. Secondly, as a state-run organization, which is less flexible per se, it is not easy for Korea Post to reduce the number of employees and to re-allocate workforce. Last, but not least, with integrators' entry into the mail industry, door-to-door parcel and EMS services face an increasing level of competition.

To deal with these challenges, we are doing a number of things. In letter post, we are focusing on hybrid and direct-mail marketing. We are also concentrating on door-to-door parcel services and EMS. At present, this strategy is very successful. We are also trying to increase mail volumes through alliances with internet retailers and operating our own shopping website.

Your Post is also offering life insurance to customers. Why?

The general purpose is to provide a universal service that contributes to the country's economic stability, promotes public welfare and supports the sustainable development and operation of postal services. The rural population and those on low incomes can buy insurance from us with more favourable conditions than those from private insurers. At the same time, Korea Post operates a wider network nationwide than the competition.

Since 1995, Korea Post has provided free insurance policies – where the Post pays the premiums from its own social welfare fund – to help disadvantaged sections of society. They include disabled people, orphaned teenagers and single-parent children. Until 2008, Korea Post spent US\$15 million for this purpose, helping about 100,000 people. In 2009, we supported 17 projects with a budget of US\$3 million.

How well does insurance mix with the postal business?

Our low insurance-premiums and high-end services have led to a high-level of customer satisfaction. The postal network across the nation has enabled us to offer customers unparalleled services in terms of insurance entry and premium payment at anytime from anywhere. Savings and life insurance, like mail services, need a nationwide network. Korea Post sells all these products with one network, so it is cost-effective. Another advantage is that we can supplement the cost of running various postal services. Economies of scope are being applied in postal operations. In other words, producing several product lines in

one factory is much more efficient than producing a product line in each factory.

How popular are your insurance policies?

We have total assets of US\$23.5 billion (as of December 2009) and are the fifth largest life insurance group in South Korea with a market share of 6.5 per cent. We achieved premium income of US\$6.3 billion and paid claims of US\$4.0 billion. The former accounts for five per cent of South Korea's gross domestic product. At the end of 2008, the total amount of our insurance in force was worth US\$108 billion and we had 4.5 million customers. Overall, one in ten people in this country is insured with us.

How do South Koreans view your Post?

They regard it as a well organized and trusted service provider. For instance, the Post has been ranked the best public service organization in the country for 11 consecutive years in the Korea Customer Satisfaction Index by an independent third party, the Korea Management Association Corporation. The Post also won the Customer Care Prize in 2009 from the Federation of Korea Information Industry for its customer-information security policy.

Connecting networks with .post

December 11, 2009, will go down in postal history as the day .post (dotpost), the top-level Internet domain for the sector, came to life. On that day, the UPU and the Internet Corporation for the Assignment of Names and Numbers (ICANN), signed the historic agreement at a press conference at the United Nations Office in Geneva, Switzerland. Here are some excerpts from that event.

By
Faryal Mirza

Photos:
**Keystone/
Martial Trezzini**

Associated Press/
Axel Heimken



Rod Beckstrom,
chief executive, ICANN

"Today is a historic moment where the virtual world meets the real world of global network. The postal service has been delivering information between human beings for hundreds of years on this planet and the UPU is the global leader and association that brings all of this together so successfully. ICANN helps people to do the same thing on the Internet. As the global administration and policy body for all internet names and numbers, ICANN helps to connect people in the virtual world. The really exciting part of this announcement together on the .post top-level domain is... this opportunity to work... with the UPU to connect these two worlds and to see what innovation might come from your very innovative members.

When we connect networks, new things can happen and what we are seeing today is a historic connection between the pure Internet virtual network and the postal system's physical and electronic network worldwide. What happens when new networks are connected is often unforeseeable because often what happens is innovation. Connections are made and entirely new possibilities arise and what we see here are the foundation pieces of what is possible.

The word 'Internet' was invented focussing on 'inter': to connect between different networks. It is actually not one network but the interconnection of different networks. I recently spoke to one of the architects of the Internet, Bob Kahn. When networks were connected, information flowed, but no one imagined in the 1970s that the

worldwide web would come. That came from CERN in Switzerland, when the scientist, Tim Berners-Lee, thought he needed to make it easier to share information on top of the Internet. And when that innovation happened, an explosion occurred that was the worldwide web with tens of billions of services.

We see very big possibilities in cyber-security because a big problem is authentication or what we call spoofing where people try to represent other parties. The postal system has that on-the-ground immediate knowledge of people's residences and businesses to offer a level of authentication that might not be otherwise possible. The 660,000 outlets throughout the world is a phenomenally powerful resource that only the postal system has.

I am not a postal expert but I am a student of networks and a passionate watcher of innovation. There are only 270 entries in the world in the so-called root file of the Internet, which the UPU has now joined. That creates branding opportunities because people know that when they type in .post that they are going to a safer place."



Edouard Dayan,
director general, UPU

“The key message during the financial crisis was consumer mistrust of financial institutions. We observed that many people withdrew their money from banks and deposited it with the Posts, which have a good image when it comes to trust. Why did the UPU decide to have a .post project? Because today we have the vision, strategy and ability to develop services thanks to our professionalism and our network that is growing rapidly.

Our intention is to build a fully integrated network with three dimensions: physical, electronic and financial. With the Internet, you can order goods everywhere in world. But are you able to receive goods through Internet? No. We ensure that the logistics network is in place so that your goods will be delivered. Trust is an issue with the Internet but with .post, we will have a space dedicated to the postal sector, which is fully secure, where we will be able to identify all actors in this environment.”



Massimo Sarmi, chief executive,
Poste Italiane

“We are all witnessing a historical event today... In the mid-19th century, the telegraph was invented. It was the first transmission of electrical data. In those times, only the postal operator... was committed to offering secure communication, using the existing technology, which was the telegraph. Now a century and a half later, electronic data transmission represents the most common way of communicating throughout the world and we can count on the most powerful infrastructure that ever existed: the Internet. Thanks to the UPU, we are cooperating on developing .post services, which will be interoperable worldwide. Researchers from all over world will contribute to the improvement and evolution of the new electronic communication provided by postal operators from now onwards.

Due to the globality of the Internet, we have to take care of the threats coming from the it. Only cooperating at the international level, focusing research into these topics and ... a legal framework, will allow us, each citizen of the world, to use these services in a secure way.

My purpose is to continue to be a trusted third party for all administrations, individuals and enterprises. If the client is convinced about using electronic communication, I have to service him. Electronic services add more value. Imagine if, in electronic form, you could really identify the sender, receiver and content of a letter and protect the content with digital tools like a digital signature, to verify that it was really Sarmi, who signed the text.”



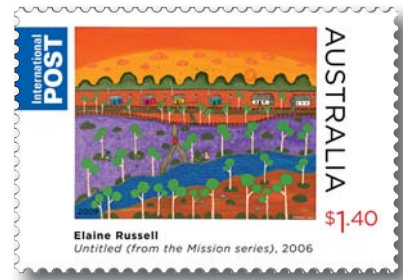
Paul Donohoe,
e-business manager, UPU

“One of the capabilities that our member countries are looking at with .post is bringing together physical and digital addresses, so the convergence of physical and electronic communication. One way of using this is to communicate electronically to locations. In the case of emergencies, governments will be able to use .post for electronic communications to targeted regions based on convergence between physical and digital addresses.

There is a defined community that .post will represent. The postal community will be providing services on top of .post domains, so purchase of these domains will be done according to the policies and eligibility criteria that the UPU will be defining. It will bring together governments, regulators, operators and private sector companies that are recognised by the UPU.”

[The press conference can also be viewed on youtube at: www.youtube.com/UniversalPostalUnion](https://www.youtube.com/UniversalPostalUnion)

Raising the bar



Joanne (Jo) Bowler is a barcode-sorting-machine operator at the Frenchs Forest Delivery Centre, New South Wales, Australia. Working in a team of four, she does the night shift. Last year, Bowler won an Australia Post Bicentenary Medal for excellent service.

By
Australia Post
and
Faryal Mirza

Photos:
Australia Post

What is a typical shift like?

Jo Bowler: We run the mail through the barcode sorting machine (BCS). There are four positions on the machine and we rotate positions every half hour. We stack the letters onto the BCS, feed them into the machine and remove full trays of letters from the racks. There's quite a bit of what we call "housekeeping" involved as well, especially setting up the sorting areas for the people who sort the large and small letters.

It's a friendly atmosphere and we're always prepared to help each other out. For example, we need to keep an eye out so that if one side of the machine gets really busy, one of us can go and lend a hand.

Why is what you do important to Australia Post's operations?

We provide an important link in preparing the mail for delivery. The BCS sorts the mail to address level in the same sequence as each postie's round. This automated sorting is really efficient – the BCS sorts 35,000 letters per hour.

Why do you work nights?

It's not that I particularly chose to work nights. I do a job that entails working at night and, just like any job, there's good and bad things about it. I work Sunday to Thursday nights, 7pm till 2.51am.

Do you encounter the delivery people as you finish a shift?

Yes, we do and we have a really good relationship with them.

What do you do when you leave work?

Funnily enough, I usually go straight to bed! I really like gardening and I have two dogs that I enjoy taking for walks. Working under fluorescent lights as I do, it's very important for me to get outside during the daytime. I also love to collect old wares and antiques.

How do you balance your personal life with your profession?

I certainly don't have any social life during the week! But now that my children have grown up, I can pretty well please myself as far as what I do. It is nice to have the

afternoons free when shops and other businesses are open.

How long have you worked at Australia Post and have you filled other positions?

I have been at Australia Post for eight and a half years. I started as a part-time mail sorter for two years, which was also a night-shift position, starting at 2.30am. Then, I filled in for someone on annual leave on the BCS. After that, I was offered the full-time position I'm in now.

Before joining Australia Post, what other jobs outside the postal sector did you do?

I worked in customer accounts for about eight years in a bank and for a local electricity authority. I have two daughters and so I was also a stay-at-home mum for quite a few years.

Describe your life outside work.

I'm 51 years old and I have to say that working on the BCS keeps me pretty fit: it's a fantastic workout! My two daughters are both living

Australia Post



away from home now – one in Melbourne and the other in Dubai. I've been to visit the one in Melbourne – that was a great trip – and I'm hoping to fit in a trip to Dubai before too long. My hometown is Manly in Sydney – it's beautiful and just a few minutes' walk from the beach.



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The Post celebrated its 200th birthday in 2009. With nearly 45,000 workers, it is one of the country's biggest employers. It operates a network of 4,433 outlets, including around 3,000 licensed post offices, 140 post business centres, a fleet of over 10,000 vehicles and 16,055 street post boxes. The operator handles approximately 21.5 million articles each working day. It operates the world's longest mail run – this is 3000 km long and goes from Port Augusta in South Australia to south-central Queensland. This run delivers mail to only 88 addresses. Around 500 million stamps are produced in Australia every year. The Post offers a number of general postal services to both business and private customers. It also conducts around 93 per cent of all Australian-lodged passport applications on behalf of the Department of Foreign Affairs and Trade. In addition, it offers car insurance. On a global level, the operator has entered into a number of a number of joint ventures, including one with China Post. As Sai Cheng Logistics International, this provides supply chain management and logistics services between China, Australia and the rest of the world.

facts & figures

Australia

Capital city	Canberra
Official languages	English
Country population	21,262,641 (July 2009 est.)
Area	7.7 million km ²
GDP per capita	US\$38,500
Currency	Australian dollar
Main industries	Mining, industrial and transportation equipment, food processing, chemicals, steel

Shopping basket

Milk	\$2.13/litre	(US\$1.85)
Bread	\$4/loaf	(US\$3.50)
CocaCola	\$1/can	(US\$0.87)
Meat	\$6/kilo beef mince	(US\$5.20)
Fish	\$15.97/kilo barramundi fillet	(US\$13.90)
Carrots	\$1.95/kilo	(US\$1.70)
Bananas	\$3/kilo	(US\$2.60)
Potatoes	\$2/kilo	(US\$1.75)
Beer	\$45/24 cans	(US\$39.15)

Bringing migrants innovative financial services

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In the second part of her column on migrants and financial services, Professor Anderloni considers how Posts could capture migrant custom.

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By
Luisa Anderloni
.....
Photo:
International
Labour
Organization

Studying the life cycle of migrants and their migration project should help Posts to address this untapped market segment. In the early stages of a migrant settling in a new country elementary services are required, such as remittances. However, in the long run, more sophisticated products and services are needed.

Migrants constitute a market segment with specific demands for financial services, which vary according to their migratory project (see *Union Postale*, 04/2009). As with any other market segment – such as women, students and the elderly – financial-services providers have to develop dedicated products to satisfy their actual needs. However, unlike in other market segments, the business strategy of developing new products is not enough to serve migrant customers because barriers exist that sometimes keep them away from financial services. In order to not only serve this segment but also to achieve high business volumes, Posts need to develop strategies to reduce barriers and to create new products. Innovations in customer relations and products could be the answer.

Customer relations

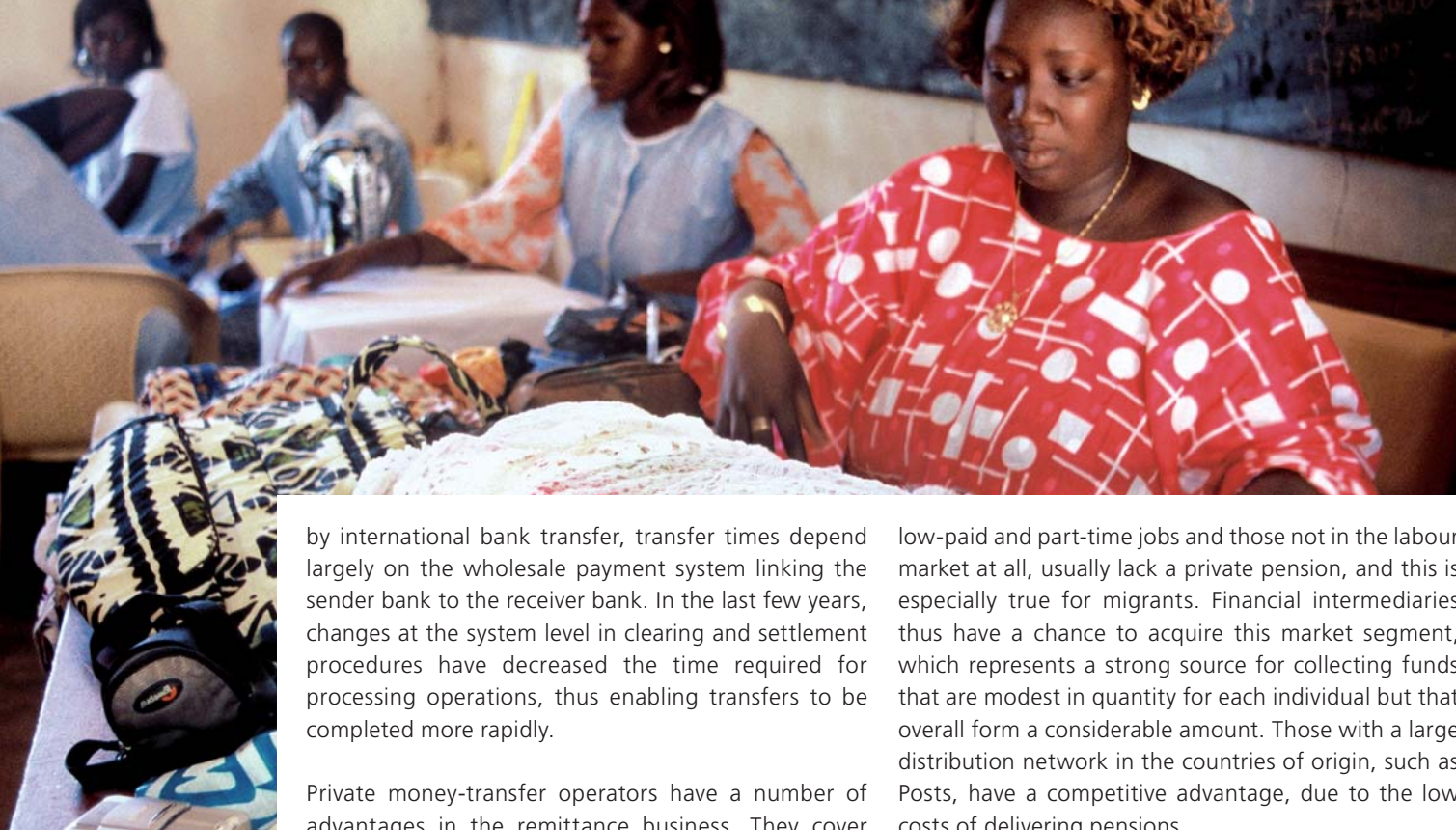
Various barriers may keep immigrants away from the financial system. Some, such as language barriers, cultural differences, location inconvenience, and service hours, particularly affect the migrant population. Others relate more to the unbanked population in general, such as low levels of financial literacy, lack of information about appropriate products and services and a general distrust of banks. Posts offering financial services should re-invent customer relations and develop strategies, such as tailored outreach and targeted marketing, which would bring products and services to the migrant consumer. This is important both in order to establish basic connections with new migrant customers

and to strengthen these relations by matching customers with higher-end financial products, such as housing loans and pensions. Although the cost of these strategies is high, the business opportunities are manifold.

One way of attracting the migrant client is offering innovative products. These in turn should take two factors into account. First, the financial services that migrants need change over time, meaning there are opportunities to develop products that serve people differently at different points in their lives. Secondly, customers are likely to move beyond basic transactional services to asset-building financial services. For this reason, a financial-service provider should offer a full range of financial services: basic products that meet simple financial needs and bring migrants into the system, and more complex financial services designed to meet more sophisticated needs.

Remittances

One basic product is remittances, which are made largely through unofficial and official non-banking channels in many countries. The migrant population mainly resorts to agencies with specialized financial operators or to informal networks and circuits regarded as being more efficient than banking networks. In recent years, post offices have attempted to increase their share of remittances since the latter represents an opportunity to reach new customers. To become more competitive, Posts should work on the following: reducing upfront fees and exchange-rate spreads; guaranteeing delivery time; and ensuring access to a large network of pick-up locations. However, surveys in different countries have revealed that, for many migrants, cost is not the main factor in deciding how to send remittances. Rapid delivery-time is more important because it gives a sense of security. When remittances are sent



by international bank transfer, transfer times depend largely on the wholesale payment system linking the sender bank to the receiver bank. In the last few years, changes at the system level in clearing and settlement procedures have decreased the time required for processing operations, thus enabling transfers to be completed more rapidly.

Private money-transfer operators have a number of advantages in the remittance business. They cover extensive geographical areas, using widespread networks that include, in addition to their own branches, distribution agreements with commercial operators (such as phone centres, ethnic shops, and travel agencies) or with banks and post offices. The largest money-transfer operators have invested heavily in establishing extensive distribution networks that serve both rural and urban areas in receiving countries. Thus, they have the advantage of being geographically well-placed in both sending and receiving locations.

The lack of bank infrastructure in receiving countries is a significant barrier to the expansion of bank-based remittance products, particularly outside urban areas. Many remittance recipients live far from bank branches or cash machines and this is especially true for families in rural areas. This is where the Posts have an advantage, thanks to their stronger distribution network. Also for banks, the operating volumes of this business are still small and cannot cover the costs of setting up a whole network of bank branches. To overcome these problems, banks may establish partnerships with foreign peers and money-transfer operators. These agreements enable the bank to provide a service, which is as rapid and as widespread as the networks of the largest specialist agencies, and, at the same time, to acquire clients, who can then be offered other financial services. In this case, the degree of competitiveness of the product depends to a greater extent on the commission applied by the sender bank and those requested of the recipient by the domestic bank, when the money is withdrawn.

Pension schemes

An example of a sophisticated product that might interest migrants is a private-pension scheme. Reductions in state pensions have led to an increasing reliance on private provisions. However, the self-employed, those in

low-paid and part-time jobs and those not in the labour market at all, usually lack a private pension, and this is especially true for migrants. Financial intermediaries thus have a chance to acquire this market segment, which represents a strong source for collecting funds that are modest in quantity for each individual but that overall form a considerable amount. Those with a large distribution network in the countries of origin, such as Posts, have a competitive advantage, due to the low costs of delivering pensions.

Posts could also play a role in providing financial education and accessible, transparent information, to help migrants understand pension schemes. Few such people understand how personal pension contributions translate into an income in old age. They are usually not in a position to calculate how much they need to contribute to a pension in order to secure an adequate income after retirement. Moreover, migrants generally earn low to moderate incomes and this is why they lack disposable income to pay contributions to private pension-schemes. A further product that could interest them is a savings plan that involves periodic payments of modest sums. Since migrants are more vulnerable to fluctuations in income, such a product should include the possibility of withdrawing money paid in or when closing the relationship but without losing capital paid. The latter happens with many current pension plans if the subscriber ceases to make payments within the first two or three years of life of the product.

Financial institutions should provide products that are sufficiently portable and flexible to accommodate an insecure pattern of work that also involves frequent job changes and periods of unemployment, which are easy to understand and low-cost, and that will provide a guaranteed retirement income. Finally, for people that remit money to overseas accounts with the intention of returning to their country of origin in their old age, financial-services providers should arrange products that provide retirement incomes in the currency of the country of origin, or, better, in dollars, since savings in a strong currency are preferred.

Luisa Anderloni is professor of corporate finance and financial markets and intermediaries at the State University of Milan, Italy.

Market focus

Digest

Europe

PostEurop, the UPU's restricted union, has launched its Green Fleet Forum to ease the search for climate-neutral transportation. The Europe-wide forum brings together operational and environmental experts from the postal sector and European Commission representatives. **FM**

Great Britain

Royal Mail has announced a Strategic Mailing Partnership with a number of British direct-mail firms to "shape the future of the mailing house industry". **FM**

Italy

The **European Investment Bank** (EIB) has lent **Poste Italiane** €200 million (US\$272 million) to upgrade its IT network. The funds will be used to introduce new technologies as well as modernising the Post's infrastructure and logistics to prepare the operator for postal liberalisation of the European Union in 2011. The EIB has loaned a total of €1 billion to the Italian Post since 2001. **FM**

Jordan

Customers of **Jordan Post** and **Emirates Post** will soon be able to send and receive money orders thanks to the UPU's International Financial System or IFS. Up to US\$1000 can now be transferred by an individual within 24 hours between the two countries. **FM**

Malta

MaltaPost generated a pre-tax profit of €3.19 million (US\$5.3 million) for the financial year ending on September 30, 2009. This was an increase of 10 per cent on the previous year. Revenues decreased by 1.4 per cent to €20.19 million due to lower domestic mail volumes and philately sales. However, the decline was offset by an increase in international mail. **FM**

Mauritius

Mauritius Post generated 280 tonnes of carbon emissions in 2008, according to the UPU's first global survey into the carbon footprints of its members. **FM**

Peru

The Peruvian minister for transport and communications hosted a celebration in December 2009 to toast the success of *Exporta Fácil* (Easy Export) in Peru. By this date, the service had been used by 1,100 small enterprises to send exports worth nearly US\$3 million to 95 countries. Businesswoman Carmen Rosa Jordán received an award for being the 10,000th person to export an item. She uses the scheme to send silver jewellery and crafts globally. **IM**

Portugal

Correios de Portugal will invest approximately €190 million (US\$258 million) to improve logistics, IT systems and prepare for liberalisation of the EU market in 2011. The funds will be spent over the next two years. **FM**

Spain

Correos will distribute 9,000 personal digital assistants (PDAs) to its letter carriers during 2010, marking the completion of a project to modernize tools. Since 2006, 10,495 PDAs have already been put into operation. In addition to taking the client's signature or reading barcodes, these devices also boast a camera. **IM**

Switzerland

Swiss Post has consolidated its presence in Spain by acquiring two sales partners based in Madrid. ABC Mail and Mail Partners Spain operate jointly on the national market as Swiss Post International Spain. The 30-strong team generated sales of 11.7 million francs (US\$10.8 million) in 2009. All staff will be retained. The sale price was not disclosed and the acquisition has retroactive effect from January 1, 2010. **FM**

Ukraine

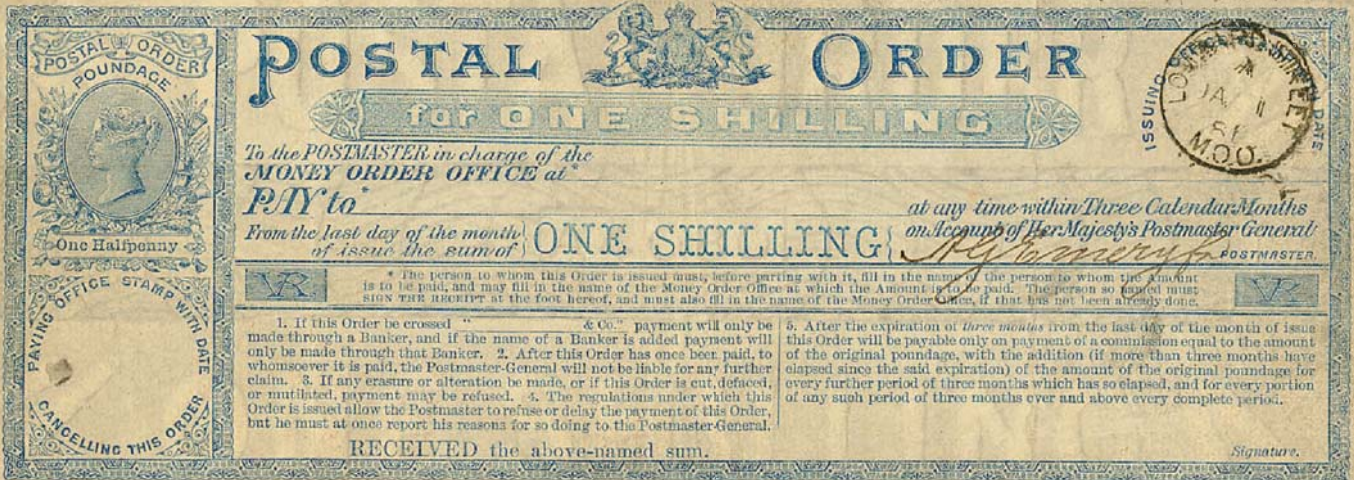
Ukrposhta is offering a new hybrid mail service that allows customers to send a short message by e-mail, which the Post will then print and deliver to a recipient with a postal address. Messages of up to 300 words or 3,000 characters can be processed either as urgent or ordinary items. **FM**

United States

The **United States Postal Service** announced first-quarter losses of US\$297 million for October 1 to December 31, 2009. This was a slight improvement on the same period of the previous year, when the net loss was US\$384 million. The operator also unveiled a new application for Apple's iPhone, allowing users to locate the nearest post offices with help from global positioning satellite or GPS. A track and trace feature enables monitoring of mail items by inputting tracking code numbers. **FM**

UPS delivered 3.8 billion packages in 2009. This represented an average of 15.1 million packages a day, a slight decrease from 15.5 million daily in 2008. Revenues decreased 12 per cent to US\$45.3 billion in 2009. The company posted an operating profit of US\$3.8 billion at the end of last year. **FM**

Lombard Street, E.C. 000001



Great Britain

World's first postal order auctioned

The world's first postal order issued in 1881 has been sold at auction in Great Britain by the original owner's family. The order was sold for £4,485 (US\$7000) nearly twice its guide price. On January 1, 1881, Arthur Bull bought the one-shilling order, bearing the serial number 000001, from the Lombard Street post office in

London. He never cashed it, keeping it in a leather case, which was passed down for two generations. Finally, his grandson's widow agreed to auction it. According to Warwick & Warwick, the auctioneers, only five other postal orders from 1881 bearing the same serial number exist today. **FM**

Ecuador

"Dangerous" items posted to passengers

Correos del Ecuador has unveiled its solution to save airline passengers from pleading with airport security staff to carry on creams, nail scissors or other potential "weapons". At 12 of the country's airports, passengers can arrange for such items to be posted back to them.

All kinds of objects weighing up to one kilogramme can be posted using one of the mailboxes located near security areas. These include a dispenser, which contains packaging and documentation to assist customers post their items securely. All items can be tracked. Correos staff empty the boxes daily and dispatch the items.

Payment is made either by deposit or on delivery, depending on what the client decides. Items can be sent both nationally and internationally, although Correos says the service has been mostly used for international flights.

The service was first launched at the Mariscal Sucre Airport in the capital, Quito, but has since spread to a further eleven airports across the country. These include Eloy Alfaro in Manta, Machala, Tulcán, El Coca, Loja, San Cristóbal and Santa Cruz in Galápagos. And the joint winners of the 'most-sent item' category are nail scissors, razors, tweezers and creams. **IM**

Austria

New partnership to extend services

Austria Post has thrown down the gauntlet to the country's local authorities, calling on them to set up a postal service point or Post.Partner in each commune. To further this goal, the operator has partnered with the Austrian Association of Municipalities and the Austrian Federal Chamber of Commerce.

While the Post.Partner concept is not new – the first service point opened in 2001 – the latest challenge to the authorities is. Currently 419 points across the country offer postal services alongside 1,133 post offices owned by the operator. The points are local businesses, such as grocery shops, tobacconists and pharmacies, which provide services normally offered by post offices. And they are compensated for doing so. For example, commission is paid for each letter posted (currently €0.20 (US\$0.27) per piece), accepting parcels (€0.98) and giving

it to the recipient (€0.72). The operator also offers a quality bonus of up to €3,000 a year. It adds that sales from these services can bring €15,000 annually on average to participants' coffers.

A recent survey showed that 77 per cent of respondents interviewed in communes with a Post.Partner were either very satisfied or satisfied with the service provided, according to the operator. And the work is set to continue. "We want to ensure that Austrians are provided with modern postal services in a service-oriented manner and on a nationwide basis, exceeding the requirements stipulated by law," said Georg Pölzl, the Post's chief executive officer. "For our customers, this means even more service, shorter distances and longer opening hours," he added in a press release. **FM**

Switzerland

Government rolls out digital ID

Switzerland's government and Swiss Post will launch SuisseID, the country's first standardised product for secure electronic proof of identity, in May 2010. SuisseID is targeted at businesses, local authorities and individuals, enabling them to access online services and transact electronically with one another. The government will invest 25 million francs (US\$23.2 million) in the project. Of this sum, 17 million francs will be used to subsidise SuisseID's purchase price during its initial release to encourage natural persons to conduct their business transactions electronically.

From May onwards, these persons can order SuisseID online. Their personal identification procedure can be carried out at any post office. The product is available either as a chip card, a mobile key or as an integrated solution. The chip can also be inserted into a secure USB stick, such as the SwissStick, which can store applications that permit users to sign documents electronically with legally binding signatures and to send an encrypted form of them electronically through registered mail. **FM**

Liberia

More offices open for business

Progress has been made in rebuilding Liberia's postal infrastructure. During a recent visit to the UPU, its postal minister, Jeremiah Sulunteh, revealed that 21 post offices had been renovated since 2007.

There had been 34 post offices operating in the country before the wars in the 1990s. Once the fighting was over, only two were in business, explained Sulunteh. "Every structure had been burnt down or de-roofed," said the minister. Other public buildings, such as schools and hospitals, were also destroyed. "Before the war, a great number of people were using the Post, especially as computer use was

low," said Sulunteh. Even now, he added, some 85 per cent of the country is illiterate. While the majority still rely on the Post for their basic communication needs, there had been a loss of confidence in the operator. This was due to alleged incidences of smuggling, tampering and fraud in post offices. This led the Post to introduce a number of measures to restore customer confidence during the past two years. One was to install video cameras in outlets as a deterrent and to reinstate the postal inspectorate, employing ex-policemen. As far as mail tampering was concerned, prosecutions occurred in 29 cases before

December 2007. In the six months leading up to March 2008, six alleged cases took place. Of those, three employees were dismissed without pay.

As a result, mail volumes have increased, says Sulunteh. In the three months leading up to November 2009, a total of 480 kilogrammes of outbound mail left Liberia. This represented a 28 per cent increase on the previous three months. "We are restoring confidence in the Post. The most important thing is to restore facilities to show that we are back in business," said Sulunteh. **FM**

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