

Pew Conference on Financial Services
and the Post Office
July 16, 2014



POSTAL BANKING WORLDWIDE

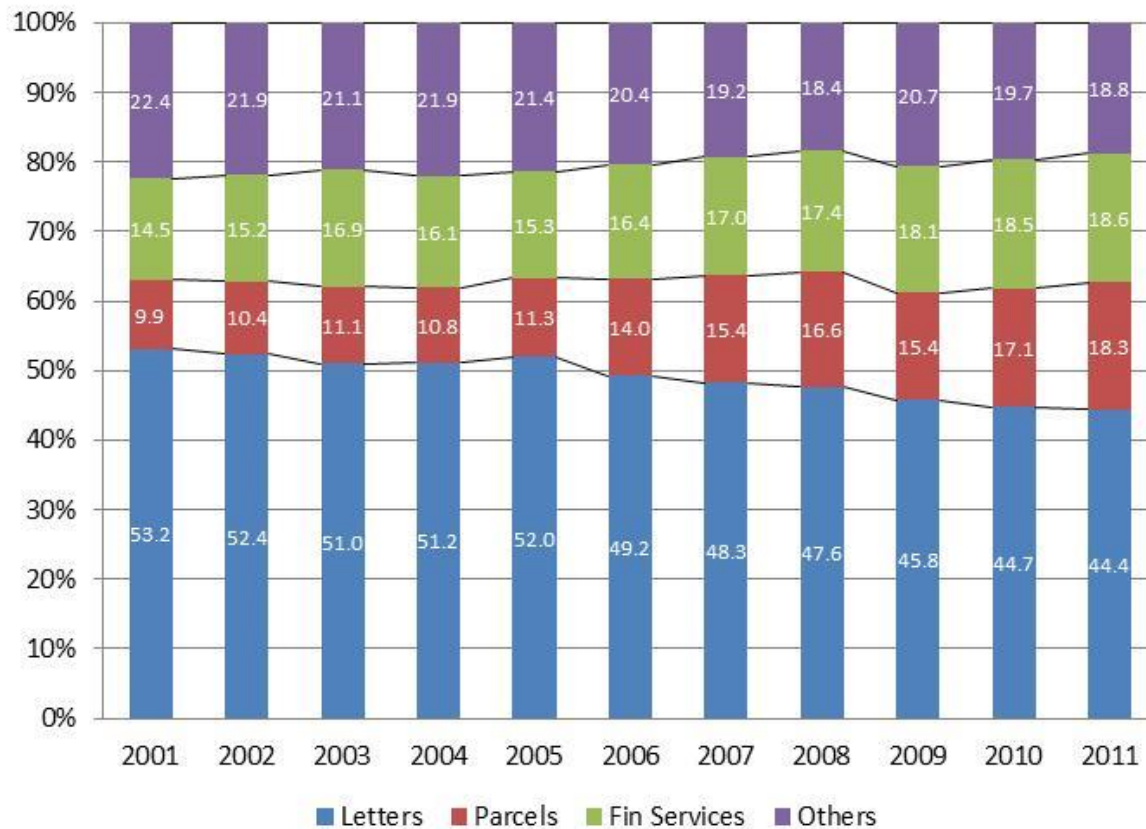
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*Lessons for deepening financial inclusion and
ensuring long-term viability of postal operators*

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INTRODUCTION: A GLOBAL PANORAMA

THE IMPORTANCE OF FINANCIAL SERVICES WORLDWIDE



**Fin Services:
28% growth**

**Letters: -
19.81%
reduction**

A SIZEABLE CONTRIBUTION TO FINANCIAL INCLUSION WORLDWIDE

3 out of 4 postal operators offer financial services

THE POSTAL SECTOR:
2D LARGEST CONTRIBUTOR TO FINANCIAL
INCLUSION WORLDWIDE

1.6 Billion
Accounts

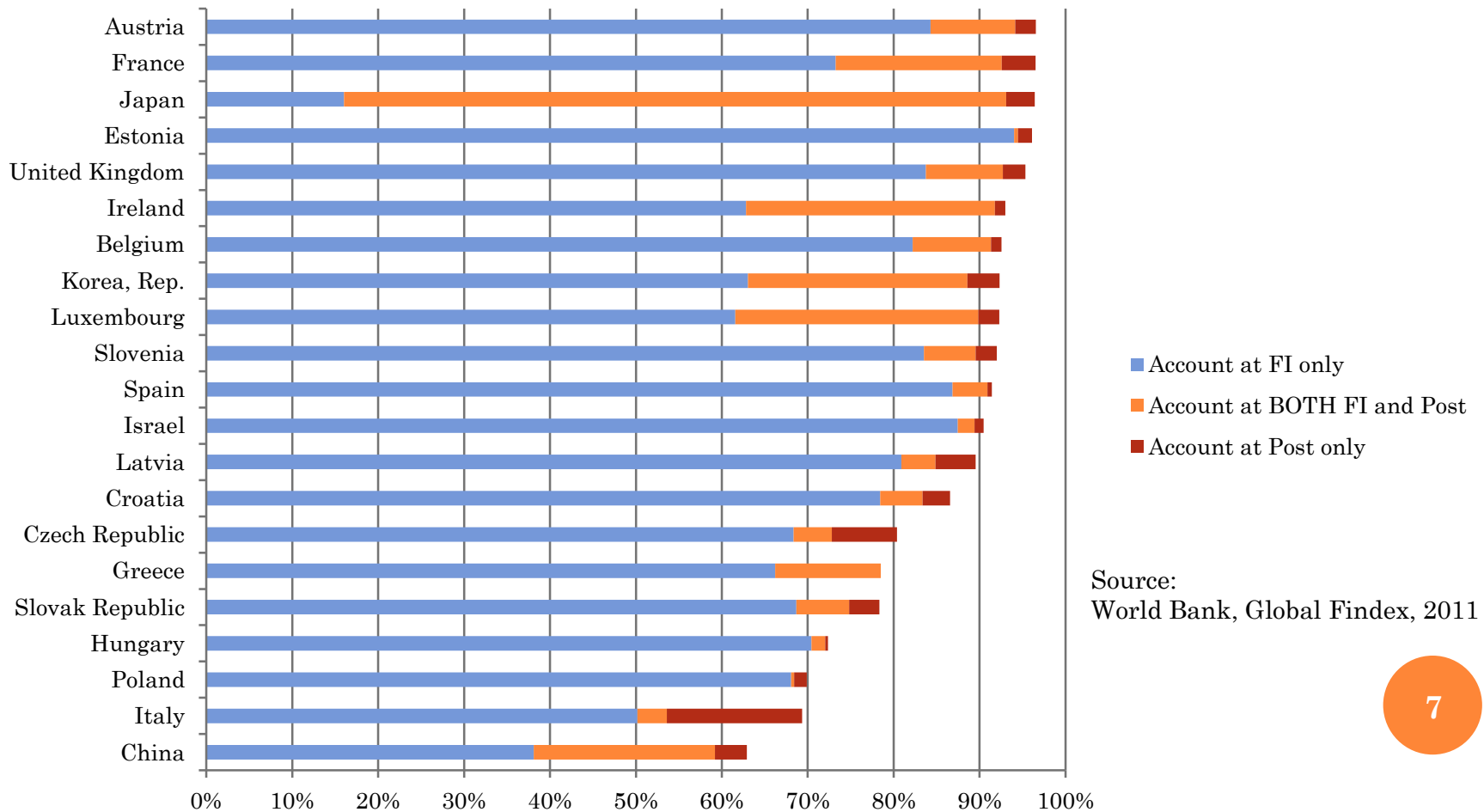
Source: UPU

THE POSTAL SECTOR:
2D LARGEST CONTRIBUTOR TO FINANCIAL
INCLUSION WORLDWIDE

1 Billion people
included through the
post

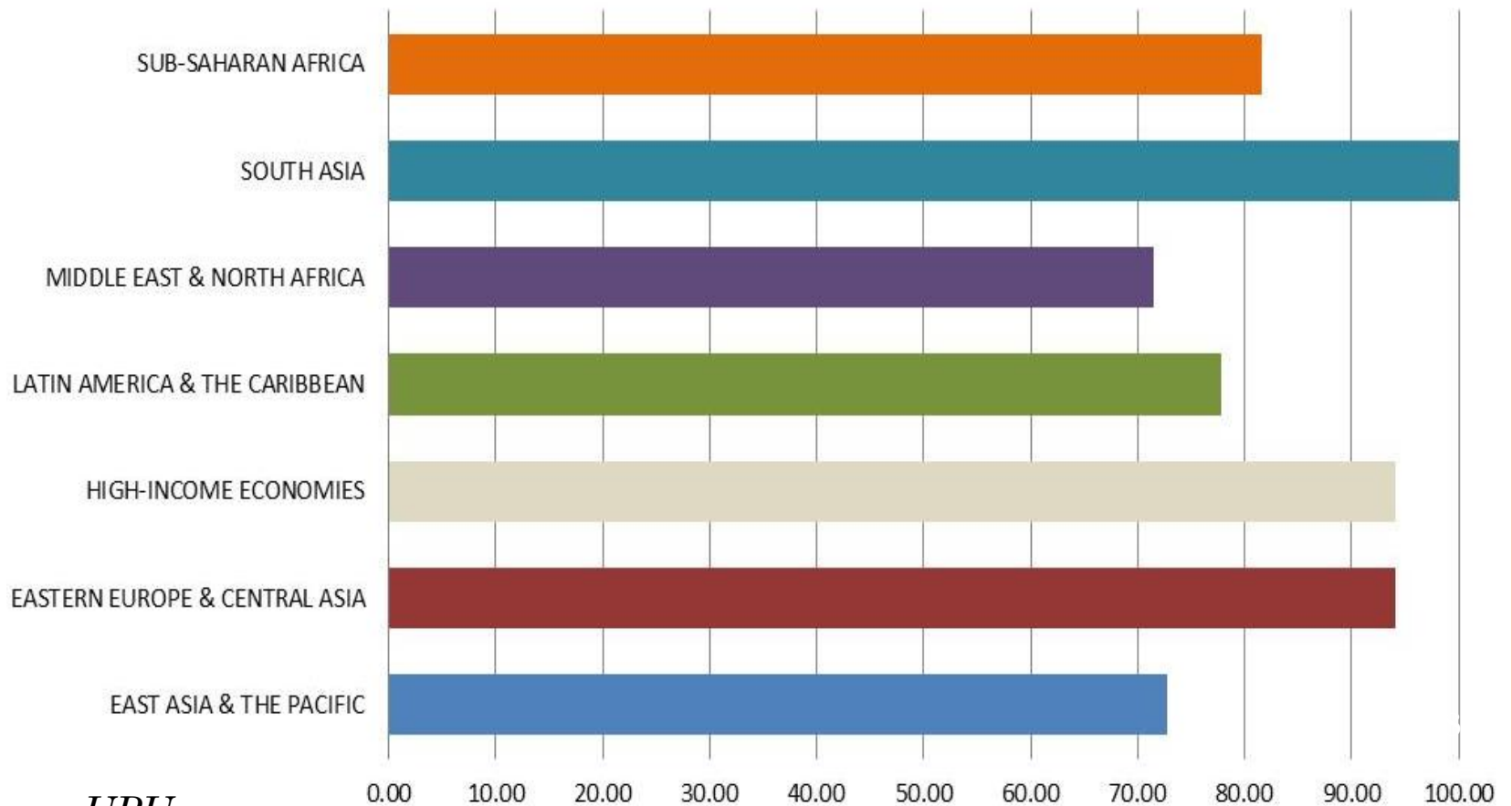
A MAJOR PLAYER IN DEVELOPED COUNTRIES

% of Population with Account, by Country



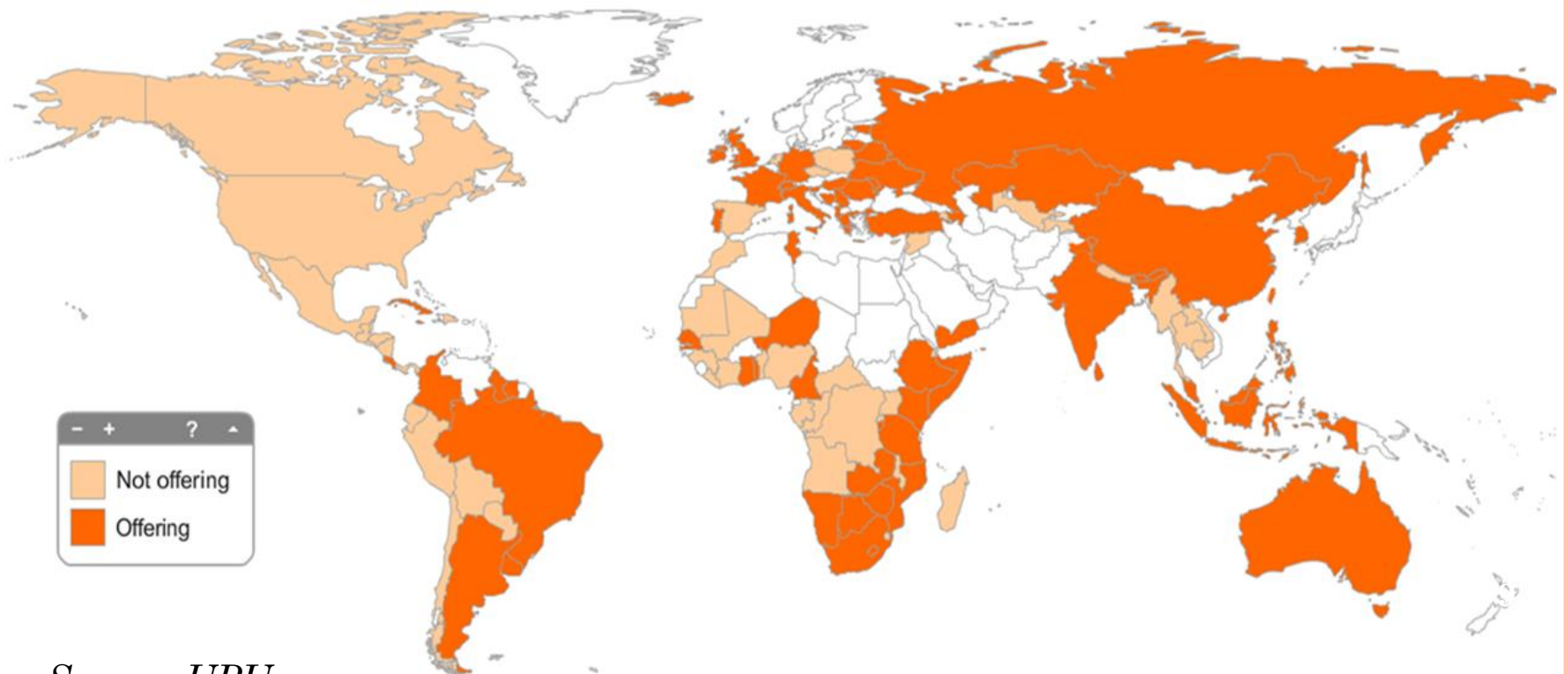
Source:
World Bank, Global Findex, 2011

POSTAL OPERATORS OFFERING INTERNATIONAL MONEY TRANSFERS



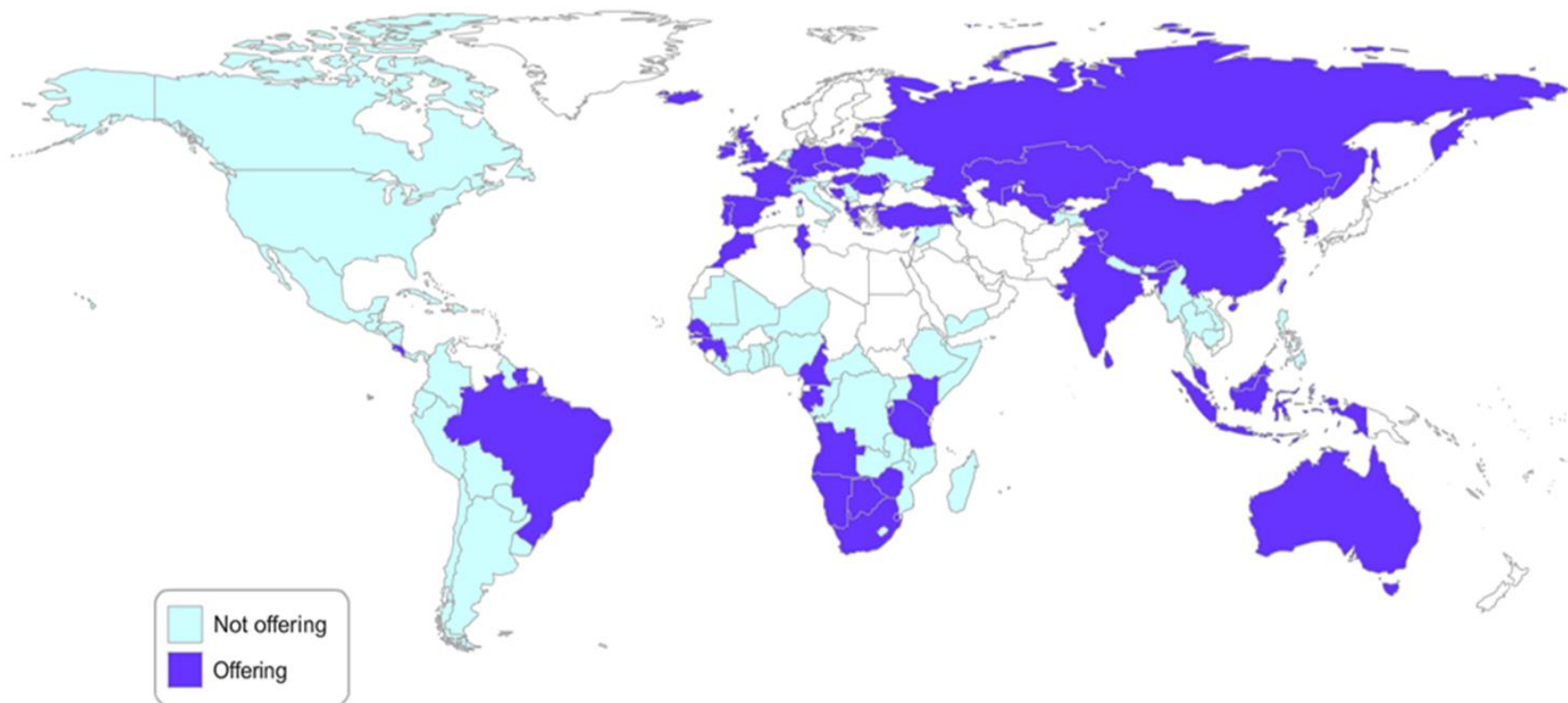
Source: UPU

POSTAL OPERATORS OFFERING GOVERNMENT PAYMENTS



Source: UPU

POSTAL OPERATORS OFFERING INSURANCE



Source: UPU

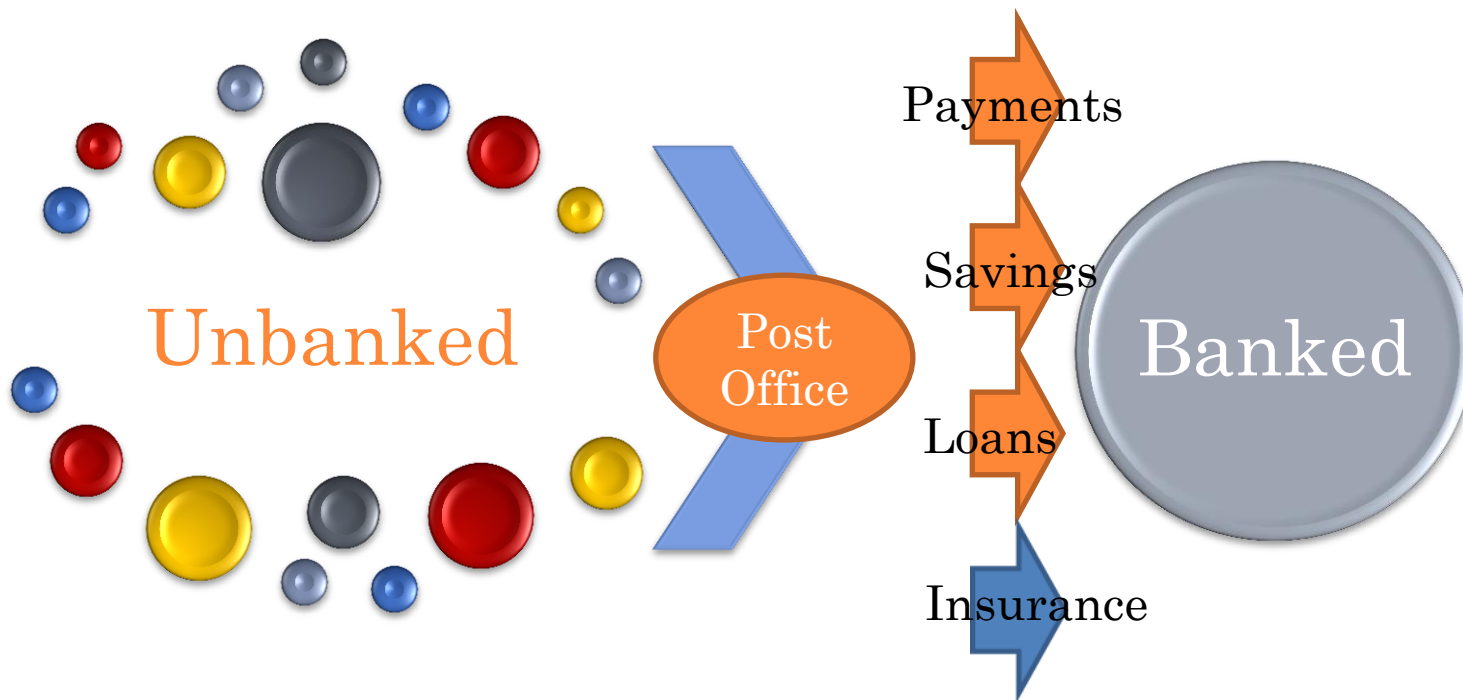
POSTAL OPERATORS OFFERING SAVINGS



Source: UPU

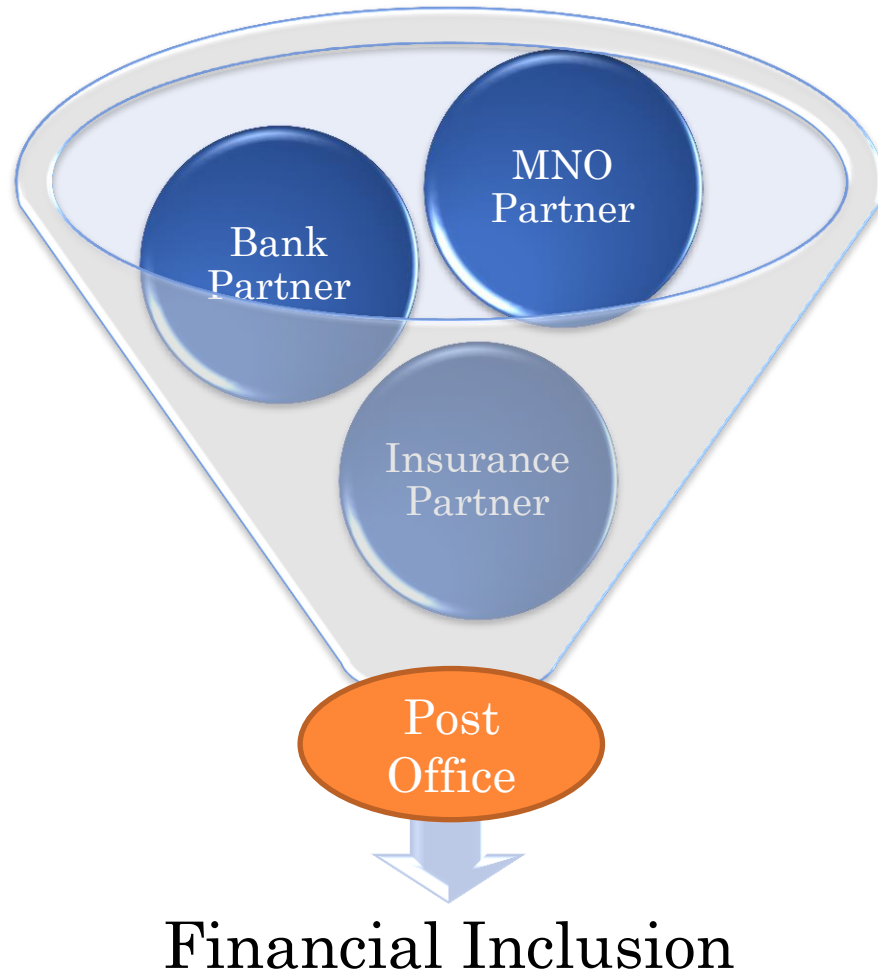
BUSINESS MODELS

DIRECT POSTAL FINANCIAL INCLUSION



Source: UPU

Vs. INDIRECT POSTAL FINANCIAL INCLUSION?



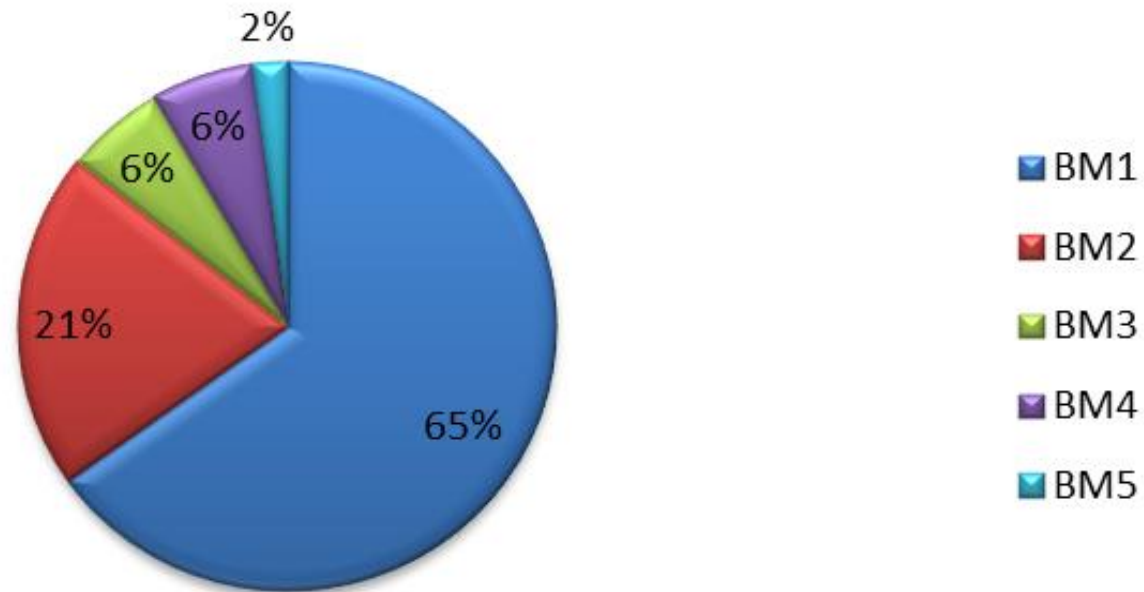
Source: UPU

THE BUSINESS MODEL STAIRCASE



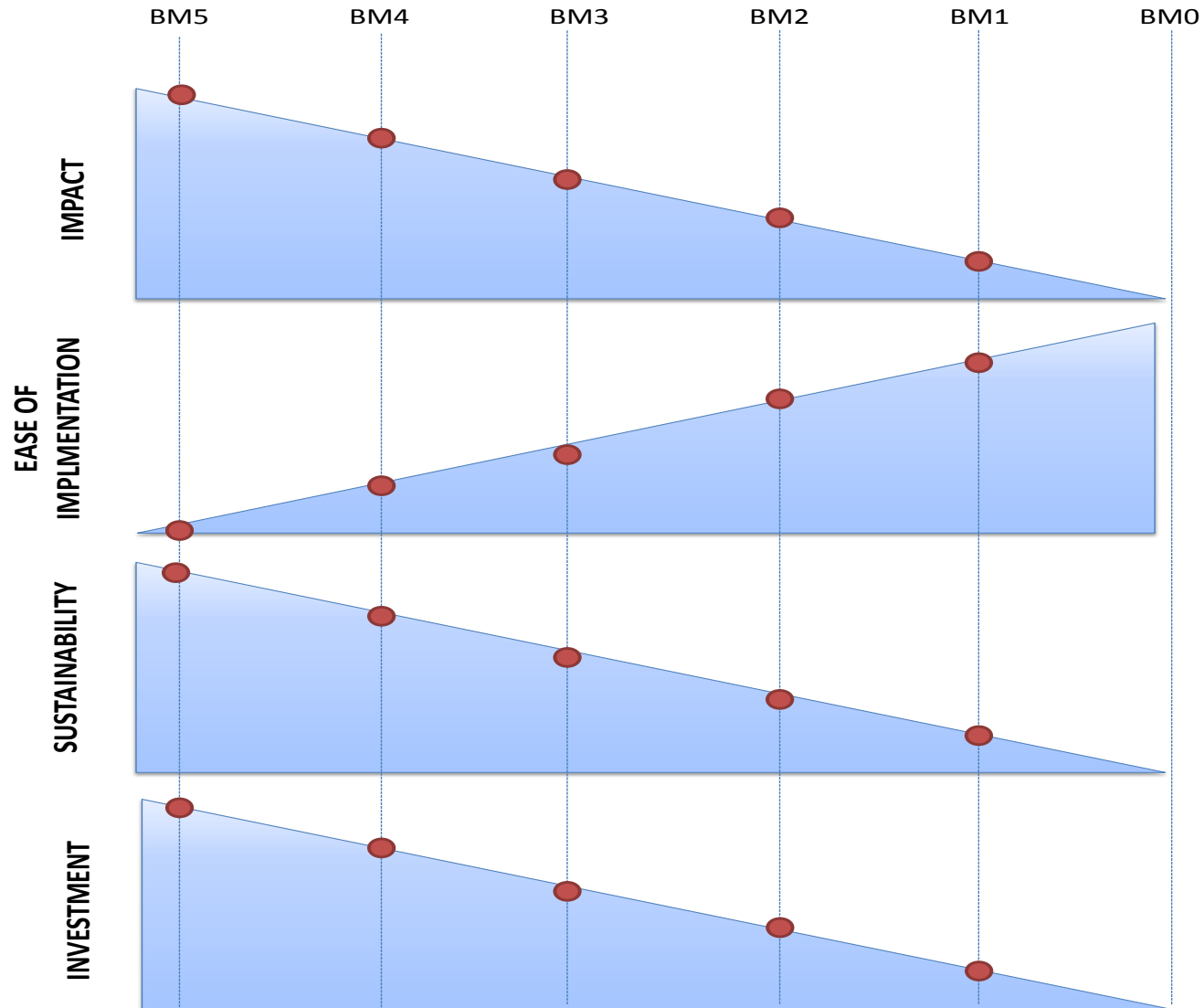
THE BUSINESS MODEL PREVALENCE

Business models used for postal financial inclusion



Source: UPU

THE BUSINESS MODEL TRADE-OFF THEORY



Source: UPU

CASE STUDIES

SPAIN: SINGLE PARTNER

BanCORREOS*

partner of
Deutsche Bank 

- Not a bank, only a brand
- Postal savings was privatized in 1990s
- Leverage the network to increase revenues (1999)
- Bid to chose the partner (highest paying)
- Deutsche Bank as partner – offer full range of retail financial services
- Usage is low -150,000 clients (Partner selection)

BRAZIL: SINGLE PARTNER

- Bradesco 2001; Banco do Brasil 2012
- 10 million accounts opened in 10 years
- 2.5% of revenue from financial services
- Good deal for the Bank not for Post
- Issue of changing partners
- Learning curve for the Post today (JV)
- Locally: Job + SMB creation



BRAZIL: SINGLE PARTNER



From 2,500 to 6,500 branches



Source: Bradesco

UK: MULTIPLE PARTNERS



- Multiple partnerships
- Special Relationship - Joint venture with Bank of Ireland (50-50)
- 24% of Revenues from Financial Services
- 477 M USD in revenues
- Deposit 16 Banks / withdraw 22
- British demand more financial services at the Post Office (current accounts)

ITALY: POSTAL SAVINGS + PARTNERSHIP



- Unlicensed postal savings
- 72% of Revenues from Financial Services
- 467 M USD in profit
- Profit comes from investing in government bonds
- Partnership on the lending side to complete the product range
- Products linked to mobile (MVNO) + Prepaid cards

FRANCE: FULL-FLEDGED POSTAL BANK



- Transformation of postal savings (2006)
- 10,5 million accounts/29 million customers
- Full range of products/clients
- 788 M USD in profits
- Step-by-step approach to licensing + partnerships
- Banking accessibility Law

CONCLUSIONS

LESSONS LEARNED

- “Postal operators tend to be better at banking the poor than the banks and other financial institutions”
- Postal Operators have the right tools to respond to the three main challenges of financial inclusion:
 - Accessibility (largest network)
 - Affordability (cheapest provider)
 - Eligibility (open to everyone)
- There is no one-size fits all model (capacity is the key) / Step by step approach is best

LESSONS LEARNED

- Key lessons:
 - Launching a postal bank from scratch is a complicated endeavor
 - Step by step approach is key
 - Start with offering services in partnership and then move on to offer the services directly
 - Politics come into play when it comes to Postal banks



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THANK YOU!

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