



ASIAN-PACIFIC
POSTAL
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APPU Postal Financial Services Working Group

Presentation by India and Vietnam

Executive Council Meeting
Bangkok, Thailand
14 - 18 August 2023

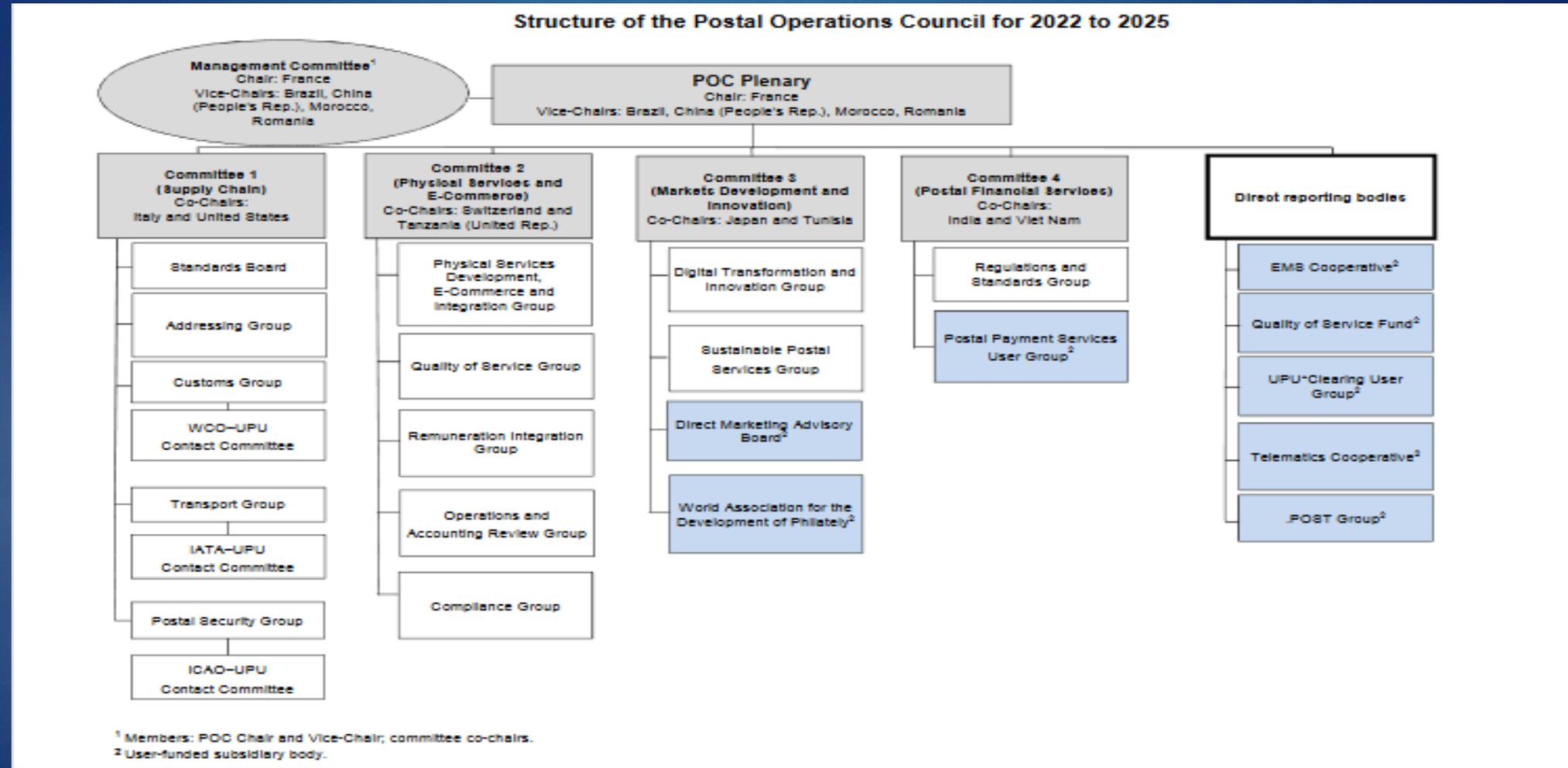


Agenda

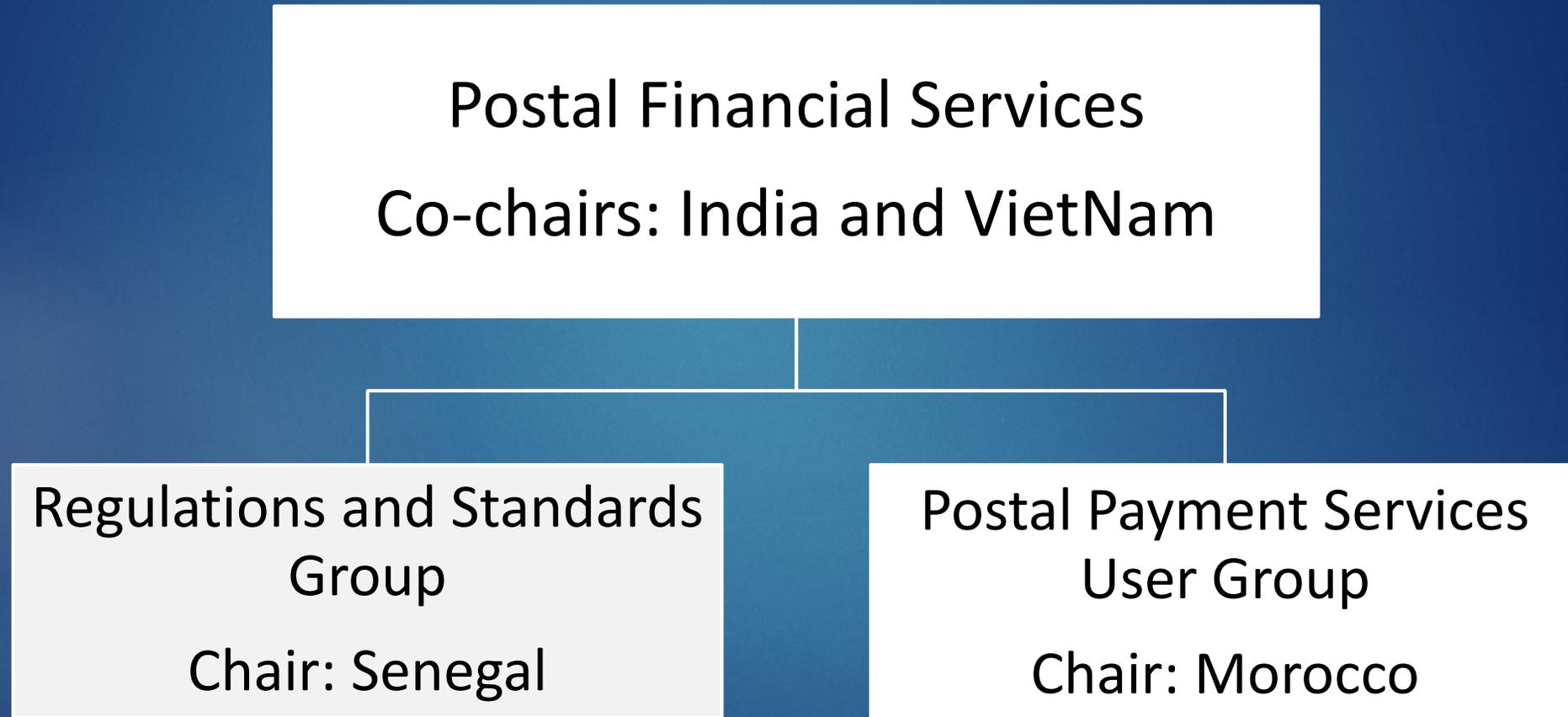
1. Opening of meeting and adoption of Agenda
2. Major Outcomes of POC C-4 Postal Financial Services (PFS) upto 2023.1 meetings
 - a. Postal Payment Services User Group matters
 - b. Regulations and Standards Group matters
3. Postal Financial Services Package
4. Best Practices in Postal Financial Services:
 - a. Presentation by India
 - b. Presentation by Indonesia
5. Any Other Business



Structure of the POC 2022-2025



Structure of the POC Committee 4



Activities of PPS UG: New PPS workshops



Business agreement workshop

- PPS multilateral agreement
- Trademark & PPS* Clearing
- Pricing and remunerations

Business development workshop

- Marketing plan
- Training & Network development plan
- Business plan

Service deployment workshop

- IT configuration
- Coordinated launch plan
- Training

Activities of PPS UG: IT development



IT Projects

- IT service volumes / related invoices and reports: completed
- PosTransfer mobile app: first version with pre-filling features: completed
- UPU-IP API technical integration certification programme: ongoing

PosTransfer app

- Publication of services to transfer cash internationally
- Information on costs and services
- Pre-filling of necessary information

2023–2024 IT projects

- Point of sale (POS): integrated with the UPU-IP through APIs
- Know-your-customer (KYC) and/or anti-money laundering (AML) central solution for the POS system

Activities of PPS UG: Technical criteria and RFI for AML/CFT solution



Business Requirements: Background

- ET created for AML/CFT regulations/ standards: POC c4 2021.1
- ET proposed amendments in PPSA: POC c4 2022.1
- BR for IT system approved: POC c4 2022.2
- Scope and implementation: POC c4 2023.1

Major requirements

- Sanction lists and Thresholds
- Additional AML/CFT data fields & KYC
- Risk Management features

Scope

- AML/CFT sanction list and threshold checks
- AML/CFT evaluation
- AML/CFT implementation



Activities of RSG

- Drafted report to the fourth Extraordinary Congress on the Postal Financial Services Vision 2030
- Drafted amendments to the Postal Payment Services Agreement (PPSA) in light of the recommendations of PFS TF and work of AML/CFT Expert Team:
 - centralized clearing and settlement system (3)
 - enhanced AML/CFT provisions for PPS (3)
 - UPU PosTransfer collective brand and PPS quality of service standards (1)
 - technology updates (3)
 - payment of DO remuneration (1)

PFS Package to be submitted to 4th Extraordinary Congress



The future of postal financial services and amendments to the Postal Payment Services Agreement (PPSA) - Report of the Postal Operations Council: **Congress Doc-5**

Resolution 5

Further work on the Union's legal framework associated with postal payment and other postal financial services

Resolution 6

Creation of a UPU advisory knowledge centre for postal payment and other postal financial services

Amendments to the PPSA



Background & Context

Digital disruption and emerging new financial services

Study to develop the UPU's Vision 2030 for postal financial services

Task force on Postal Financial Services (PFS) in relation to the UPU's Vision 2030

Report of the Postal Operations Council : Congress Doc 5



**A roadmap with
concrete proposals
on the way forward
in re-centring the
role of the UPU**

UPU a facilitator of financial inclusion and
financial services provision by DOs

The interconnection of postal networks and
their opening up to wider postal sector players
(WPSPs)

UPU Vision 2030 for Postal Financial Services



Identified areas of improvement by Study and POC C4 Expert Team

Enhancement of the existing PPSA and UPU operating model

Improvement of knowledge sharing

Diversification of the existing UPU offering through new partnerships and funding models

Provision of customized technological solutions, advisory services and technical assistance

Strengthening the voice of Posts in postal financial services policymaking

UPU Vision 2030 for Postal Financial Services



- ✓ Changes to the PPSA on AML, settlement, trademark, etc.
- ✓ Network interconnectivity
→ Interconnections and mobile applications
- ✓ Access for WPFSPs
→ Broader access
- ✓ Creation of knowledge centre and expertise

STEP 1

**Extraordinary
Congress**

STEP 2

Dubai Congress

Access for WPFSPs : *Modalities*



STEP 1 – Extraordinary Congress

→ Interconnections and mobile applications

- Extension of the payments network by defining the requirements (technical, operational and legal) for the zone of interconnection

(Congress proposals: 40.2.1, 40.8.1, 40.9.1, 40.10.1, 40.11.1 and 2, 40.12.1, 40.13.1 and 2, 40.17.1, 40.25.1 and 40.26.1)

Access for WPFSPs : *Modalities*



STEP 2 – Dubai Congress

Broader access

- New definition of network participant:
→ DOs and WPFSPs with common rules and regulations

**Full PPS offer
guarantee across
the entire network**

Broader access



Principles

- **Review the existing PPSA** diversifying the scope of the services defined
- **Develop a contractual framework /** licensing requirements or certification mechanism for the connection of WPFSPs
- Have the **PPSA a truly multilateral** one-time sign-off agreement
- **Extend the** centralized UPU technical architecture (**UPU–IP**), **with** solutions for money transfer and **other financial services**

Full PPS offer
guarantee across
the network

Further work on the Union's legal framework associated with postal payment and other postal financial services *(Proposal of a general nature 05)*



Instructs

**The International Bureau
to**

- develop contractual, licensing and/or certification mechanism
- extend the Union's centralized technical architecture

**The
POC and CA
to**

- review the Union's legal framework to address the gaps, removal of outdated elements and adoption of a more flexible approach
- foster development of a multilateral "one-time sign-off" legal framework

Programme and budget impact statement

(Proposal of a general nature 05.Annex 1)



5 outputs

A

Development of contractual framework, the draft agreement template for other financial or payment services with non-postal payment service providers following the Riyadh amendments to the PPSA

Financed using current resources - subject of an existing and approved work proposal (1.2.11) of the Abidjan Business Plan

B

Review of the existing UPU treaty framework dealing with postal payment services and submission of proposed revisions to the Dubai Congress

Additional regular funding is required - technical, market and regulatory expertise

Programme and budget impact statement

(Proposal of a general nature 05.Annex 1)



5 outputs

C

Draft contractual framework/licensing of wider postal financial service players (WPFSPs)

Additional regular funding is required - technical, market and regulatory expertise

D

Draft WPFSP certification mechanism

Additional regular funding is required - technical, market and regulatory expertise

E

Extension of the centralized UPU technical architecture with real-time connectivity for the connection of WPFSPs offering solutions for money transfers and other financial services

Financed by voluntary contributions as it is a demand-driven activity

Programme and budget impact statement

(Proposal of a general nature 05.Annex 1)



Regular budget	154 300 CHF <i>(6 P + 5 G)</i>
Extra-budgetary	331 100 CHF <i>(16.5 P + 5.5 G)</i> 150 000 CHF <i>(IT developments)</i>
Totals: 635 400 CHF	Regular budget: 154 300 CHF Extra-budgetary: 481 100 CHF

Creation of a UPU advisory knowledge center for postal payment and other postal financial services *(Proposal of a general nature 06)*



Creation of the UPU advisory knowledge center

- Advisory platform for knowledge-transfer for DOs and governments
- Overview on regulatory frameworks and the latest trends
- Best practice think-tank for DOs and private companies with network members

▶ Develop a work plan and budget for the centre in consultation with member countries and stakeholders

Creation of a UPU advisory knowledge center for postal payment and other postal financial services *(Proposal of a general nature 06)*



Instructs

The International Bureau
to

- ensure that the IB is equipped with an appropriate administrative structure

The POC and CA
to

- consider the establishment of formal relations with other entities

Programme and budget impact statement

(Proposal of a general nature 06.Annex 1)



5 outputs

A

**Knowledge centre creation –
information gathering**

**Financed using current resources -
subject of an existing and approved
work proposal (1.1.18) of the
Abidjan Business Plan**

B

**Knowledge centre creation –
development of knowledge
centre system/database**

**Need investment in appropriate IT
systems and tools – extra budgetary
resources**

Programme and budget impact statement

(Proposal of a general nature 06.Annex 1)



5 outputs

C

Production and dissemination of research, studies and analytical tools on postal financial services

Additional regular funding is required

D

Capacity building (provision of training, TA and advisory services)

Funded by extrabudgetary resources and voluntary contributions, as demand-driven activities

E

Securing of funding for knowledge centre activities

Financed using current resources

Programme and budget impact statement

(Proposal of a general nature 06.Annex 1)



Regular budget

361 400 CHF *(9 P + 19 G)*

100 000 CHF *(IT developments)*

Extra-budgetary

327 300 CHF *(18P + 3G)*

450 000 CHF *(TA pilots)*

Totals: 1 238 700 CHF

Regular budget: 461 400 CHF

Extra-budgetary: 777 300 CHF

Programme and budget impact statements

(Proposal of a general nature 05.Annex 1 and 06.Annex 1)



In case additional regular budget funding is not secured, all of the outputs proposed to be financed by regular budget will be predicated on extra-budgetary funding only.

This means that work on these outputs will only be undertaken when such extra-budgetary funds become available



THANKS