

Report of the Post Financial Services Working Group Report by the Co-Chairs (India and Vietnam)

1.Subject: Report of the meeting of the Postal Financial Services Working Group held on 15 Aug, 2023	References/Paragraphs § § 1 to 6
2. Decisions Expected The APPU-EC plenary is invited to take note of the report.	§ § 1 to 6

1. Meeting Opening and Adoption of the agenda

- 1.1 The meeting of the APPU Postal Financial Services Working Group was held on 15 Aug, 2023. After the roll call by APPU Bureau, Vice-Chair of the EC invited the co-chairs, India and Vietnam, to initiate the proceedings of the PFS WG.
- 1.2 Other member countries, not member of the WG, were also invited to attend the meeting and to become member of the WG.
- 1.3 Vietnam welcomed all the members and thanked APPU Bureau for organizing the meetings in an efficient manner. The co-chair from Vietnam in his opening remarks shared a broad overview of the activities of UPU POC C4 on PFS with the members.
- 1.4 India in its opening remarks briefly outlined the challenges being faced by UPU PFS which had only 0.04% share in the total cross border remittances as per the UPU global panorama on Postal Financial inclusion 2021 and emphasized on the need of innovative and market oriented PFS.
- 1.5 India then presented the agenda of the meeting as follows which was adopted by consensus:
 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

2. Major Outcomes of POC C-4 Postal Financial Services (PFS) upto 2023.1 meetings:

2.1 Postal Payment Services User Group matters

- 2.1.1 India presented the status of activities of PFS UG including organisation of workshops on business agreements, business development and deployment, IT development including the new PosTransfer mobile app.
- 2.1.2 The group was informed that the first version of the PosTransfer mobile app had been completed; further development would be done in a step-by-step manner. In the C4 meeting PTC clarified that the app can be customized to suit designated operator requirements.
- 2.1.3 PFSWG was also informed on the preparation of technical criteria for an anti-money laundering (AML) solution and the publication of a request for information for the selection of a potential AML solution provider.
- 2.1.4 Request for information for an AML/CFT (combating the financing of terrorism) solution provider has been issued by UPU and based on the outcome, further decisions would be taken.

2.2 Regulations and Standards Group matters

- 2.2.1 The highlights of the report of POC on postal financial services vision 2030 (Congress Doc 5) containing the detailed background and context of the UPU study on PFS vision 2030, its major outcomes/recommendations and the work carried out by the task force on PFS were presented. The study conducted by consultant resulted in twelve recommendations structured around 5 areas that the UPU can leverage to meet the needs regarding provision of PFS.

3. Postal Financial Services Package:

- 3.1 The group was informed that the POC approved the draft congress documents which include report of the POC (Congress Doc 5), two proposals of general nature and amendments to the postal payment service agreements (PPSA).
- 3.2 The members were also informed about the proposed two-step approach for realizing UPU Vision 2030 by opening up of UPU to wider financial sectors players as follows:
 - 3.2.1 The first step includes a set of proposed amendments to the PPSA that address the need to emphasize DOs' anti-money laundering/combating the financing of terrorism (AML/CFT) obligations, the use of the UPU brand PosTransfer, the establishment of PPS*Clearing as the primary clearing and settlement system of the electronic PPS network, and the establishment of remuneration guidelines for the paying DO.
 - 3.2.2 Additionally, the first step also includes amendments to the PPSA to enable WSPs to access and provide PPS in countries not providing the service. In detail, these changes will allow DOs to exchange payment orders with other parties connected to the network through the UPU-IP centralized database. However, the payments exchanged would not be considered PPS, as one of the parties would not be a DO, they would be compliant with the PPS standards and certified by the UPU through an appropriate certification process. Furthermore, the WSPs would need to be acknowledged by the UPU member countries they operate from and have a full-fledged national licence to execute international payments.

- 3.2.3 The second step of changes, which will be prepared for submission to the 2025 Congress in Dubai, will involve a deeper and more extensive revision of the existing PPSA – Possibly, also with a name change of the framework.
- 3.2.4 This extensive revision will aim at adapting and realigning the existing UPU Acts to the future needs of UPU members by including other financial services (e-wallets, accounts as well as other digital channels). It will also include a new definition of the network participants that will be providing the UPU regulated financial services and following the same rules and regulations across the network. Furthermore, this revision will seek to propose that all new financial services defined should be provided in all member countries, and, as is the case under the current PPSA, that the services may be provided by one or more network participants in each member country.
- 3.2.5 To put in place the second step and with a view to its preparation for submission to the 2025 Congress in Dubai, the draft Congress resolutions PGN 5 and PGN 6 have been prepared for approval by the fourth Extraordinary Congress.
- 3.2.6 The proposal of General Nature Resolution 5 entitled “Further Work on the Unions legal framework associated with postal payment and other postal financial services” proposes to develop appropriate contractual, licensing and/or certification mechanism frameworks aimed at reflecting the aforementioned developments, Extend the Union’s centralized technical architecture to other postal payment and postal financial services, Review the Union’s legal framework to address the gaps identified, Foster the development of a multilateral “one-time sign-off” legal framework enabling access between all eligible network participants along with the related programme and budget impact statement.
- 3.2.7 The proposal of General Nature Resolution 6 entitled “Creation of a UPU advisory knowledge center for postal payment and other postal financial services” which proposes to instruct the IB to ensure an appropriate administrative structure in IB aimed at the provisions of a postal payment and financial service advisory knowledge center for the benefit of union member countries. It further instructs the CA & POC to consider establishment of formal relations with other entities with a view to support the work in this direction (knowledge creation and dissemination, capacity building, networking and partnership and advocacy & awareness-raising) including in the areas of research, capacity building and technical assistance along with programme and budget impact statement.

4. Best Practices in Postal Financial Services:

- 4.1 Presentation by India (EC 2023 Doc 12 Annex 1)
 - 4.1.1 The CEO and MD of India Post Payments bank made a detailed presentation on the journey and success story of India Post Payments Bank (IPPB) since its formation in 2017 and becoming profitable in 2022-23.
 - 4.1.2 The highlights of the presentation included expanding the access of banking services to unbanked and underbanked citizens across the country, door step digitally enabled services based on biometric enabled real time payments, provision of Government to Citizen services, ensuring financial inclusion and achieving SDG Goal 8 (Promote sustained, inclusive and

sustainable economic growth, full and productive employment and decent work for all)

- 4.1.3 Vietnam and Philippines enquired about the challenge of competition faced by IPPB and leveraging the biometric identity for instant payments which was well explained by the IPPB CEO & MD. He also assured to share the IPPB story further with interested countries.

4.2 Presentation by Indonesia (EC 2023 Doc 12 Annex 2)

- 4.2.1 A presentation was made by Pos Indonesia with a brief overview of its activities with details on postal financial activities which includes the success of POSPAY SuperApp enabling the services for electricity and other bill payments, remittances, banking & insurance, telecommunication, and phone recharge/ topup, tax payments etc.

- 4.2.2 It was also highlighted that POSPAY and GIROPAY are also used for Supporting Government Programs, supporting financial inclusion, provide protection to Indonesian migrant workers, Providing alternatives to small and medium entrepreneurs for payment facilities

5. Any Other Business

No any other business was raised.

The members appreciated the presentation on Postal financial services package and the presentations on best practices by India and Indonesia.

6. The working group noted the presentation.

15 Aug, 2023

Postal Financial Services Working Group
Co-Chairs:
India represented by Mr. Prannoy Sharma
Viet Nam represented by Mr. Phan Thao Nguyen