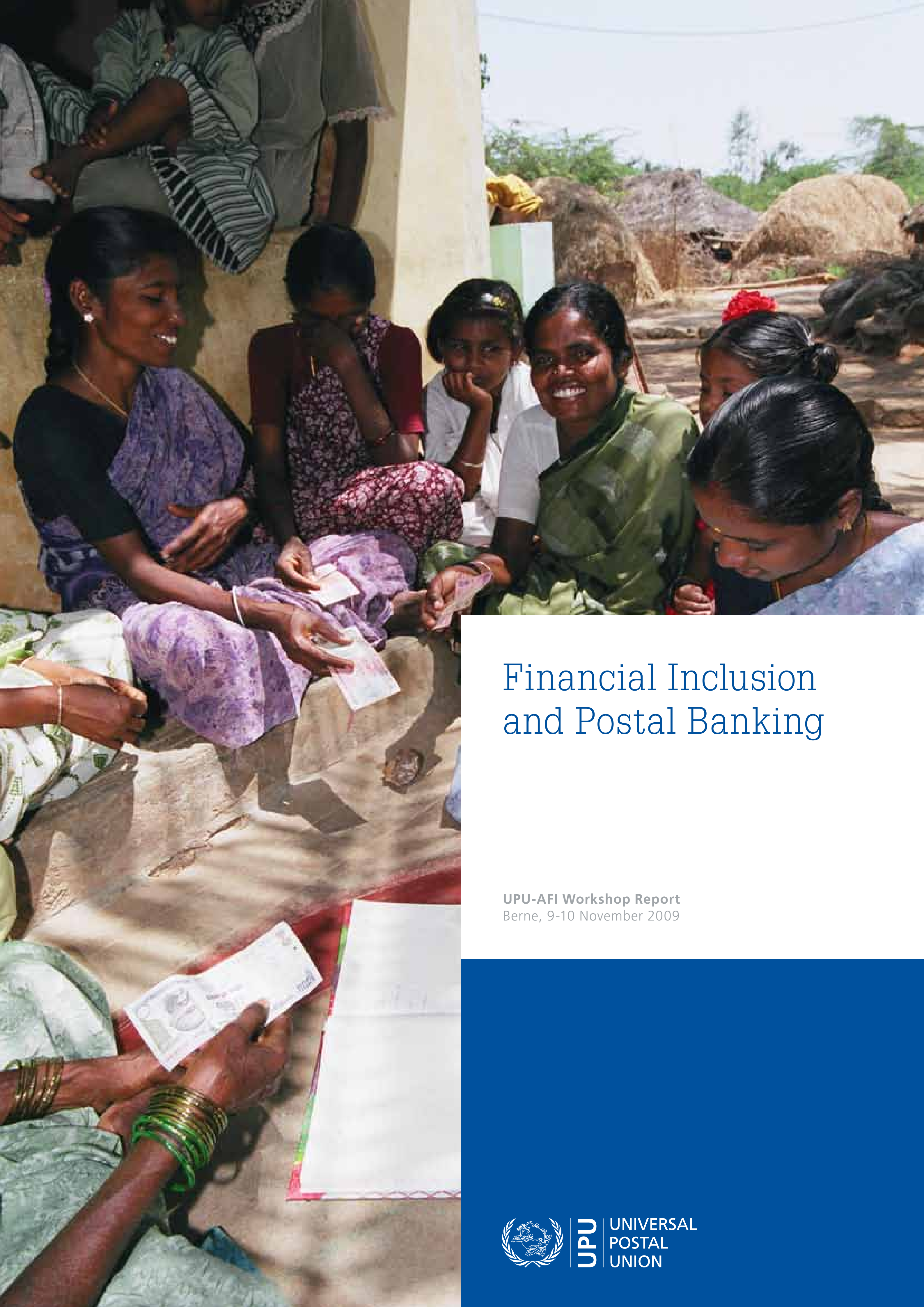

Financial Inclusion and Postal Banking

UPU-AFI Workshop Report
Berne, 9-10 November 2009

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UPU-AFI
Workshop on Financial Inclusion and Postal Banking

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Workshop Report

by Monika Kugemann

Also available with follow-up discussions and original presentations
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Financial inclusion and postal operators – a promising match

With only six years to go until the deadline of the United Nations' Millennium Development Goals for poverty reduction, the efficiency of hitherto existing financial inclusion strategies stands to test. Now a new candidate for fostering financial access is stepping into the discussion – the Post. Thanks to their extensive networks, postal operators worldwide are in an ideal position to reach rural communities, which are often excluded from the financial system. For this reason, the Universal Postal Union invited international stakeholders from the postal and financial sectors to a first-of-a-kind workshop on financial inclusion and postal banking on November 9-10, 2009. As the UN specialized agency for the postal sector, the UPU represents 191 member countries.

Gabriela Braun, AFI

At the outset of the meeting to discuss models of postal banking that promote financial inclusion in developing and emerging countries, UPU Director General Edouard Dayan emphasized that Posts already effectively provided financial access to the disadvantaged: "Today over one billion people among the poorest have already visited - sometimes several times a month - one of about 660,000 post offices around the world during this past year," he said. "They have made payments, money transfers, have received their pensions, bought prepaid phone cards, or have deposited their savings, however modest. Some have even accessed microcredit." Dayan called on Posts to step out of their marginalized role in financial inclusion policies, to capitalize on their network and the extraordinary trust afforded them by the public. As a first step towards helping Posts exploit their full potential in the financial field, the UPU was proud to foster this vital dialogue by involving all stakeholders for the first time, he added. "Together, we can drastically improve the financial inclusion of billions of people, enabling them to acquire the missing billion accounts so aptly stated in the title of this opening programme," Dayan said. "As part of the UPU's strategy to modernize the postal sector, this workshop is a unique platform for exchanging best practices and solutions."

Funded by the Alliance for Financial Inclusion (AFI), the conference united representatives from about 60 countries from the industrialized and developing world to present innovative approaches to financial inclusion through Posts. AFI grant-recipients from Azerbaijan, Burundi, Ecuador, Kazakhstan, Malawi, Maldives, Nigeria, Sierra Leone, Tanzania and Ukraine met with delegates from BRIC countries and South Africa. Representatives of the World Bank, financial regulators, central banks, the French Development Agency (AFD), the German Association for Technical Cooperation (GTZ), the Swiss Development Cooperation Directorate (SDC), the World Savings Banks Institute (WSBI), PlaNet Finance and the Bill and Melinda Gates Foundation also participated in the two-day event.

Contrary to those who view the postal sector as being outdated when faced with competition from new telecommunication and information technologies, recent studies conducted by the UPU's Postal Economics Project Group (PEPG) point to a future in which financial services successfully complement traditional mail-services. Considering the historical role of postal networks for economic and financial development in Europe and Japan, there was no reason to doubt the potential of posts today for bringing excluded communities into the financial fold, said PEPG chair Joëlle Toledano, who also chaired the meeting. "Financial inclusion has to be implemented through the post office, which is the best positioned institution given its geographical proximity to almost all the world's population," agreed Jacques Attali, president of PlaNet Finance. In view of the significant role posts could play in alleviating poverty and accelerating the integration process, Attali commended the UPU for responding to a new and urgent need for communication on appropriate models for different countries in development.

The Workshop sponsor, AFI, was briefly introduced by Gabriela Braun, its director of policy and grant management. Founded in September 2008, AFI is a network of policy makers from 69 developing countries that shares best practices in financial-inclusion strategies. Its activities include virtual and face-to-face meetings, short and long-term exchanges, project grants, and collaborations with research agencies, donors and private-sector partners. "We know that financial inclusion is not only about providing financial services," said Braun. "It has much broader effects, leading to the creation of jobs, to personal investments in health and education, to social cohesion, and economic stability."

Catering to the needs of developing and emerging countries, AFI believes that successful models for providing access to financial services should directly come from the involved countries. "We try to bring together people that know about solutions with those seeking solutions," Braun explained. "And we think there is a huge opportunity for developing countries to learn from each other."

Edouard Dayan, UPU

Setting the stage: AFI on finance policy approaches across countries

Ernesto Aguirre, AFI

Ernesto Aguirre, leading specialist for financial regulation, AFI Policy Associate and former financial crises resolution expert at the World Bank, knows that society is only on the first threshold of access to global financial inclusion. "Through a combination of appropriate public sector policies and regulations, private sector support and available technologies we today have the possibility to meet the demand of millions of people from the poorest segments of society," he said in the introductory session of the workshop, dedicated to financial policy regulation.

The role of governmental policies in classic microfinance models, for example in countries like Bangladesh and Bolivia, had undergone significant change in recent years, explained Aguirre. Whereas governments in many cases initially followed a "laissez-faire" strategy towards innovative financial-service providers, there followed a "rush of regulation" phase, stifling progress. The creation of countless microfinance strategy documents that were too theoretic in outlook had, therefore, underlined the need for a balanced regulatory approach.

"Society is ready for a qualitative jump in the provision of financial services to the poorest segments of the population, and I think it is very likely that postal networks will contribute significantly to this jump," said Aguirre. Given the tremendous need of the poor population to access financial services, integrated approaches needed to be developed, combining innovative uses of technology and proactive governments, as Aguirre illustrated on the examples of Colombia and the Philippines. Vital to ensure smooth operation was the coordination of all stakeholders by a strong central regulatory body.

The major frontier of traditional banks with respect to financial inclusion was high costs arising from reputational risk, safety and cash handling, as well as staffing. Even the establishment of "light branches" of banks in some countries was not as efficient in this respect as so-called "branchless banking" through agents or correspondents, said Aguirre. In this model, banking services were offered on the side by small retail businesses, such as pharmacies or bakeries, or network services, such as lotteries or Posts. An alternative was allowing telecommunications companies to offer financial services independently of banks, as in the examples of some African and Latin American countries.

Unlike traditional banks, whose high operational costs exclude non-profitable customers from the lower strata of society, agents had a pre-existing relationship with local communities, allowing them to reach out to the poorer population. Posts could be especially attractive partners for banks, as they offered a trustworthy and extensive network that was directly accessible to scattered (rural) communities. For correspondent banking to be feasible, the outsourcing of banking functions to agents as well as viable business models were indispensable, said Aguirre. Among the regulatory aspects of the principal-agent relationship were the basic responsibility of the financial sector entity in front of the final user, an appropriate level of permitted operations by the agent, as well as basic technological and security related aspects. In addition, financial literacy of customers had to be fostered through information campaigns.

"The key challenges to lie ahead at the moment include a combination of balanced regulatory policies by a proactive government, the coordination of actors within the institutional environment and an appropriate business climate, composed of both government action and private sector activity," Aguirre said at the end of his presentation. Through the introduction of various country case studies in the following workshop sessions, the role of postal operators in these processes was to be discussed, he concluded.

Discussions

The presentation was followed by a series of questions from banking regulators from Central Africa (COBAC) and Ecuador, who were trying to assess whether the theories presented held true in times of international crisis, with a lack of human and material resources and slackness in regulation. Aguirre answered that international regulations, especially in the area of microfinance, were currently being developed. In view of the crisis regulators focused on consumer protection and on international social and economic stability.

Symbiosis between post and bank: correspondent banking in Brazil

An example of successful correspondent banking is the partnership of the Brazilian post with a major private bank, as presented during the workshop. Luiz Edson Feltrim, head of correspondent banking at the Brazilian Central Bank revealed that the institution was established in 1974. It had to ensure stability of purchasing power while providing a solid national financial system capable of also fulfilling a social role. After having achieved macro-economic stability following the hyperinflation period of the 1980s, the regulator of over 2,000 national financial institutes was seeking a solution for millions of citizens to date excluded from financial access.

The Brazilian national financial system, he said, rested on strength, efficiency and public interest. "The whole of the population should be provided with high-quality services," said Feltrim, adding "We need to spread the system, to have an accompanying dialogue, and each party needs to perform according to its legal responsibilities." Because the population on the periphery of large cities and in difficult-to-access rural areas was not covered by traditional banking agencies, correspondent banking was a viable instrument to reach them.

Feltrim described government measures that created a favourable environment and structure (such as a national microcredit programme), as well as a regulatory framework for inclusive correspondent banking. In the correspondence relationship, the bank as contractor was responsible for services to the customer. The Central Bank had access to all financial data to ensure that the correspondent fulfilled his functions correctly. "Access to banking services is more than a simple business; it's a primary way of ensuring citizenship and cultivating economic and social development," emphasized Feltrim. Correspondent banking, therefore, offered benefits to all participants. Banks gained access to the lower-income population and enhanced their social visibility. Correspondents increased the flow of potential clients to their stores, strengthened the company brand and made sales revenues grow by up to 20 percent. Clients benefited from electronic means of payment and basic banking-services in their neighbourhood. Through its support, the government encouraged savings and loans, stimulated competition and developed the local economy.

There were various reasons for the success of the banking-correspondent model, according to Feltrim. Regulation for a strong banking industry that was sensitive to innovations and political support for facilitating financial access created confidence in the model had led to an increase in the number of banking correspondents and subsequently of transaction volumes. The economic and social objectives of financial inclusion were thus met through a creative approach that improved the lives of people living in deprived communities. "Financial inclusion lies at the heart of the work of both operators and regulators," Feltrim said. Currently a team of Central Bank specialists coordinates implementation strategies with various stakeholders in Brazil and a network of international experts.

Joëlle Toledano (ARCEP) and the Brazilian delegation

After this theoretical introduction to correspondent banking, Fernando Miranda de Oliveira and Rodrigo Figueiró de Andrade from the Brazilian postal bank described the project's implementation by Banco Postal. Miranda, as former head of the postal bank, introduced the origins of the project that set out to include the 45 million Brazilians without basic banking access. "This project was of far-reaching social consequences; it had to have very strong social impact," he explained. Correios, the Brazilian operator took up this challenge by using the postal network to provide financial services to the excluded population. These were to include conventional postal financial services (such as domestic and international money orders and invoice payment), basic banking-services (savings and checking accounts, deposits and withdrawals, credit arrangements), and "para-financial" services such as insurances and pension funds. Focusing on rural and low income populations, the objectives were to increase the level of financial education, encourage domestic savings, and add value to the postal retail network. Through the postal infrastructure, Correios Brazil aimed to bring excluded parts of the population back into the financial system, said Miranda. A feasibility study of different approaches had been conducted with the help of UPU specialists.

As the Brazilian government had adopted a privatization policy for state-owned banks during the late 1990s, thus thwarting plans for the creation of a new public (postal) bank, the model of banking correspondence was chosen. Correios subsequently launched a tender process, allowing interested banks to make bids for a partnership. “Bradesco won the tender and works exclusively with the Brazilian Post,” said Miranda. Details of this cooperation – recognized by a Corporate Social Responsibility Award for its efficient way of aligning the interests of all main stakeholders – were presented by Banco Postal senior manager, Figueiró. To include communities with no access to financial services, 400 new post offices in the most secluded areas had been opened, which provided for many the first access to the Internet via computer stations. So far, 8.9 million people from the poorer segments of society have opened a Banco Postal account. They can make deposits or cash withdrawals at ATMs, Bradesco branches or post offices all over the country. Account transactions are monitored at a control room in Brasilia and a desktop solution allows the president of Banco Postal and department chiefs to supervise data.

“Through 6,050 offices nationwide, Banco Postal holds 5.3 percent of the national correspondent-banking business,” said Figueró. Its portfolio is composed of account openings (34.4 percent of the market), deposits (24.4 percent), withdrawals (17.4 percent), loan transactions (18.3 percent), credit cards, bill or taxes payments, as well as pay roll and social benefits. Using the example of the Amazon municipality Autazes with 30,000 inhabitants, Figueiró illustrated the impact the Brazilian postal operator had on financial inclusion through correspondence for Bradesco, including a 90 percent growth on local taxes. The greatest challenge encountered had been financial illiteracy, with customers being sceptical about the advantages of electronic banking. As many Brazilian communities can only be reached with great difficulty (due to bad road conditions and the necessity of travelling by boat), an expansion of the correspondent-bank network, and electronic-card transactions are currently the key objectives of Banco Postal. “Taking access to financial services further than where we are will be the next step,” said Figueiró, also pointing out the possibility of providing access to consumables and the means of financing them through the postal bank.

José Nivaldo Ferreira, head of partnerships at Bradesco, portrayed the Brazilian correspondent model from his perspective. As one of the largest Latin American private banks, Bradesco had helped spur development throughout the recent decade by supporting small, medium and large companies. Controlling part of the market of correspondent branches with a 34.1 % share, it delivered fast, specialized and high quality services to clients grouped according to their income profile. To reach the low-income population, the bank had decided to use the Brazilian Post as a correspondent, investing 450 million BRL in the Banco Postal project. “The best way of covering municipalities all over Brazil was through the postal network,” Feirreira said to explain the choice of Banco Postal as correspondent. Through an advanced clearing system, which allowed correspondents to have a rapid connection with the bank, Banco Postal had to date succeeded in reducing the 2,351 Brazilian municipalities previously deprived of banking services to 358 municipalities, allowing 14 million people to take advantage of their new financial access. More than 5o percent of clients earned up to a minimum wage of 272 USD, while the salaries of 37 percent were up to three minimum wages (or 816 USD). The postal bank facilitated the payment of 1.7 million social security beneficiaries. All Banco Postal clients had a debit card and over 88 percent of them invested in a savings account, summarized Ferreira.

Whereas local governments and companies previously had to carry high amounts of cash to pay employees, the correspondent system allowed people to gradually withdraw salaries and access secure saving schemes instead of guarding money below the mattress, said Ferreira. With the Brazilian post as agent Bradesco fostered social responsibility, fulfilling its mission to participating in the life, culture and education of Brazil.

The success story of correspondent banking in Brazil triggered many questions from workshop participants. Representatives of Benin, Burundi and Congo wanted to know how Brazil’s approach to financial inclusion could be adapted to circumstances in their country. Hans Boon, from PFID (PostFinance International Development) underlined as answer that between the idea of developing a postal bank and putting it into practice was a long process. “Posts have to play an active role in this; you cannot wait for banks to approach you, but need to build up a good case for partnership to present to them.”

Azerbaijan asked why Correios preferred the correspondent model over application for a regular banking licence. Figueiró explained that the historic situation had influenced the decision but that the model of correspondence was nevertheless preferable, especially in view of the higher salary requisites of financial workers in Brazil as compared to postal workers. Ferreira said that, for Bradesco, the correspondent scheme was a solution for selling a specific product.

Feltrim added that in view of the current worldwide movement towards broadening banking concentration, banking services needed to act beyond traditional borders to survive. “In my opinion, the best model would be to associate the Posts by enabling them to sell their services to a bank through their broad network which can supplement their postal business,” he explained. Large volumes of remittances could be exploited by posts, which could also provide additional services, he added.

Michael Lafferty of the Lafferty Group observed that currently microfinance was booming in developing markets, with large wholesale banks getting into the business. This had various implications, he said. “The financial-inclusion industry needs to understand retail banking a lot better, microfinance needs to participate in the debate about the future of the banking system, and regulators need to understand the potential of new technology and be more creative in their regulatory initiatives.” Lafferty congratulated Brazil on its successful collaboration of a major domestic bank and the post, saying that other countries should learn from the example rather than interpreting banks and posts as competing entities.

Aguirre pointed out that the successful experience of correspondent banking in Brazil rested on two important reasons to do with policies rather than regulations. First, the Brazilian monopoly of the banking system for the receipts of payments of utility was mostly absent in other parts of the world. Secondly, the government had decided to use the correspondent scheme for the distribution of social benefits. “This is a very interesting approach to use an established network, making use of synergies for easy access to social benefits,” he said, reminding participants to keep these features in mind when discussing whether and how to adopt the Brazilian model.

Anne-Françoise Lefèvre, WSBI

Anne-Françoise Lefèvre, head of institutional relations at the World Savings Banks Institute, was especially interested in how quality of service was ensured in correspondent banking in view of the reputational risk of banks, and whether financial access was a legal or institutional right in Brazil. Figueiró said that satellite transmission and specific training programmes in post offices throughout the country ensured high-quality service everywhere. Feltrim underlined the annual supervision programme for all correspondents. Braga de Olivera from Correios added that each transaction carried out by Banco Postal on behalf of Bradesco had a specific tariff and was monitored. “This complementary partnership is an intelligent solution in line with the situation of the country,” he said.

Steps towards postal financial services: World Bank project in Azerbaijan

A different case from Brazil's – both in terms of country size and financial inclusion approach – was presented at the beginning of another workshop session by World Bank country sector coordinator, Mike Edwards. The World Bank Financial Services Deployment Project for AzerPost aimed at promoting access to finance to the (rural) Azerbaijani population, said Edwards. Focus areas were the improvement of human capacities, modernization of IT, increased post office connectivity, and special bilateral contracts with GSM-service providers.

Substantial technical assistance was supplied through outside consultancy and special software development contracting. Apart from investments in physical infrastructure, the Azerbaijan government supported the improvement of AzerPost's financial architecture to include the latest mail technologies. The World Bank project additionally financed computer equipment for the headquarters and central regional offices as well as staff training.

Although the project that started in 2005 needed to be prolonged for one year due to multiple implementation challenges, a number of key factors mitigated the setbacks, according to Edwards. Among these was the dedication of the Azerbaijan Ministry of Communication and Central Bank, as well as the legal separation of AzerPost's financial and postal services, the former headed by a very able new general director. Goal is now to have the connection between 1,200 offices of AzerPost up and running by mid-2010. Although much work still lies ahead, Edwards concluded: "We are almost ready to deliver."

Novruz Mammadov, head of the postal sector at the Azerbaijan **Ministry of Communication and Information Technology**, provided the government's perspective on the project. "Our main targets are to improve the business climate, create a single electronic platform of payment, improve the technology of financial services, and most importantly provide banking access for customers in rural areas," Mammadov said.

During the course of the project, a strategy and business plan had been developed, post offices in Baku and many regional branches automated, and central server rooms created. Still to be resolved was the question of licensing, while structural reform and staff training efforts continued. The first impacts of the project could already be felt, according to Mammadov, including a 15 percent total income increase for 2008 and a 28 percent growth for the first nine months of 2009. In addition, the project had improved the image of AzerPost, as the general quality of service had markedly risen. AzerPost staff also benefited from the expansion of service through better working conditions and increased salaries. "This project is expected to be an excellent example for many postal services throughout the world," Mammadov added.

Last to speak was Rustam Tahirov, head of supervision methodology at the **Azerbaijan Central Bank**. Since 2005, the country's financial deepness indicators had increased rapidly and were now all above 50 percent, he related. In spite of this dynamic development, large percentages of the population were still lacking access to financial services – an essential tool for the alleviation of poverty. The Azerbaijan government had therefore decided to promote postal financial services, which catered to the needs of the poorer population living in remote areas – a previously underserved market segment.
AzerPost had committed to a full internal restructuring, expanding its core business. This allowed the post to achieve its mission of providing a wide range of modern postal and financial services throughout the country both to individual and business entities. For its part, the Central Bank was going to issue special licensing and prudential regulation (rather than a classic banking licence) to the postal operator by the end of the year, allowing AzerPost to perform basic banking services.

The inclusive role of the Post: fighting financial exclusion in Cameroon

Mvogo Etoundi, head of the banking department at Campost, presented an African model of financial services through the Post. Financial exclusion in Cameroon is a problem as the country's growth rate lay below the percentage defined by the UN for reducing poverty, he said. Despite a positive GDP growth over the past years, poverty was especially prevalent in the rural areas, approaching 40 percent.

In order to understand the operations of Campost, Etoundi first introduced the financial system in Cameroon. Mandated by the Central Bank of Central African States (BCEAC), the Central African Banking Commission (COBAC) regulated traditional banks, postal banks, and other public financial services and microfinance providers. The Ministry of Finance was responsible for the financial oversight of the Post, while traditional postal operations were under supervision of the Ministry of Posts. Monetary policy was defined by the Central Bank and the regulatory framework by the Banking Commission.

Financial exclusion in the country had multiple causes, Etoundi said. "The main causes are poverty, level of income, unemployment and underemployment," he said. Additional problems arose because account openings were only allowed to the employed population, creating difficulties for those under 18 or over 60. Often the necessary infrastructure was missing, and in many rural areas cultural causes, such as the perpetration of customs or the discrimination of ethnic minorities, prevented financial inclusion as did commercial or regulatory strategies or organizational weaknesses.

Etoundi summarized that financial exclusion manifested itself in an over-liquidity of banks, missing coverage of territories, discrimination of service, weak impact of banks on the economy, and the proliferation of informal mutual association and microfinance institutions. To combat this situation, Campost - with 264 postal offices across the country - was in a process of reorganizing its management, "cutting costs, increasing margins, improving its profitability, enhancing its network, modernizing IT systems, and decentralizing financial transactions," Etoundi said.

Campost used strategic partnerships to offer banking services and loans. The banking partners thereby supplied staff training and technological infrastructures. Additional postal financial services included money exchange at airports, mobile phone banking especially for remote areas, and a range of insurance products. But the postal operator would like to go further. "The current framework enables us to develop our business like Brazil and we intend to fully exploit this by providing appropriate training and stepping up internal control," said Etoundi. "In the longer term, however, we intend to move beyond the threshold of strategic partnerships and towards the establishment of an independent bank approved by COBAC," he added. "This will allow us to remain consistent with our policy of non-discrimination, proximity and simplicity, and to have access to all layers of the population, providing them with appropriate solutions."

A representative of the **Cameroon government** emphasized hands-on support of posts in promoting financial inclusion. As the postal network was yet too small to cover the whole country, a flagship project called "Multi-Purpose Post Office Centre" was currently being implemented, aimed at setting up over 2,000 new postal outlets. Through this project, the government funded the necessary infrastructure, including information and communication technology to connect post offices. "We thus are acting on both fronts regarding the Millennium objectives for poverty reduction."

COBAC added that they were very aware of the low level of banking penetration in their supervised area, which comprises six countries. One reason for financial exclusion previously not mentioned was the lack of an address, entailing problems of client identification – a vital point not only to open a bank account but also to avoid money-laundering. Because 67 percent of the population involved in farming had not been able to prove their income source, banks had closed over 200'000 accounts in 2006 to comply with anti-money-laundering regulations.

Historical and contemporary inclusion strategies: 100 years of postal finance in France

The second day of the workshop was opened by Philippe Bajou, Deputy Director General of La Banque Postale, who introduced French postal banking. "Banque Postale allows the French population at large to progressively become educated in financial services," said Bajou at the outset of his presentation, which was to explain the historical foundations and contemporary structures of the French postal bank. Two key dates marked the history of postal banking in France: the introduction of the so-called Livret A account in 1881 (beginning of popular savings), and the creation of giro accounts in 1918 (means of payment accessible to all French people). From the middle of the 1960s the French government had taken measures for strengthening the banking sector, enforcing restrictions on non-banking financial service providers. No longer allowed to grant any kind of credit, the French post had lost many customers to traditional banks (from a coverage of almost 50 percent of the population with banking services during the 1960s, to only 10 percent during the 1990s).

Within this context and in view of significant cutbacks in mailing volumes, the French post in 2003 had realized its need to provide credit in addition to basic saving and payment schemes, to guarantee its economic future. French public authorities were thus contacted to amend the law and permit the postal accreditation. "The creation of the postal bank was done in a complex environment; everything had to be compatible with rules in place," explained Bajou. In 2006 all obstacles had been shouldered and the Banque Postale launched activities with a unique status under French banking law.

The French postal bank is a group with multiple structured partnerships, explained Bajou. Its staff of close to 2,000 consists of postal employees, who have assumed further responsibilities and provide services on a case-by-case basis. "We need to juggle with this complex mechanism but we have organized it in an appropriate manner that leads to transparency, and allows each party to understand what to do," said Bajou. The new postal organization has apparently paid off, as Bajou showed. "In 1925, we had 295, 000 customers; today we are talking about 9.7 million customers, who consider us to be their main bank."
La Banque Postale focuses on accessibility via multiple means, including post offices, ATMs, telephone and Internet. It uses strategic partnerships to offer services beyond its core business, thus serving customers of very different socio-economic backgrounds. Apart from classic banking services, Banque Postale provides life and health insurance (in France usually offered by banks) tailor-made for different clients. One type of life insurance, for example, with an initial contribution of EUR 75 and monthly payments of EUR 30, is intended to help those under 18 save money for education.

Philippe Bajou, La Banque Postale

In contrast to accounts opened by classic banks, applications for the postal bank's Livret A, a personalized microsavings account, cannot be refused and offers free transactions from 1.50 EUR. "This product protects the savings of the poorest people and is our flagship product in terms of accessibility," explained Bajou. Livret A allows pensions collection and payment of water, electricity and social accommodation bills. For people who have moved up the social ladder, a giro account with bank card is offered. In addition, Banque Postale provides loans through Municipal Credit of Paris and collaborates with foundations, social microcredit centres and UNICEF, who act as intermediaries between banks and customers.
With regard to the future, Bajou spoke of new responsibilities and challenges Banque Postale had to face. "We are a bank like no other bank," he said. "We have values of universality, proximity and accessibility, and we should be ourselves and not act like other institutions in order to withstand competition."

Bajou's presentation was followed with lively interest and many participants wanted to know further details from a postal bank with such a long and successful history. Alcantara Consulting asked for specification on the way employees managed to fulfil several postal and financial operations without losing track of accountability. This question had also been at the heart of the discussion with the regulatory body, as Bajou admitted. As all transactions at the counter were electronically captured, exact tracking of time spent on postal vs. financial business was possible. A highly sophisticated accounting system authorized by the French government subsequently allocated costs, and protocols were submitted to Brussels for in-depth scrutiny. In this way procedures were transparent and withstood even the most meticulous review, Bajou said.

Cameroon was interested in the lending services Banque Postale was now offering and also asked whether the postal bank received subsidies for the provision of universal service. Bajou replied that the postal operator was allowed to offer mortgages without any restriction since 2006 and that this business was catching up on market share since the beginning of the year. While banks had little liquidity due to the crisis, the postal bank had had no problem with lending. Since the end of 2007, Banque Postale could grant consumer loans. This service was still in preparation and would be provided in cooperation with Société Generale from 2010 onwards. The postal bank was nevertheless left out of a significant part of the lending business as it was not authorized to grant business credits. As to the subsidy question, Bajou explained that the French government supplied financial compensation related to Livret A accounts, because the Post through these accounts managed transactions other banks were unwilling to manage. Meeting chair Toledano added to this that the postal regulatory body also usually checked the access costs for universal mail service by postal providers.

A representative of the Central Bank of Nigeria wanted to know: "How independent are the postal and the financial sides of the French postal operator in terms of operation and management and what role does the Central Bank play in monitoring postal banking activities?" The postal bank was an independent company and not a simple department of the French post, clarified Bajou. Its only shareholder was the post, but Banque Postale had its own management structure. As all banks in the country it was supervised by Banque de France. The operational relationship between the postal bank and the post was governed by contracts between the two, Bajou went on to explain. Banque Postale defined the nature of transactions to be made at the counter and could demand sanctions if an employee violated pre-assigned procedures (e.g. by misappropriating funds). "We need to differentiate between the role of La Poste as shareholder and as sub-contractor," said Bajou. On the one hand the French post as main shareholder could define the strategy and mandate of Banque Postale, on the other hand the post carried out transactions on behalf of the postal bank.

"To what extent does the post benefit from this partnership?" asked a representative of COBAC. Bajou demonstrated that Banque Postale had created great value for the Post. It covered about 50 percent of the network costs and paid 45 percent of consolidated results to the Post. The annual report prepared by the postal bank further showed that by the end of 2009 actual flows from the bank to the post were going to surpass 1 billion EUR.

A Central Bank representative from Sierra Leone asked whether Banque Postale really in practice accepted all customers or if lending was restricted. Although the postal bank endeavoured to only accept customers able to reimburse credit, "this is not selection but rather performing our job in a responsible manner" answered Bajou. At the same time, consumer credit provided by Banque Postale started at 1,500 EUR instead of the typical 3,000 EUR entry barrier. "Like this, we allow people otherwise unable to obtain consumer credit from the classic system to benefit from it," explained Bajou. "We thus adapt our products to the needs of the customer on a systematic basis."

Reaching out to the rural population: the postal network in Russia

Hans Boon, managing director at PostFinance International Development, presented additional postal financial inclusion models with special reference to Russia – the first case study of the session. "Rural post offices are portals for financial access, inclusion and literacy," emphasized Boon. "In the Russian Federation their network is much denser than that of banks, with a post office per 6,000 but only one bank branch per 150,000 inhabitants." Because many people in the countryside had no access to banking cards, they effected daily financial operations through post offices. As a result, posts processed at least the same number of transactions as banks. By contrast to low mail volumes, financial services were thus the largest revenue source of Russian posts. In spite of this, recent reports by CGAP, the Bank of International Settlements and the World Bank tended to underestimate the role of posts in financial inclusion due to missing data, Boon said.

Russia initially implemented the historical model of a postal savings bank (1841) and later worked under agency agreements with a bank. This allowed the Russian Post to operate outside direct competition of the financial sector, but this also entailed many limitations on postal financial activities, according to Boon. Today 40,000 post offices in Russia offer access to payment services, the collection of insurance, and consumer credit. The creation of a separate postal bank, however, is presently not supported by the Russian Central Bank.

In order to avoid marginalization, Posts had to develop cost-efficient and innovative approaches to financial-service provision, said Boon. A promising but challenging way of doing this was post banking as public-private partnership. "Conditions for this are very rarely ideal," he admitted. In the public sector there was a need for cross-sectoral policy coordination, a regulatory framework for both the postal and the financial side, transparency and corporate governance. On the private sector side, qualified institutions prepared for strategic long-term commitment, a viable business case, resources and synergy potential were essential. "Brazil is lucky in these respects to have Bradesco," said Boon. "In this approach there is no quick return on investment; there is a lot of commitment involved that no regional or local bank can supply."

An extra dimension in the challenges to lie ahead was the incorporation of new technologies, such as mobile phone banking or e-banking – topic of the next presentation. "For unlocking the postal potential we need to think and move out of the (mail)box," said Boon, adding that new business models to be considered might include postal banking across national borders.

Victor Dostov, chair of the Electronic Money Association (EMA), illustrated how Posts and electronic money institutions (ELMI) could benefit from collaboration. "Russia is a great example in which non-banking operators play an important role," said Dostov. "In mobile phone top-ups, only 6 percent of payments are done through traditional banks and 70 percent through automated kiosks." About 200'000 kiosks nationwide combined a touch screen with a cash-in function to allow utility payments. An average transaction value of 15 USD led to a monthly turnover of 1 billion USD, the business yearly growing by 30 percent, said Dostov.

Hans Boon, PFID

While the use of banking cards was largely limited to ATMs, Russia's big webmoney companies had four million clients, and Internet payment (e.g. via Paypal) was quite common. By incorporating existing technologies posts could avoid direct competition with banks and ELMIs, while saving costs for own IT development, Dostov illustrated. Due to the great popularity of automated electronic payments, posts could e.g. improve their public image by placing kiosks in their branches. The inclusion of Internet and mobile services in post offices would allow deposits or withdrawals from virtual accounts, and would be a useful tool for client identification.

To date, collaboration was still inefficient, however, as postal operators were hesitant to implement new technologies, service quality varied, and specific regulation was missing. To improve the situation postal authorities should actively participate in regulation development, defending the interests of posts and issuing recommendations for collaboration with ELMIs, said Dostov. "Finally, it would be good to develop and disseminate best practice cases."

The last mile in financial inclusion: agent banking "polygamy" in India

An alternative to Brazil's model of correspondent banking was presented by India Post, which collaborates with various banks to offer a range of financial services. Shukadev Samant, Board Member of **India Post** first presented some figures and background. "India Post has the largest postal network in the world with 155,000 post offices, 139,000 of which are in rural areas," said Samant. Post offices in India have provided savings since 1882, life insurance since 1884 and money remittance schemes, thus effectively contributing to financial inclusion long before the concept became topic of debate. Today, India Post holds 220 million savings accounts and 11 million insurance policies. It carries out an average of 100 million money orders per year, mostly dealing with small workers' remittances.

In view of low-bank penetration, credit needs of workers, and wide occupational, income and educational variations among the population, India Post was ideally positioned to connect the common man with banking, explained Samant. "The Post has the opportunity to touch the lives of people." Supporting its business case were the Post's unparalleled network and the fact that it was a neutral player, trusted partner, and existing service provider with a critical mass for financial inclusion. India Post was therefore investing in state-of-the-art IT to connect its entire network by 2012. Driving motivation was the customer, said Samant. "Financial inclusion is not only about providing a network for access; it also has to do with a human touch."

Following this general introduction A. S. Prasad, deputy director general of financial services, presented a few details on India Post's financial penetration. "Financial inclusion to our understanding is bringing a person into the loop of finance, business and self-employment, so that he or she becomes sustainable," said Prasad. "That is the ultimate goal and not to open a bank account." One of the largest financial services providers in the country, the post served an average population of 7,174 inhabitants per branch. Besides small savings schemes, remittances and postal life insurance the post engaged in wage payment accounts for those earning less than 2 USD per day as part of the Indian government's flagship NREGS employment scheme.

India Post's saving certificates, issued at different time frames and interest rates on behalf of the Ministry of Finance, could almost compete with investment opportunities of conventional banks, said Prasad. While Electronic Money Orders were among its oldest services, Instant Money Orders and International Money Transfers (using various systems) experienced a steady growth since 2006. India Post, in addition, acted as a correspondent for several banks, depending on different regions of the vast country, to offer lending services.

"In our endeavour for financial inclusion we have tried to also bring the booming equity market closer to people," added Prasad. Through ties with equity and insurance providers, the Post had recently augmented its services by mutual fund products, pension distribution, and non-life insurance. Future plans included virtual post offices to be operated from home, pre-paid cards and postal banking. The CNBC Financial Advisor Award received for 2008-09 underlined the role of India Post in effectively promoting financial inclusion through its network, said Prasad.

A regulator's perspective on India Post's financial services was given by Sandip Ghose of the **Reserve Bank of India**. "The developmental activity of the Central Bank has attracted me to be part of this UPU-AFI workshop – the first of this type," he said. Due to India's immense size, poverty was still prevalent, even if around 200,000 different banking branches existed. Financial inclusion therefore was an important part of the government agenda, the Central Bank actively being involved in it since 2005. Indian state banks owned 70 percent of the banking business, assigning 40 percent of their net bank credit to the priority sectors. Nevertheless there remained a gap in financial access especially in rural areas where poverty was high, said Ghose. "In view of this India Post with its 155,000 outlets, 89 percent of them in rural areas, was selected as preferred partner of financial inclusion by the Central Bank."

India Post profited from correspondent banking, as it was not dependent on a single banking partner but could choose different partners for different regions. "The post can thus work with the largest public or the largest private sector banks for distributing the same products across the country," Ghose illustrated. "The Reserve Bank of India understands that the last mile in financial inclusion cannot be covered by transaction banking," he said. "To go this last mile is a choice, and the Central Bank, India Post and the Indian government are committed to do this in India."

Following the presentation, Christian Sinobas of PlaNet Finance put up for discussion whether posts should prefer "polygamy" in choosing **banking partners**, as practiced in India, or "monogamy", as illustrated on the Brazilian example. Ghose responded that India Post did not experience any problems with its approach. "Regulators cannot make any restriction here," he said. "It is their task to provide space for people to do business, especially in view of economic crisis and poverty." Financial sector polygamy might be the better solution, agreed Samant,

Sandip Ghose, Reserve Bank of India

at least for India where different banks were stronger in different regions. AFI's Aguirre pointed out the cultural dimension of the question, as banks in Latin America would, for example, be reluctant to hire a correspondent that already worked for a competitor.

A Central Bank regulator from Nigeria emphasized that in inclusion policies **financial literacy** had to precede the provision of access channels. In addition the role of technology development and coordination needed to be addressed. "To replicate the success stories presented, we need enough knowledge base before we can arrive at an appropriate model," he said, asking Brazil and India for comments.

"For us financial literacy is key to financial inclusion," said Ghose. In India banks were mandated to establish financial literacy and rural entrepreneur centres in district towns. In addition, foreign banks had tied up with NGOs to develop self employment training for women entrepreneurs. Feltrim also underlined the importance of financial education: "In Brazil the Central Bank has launched a proposal for financial inclusion in conjunction with all regulators, including civil society, insurance companies and pension funds. Banking penetration is implemented on the basis of correspondents."

A representative of the Kazakh government added that Posts could also offer brokerage services, and foster financial literacy by establishing education and training centres through their networks – as was done in his country.

Creating a commercial postal bank: a success story made in China

The introduction of the Postal Savings Bank of China (PSBC) to follow illustrated an approach very different from the so far predominantly discussed model of postal correspondent banking: the creation of a commercial postal bank.

Ying Chen, manager at **PSBC**, highlighted that the incorporation of a full-fledged post bank in China rested on a 20 years history of postal financial services provision. Reopened in 1986, the postal savings business became independent of the postal department in 1990. From 2003 onwards, management of postal savings deposits was transferred from the People's Bank of China to the post itself. With its "Plan on Reform of the Postal System", the State Council in 2005 laid the groundwork for the Postal Savings Bank of China, which opened its Beijing head office in 2007 with the approval of the China Banking Regulatory Commission.

Fully owned by the China Post Group, "PSBC is like any other bank in China," said Chen. "In deposits we are the fifth of all commercial banks and have a market share of 10 percent." Deposits could be made in the local currency or in US dollars, but a multi currency service was envisioned, he added. Due to a GDP growth of around 8 percent, the liability business was growing fast. The intermediary business featured banking cards, domestic and international remittances, as well as insurance, mutual funds and wealth management. Finally, PSBC provided wholesale and retail assets, the latter including secured loans and microcredit.

As a PSBC highlight, Chen especially focused on the microcredit business launch in 2007/08. Until October 2009 the scheme that targets low and medium income customers had underwritten 1.77 million microcredit loans with a total volume of 15.8 billion USD and an average amount of USD 9'000. Outstanding loans amounted to 8.05 billion USD. As a strategic business of PSBC, the focus was now on staff training and on expanding this promising development.

With over 36,000 outlets, PSBC was the financial institution with most branches in China. "Its network prevails," said Chen, illustrating that 58 percent of outlets were in rural areas, 23 percent in cities and municipalities. To position itself in the market, PSBC would strive to improve urban and rural financial services through its branch network, and target SME business clients, he concluded.

Huarong Xiao, Director of the China Banking Regulatory Commission, spoke on the supervision of PSBC. "China's banking sector has in recent years achieved historic breakthroughs in systematic restructuring," she said. Banking institutes had well fulfilled their social responsibility, during the present financial crisis ranking among the highest worldwide. The regulator's task was now to improve financing channels, facilitate innovation and expand service coverage to achieve financial inclusion goals.

"For the regulation of the PSBC, we drew on valuable experiences from other countries," said Xiao. As a full-service market orientated bank, the bank's regulation followed the criteria for commercial banks. "PSBC is authorized to do business like any other commercial bank without privilege," said Xiao. PSBC could capitalize on the largest remittances network in the country, a first place in the banking insurance market, and a large market share of the payment business. It also was in an ideal position to service rural areas and small businesses neglected by other banks.

To further improve its competitiveness, PSBC should improve corporate governance, integrate its IT systems, enhance institutional build-up and risk management, and standardize business processes, added Xiao. Profiting from the experiences of its predecessors, the postal bank could also save costs in identifying best practices in these areas. "PSBC may learn from China's large banks; it has a late-starter advantage," explained Xiao.

The GTZ Project on Microfinance and Retail Banking supporting PSBC was described by senior project manager, Michael Roth. "We have worked in China for 25 years in economic sector reform and since 2007 with PSBC," he said. The aim of the project was to turn the state-owned PSBC into a sound financial intermediary with the socio-political mandate to service households and MSMEs in remote, semi-urban and rural areas. "PSBC has a double bottom line approach: It is a full commercial bank but it also has a social mission," explained Roth.

China offered a very favourable economic and political environment for the development of microcredit in rural areas, Roth said. PSBC had huge potentials in this, thanks to its large network and client base, its excellent reputa-

Ying Chen, PSBC

tion and relative cheap labour force. On the other hand it needed strategic management, long-term objectives and strong corporate culture. The relevance of the postal bank for China's stability and its potential to access rural areas and support sustained growth had induced the GTZ to accompany PSBC's microcredit project through expert advice and training.

The first project results were very encouraging, but microcredit access in the Central and Western regions still needed to be improved. "Postal networks can be of perfect suitability to provide financial services in rural areas where no other banks reach," Roth summarized, "but there are still some points to be addressed to unleash their full potential." Workshops were therefore an efficient means to share the transformation processes of postal organizations in other markets.

After the presentations Nigeria asked how the GTZ intended to influence PSBC's corporate culture. "We can only give opinions on the importance of communication and clear vision," answered Roth, underlining the responsibility of top management. Chen added that PSBC staff was growing by about 100 college recruits per year, created a climate open for change. Asked by Nigeria how posts could operate as commercial banks, he said "PSBC has no limitations in terms of business, but from a strategic point of view it is different and very close to the community."

Impressed by the "amazing growth of microcredit", SDC's Hans Ramm asked whether the PSBC could share the secrets of its business model. "I would assume that it was a slightly risky, rapid-extension business model based on a high margin earned as a first-comer," he said, particularly asking for insights into the areas of risk calculation, staff training and IT solutions. "I see from other banks downscaling that one of the problems is always to develop a loan tracking system with software unlike the one used in classical banks."

"We did not buy our IT system," said Chen. "Everything was built in house, as the senior management in recent years has put an emphasis on IT construction according to past experiences." Before rolling out the microcredit programme in all Chinese provinces, the Postal Savings Bureau had made preparations for one year, he added. Delegations had been sent overseas to carry out country studies, documents for regulators had been drafted, and staff training started while waiting for the licence to launch the project: "So you could say that everything was done beforehand."

A "one-stop-shop" of financial services: Postbank South Africa

Rounding off the country cases of postal banking was South Africa, like France, looking back on a long history of postal financial service provision.

Postbank South Africa was founded in 1910 as the Post Office bank of the South African Union, explained General Manager Maureen Manyama-Matome. It currently operates as a division of the South African Post Office (SAPO). Through a Memorandum of Understanding between the Ministries of Finance and Communication, however, the postal bank is in a process of corporatization and soon to apply for a banking license. Matome summarized that the Postal Financial Services Group of SAPO to date offered savings, transactional products, payment services, investment products, and domestic and international money transfers. Strategic partnerships allowed the additional provision of micro-loans, unit trusts and funeral products, and were to be extended into the areas of social lending and non mail-related insurances.

"We would like to be a one-stop-shop for our clients, providing various types of financial service," said Matome, adding that products should be "appropriate, affordable, secure and simple." Postbank's deposit book, featuring an average yearly growth of 17 percent, was mostly composed of savings accounts, followed by Mzansi accounts, and transactional accounts. Mzansi accounts were entry level accounts introduced by the South African banking industry. The 3.5 million current accounts were managed by the four largest commercial banks and Postbank, free of administrative fees and including debit cards and fixed withdrawal fees at any ATM. Since the beginning of 2009, Postbank also supported the opening of SASSA accounts for those without banking access, with 673,000 accounts opened between January and September 2009.

For the future, Postbank intends to further strengthen its network, improve governance structures, increase operational efficiency and build up human capital. "Currently SAPO generates more revenue from the mail than from the financial business, but I believe that this will soon be reversed," said Matome. After acquiring a banking license Postbank therefore wants to target SMEs, focus on minimum prices and financial literacy for customers, extend Internet banking services from the staff to clients, and build its own IT systems in line with best practice.

Omega Shelembe from the National Treasury of South Africa spoke on Postbank regulation and South African financial inclusion initiatives. "We see financial inclusion as a continuous process of expanding access and usage of financial services especially to previously excluded population segments," said Shelembe. Several policy interventions by the government had recently aimed at facilitating financial access, he said. Thanks to the Financial Sector Charter – a voluntary forum between the government, the financial sector and civil society – the Mzansi no-frills bank account had been developed by ABSA and Postbank. The Dedicated Banks Bill was to enhance physical access and competition, and a deposit insurance to protect small savings.

South Africa had a well developed, largely private financial sector, regulated by different pieces of legislation, Shelembe explained. Banks were overseen by the bank supervision department of the South Africa Reserve Bank, insurance companies by the Financial Services Board, and credit providers by the National Credit Regulator. The latter had been commended for averting the worst effects of the current financial crisis from the country, because it sought to reduce the level of consumer indebtedness and therefore prohibited reckless lending.
The South African Postbank to date operates outside regular banking supervision. "But we have a very direct interest in Postbank, first because it contributes to financial inclusion and second because we as government serve as a guarantor of last resort for Postbank deposits." The Treasury was very aware of the dangers of an unregulated financial service provider, as they in 2003 had to bail out Postbank of 750 million ZAR missing banking funds, which had been used for post office operations. In order to avoid similar incidences in the future and to allow the post to directly participate in the national payment system, Postbank was to become a company with a full banking license supervised by the Registrar of Banks, said Shelembe.

Delegates from South Africa and Azerbaijan

Postal financial inclusion: A forward-looking debate

After two days of lively discussion many questions remained unsolved, and some countries only had the opportunity to present themselves during the short questions and answer sessions. The conference showed that there was a real need for communication between diverse stakeholders, as regulators and posts explored joint possibilities of promoting financial access. Considering the complex mechanisms "question of modalities and provisions to choose in each individual case have not been conclusively answered, but rather posed," said chair Joëlle Toledano in her closing address. Nevertheless a few key points for increasing financial inclusion in developing countries had become apparent during the workshop.

"First of all, the necessary prerequisite for financial inclusion efforts is a political will in the country, followed by government policies that allow the intervention of financial institutions and particularly postal operators," said Toledano. Commercial postal banking was only one potential strategy of financial inclusion; another was providing services through a system of agreements between the private and the public sector, as in correspondent banking. "We need a regulatory framework that assures fair competition while adjusting to the new organizational structures and forms of partnerships between postal operators and banks," said Andreas Taprantzis, chairman of the UPU's Postal Operations Council (POC). Posts and banks could support and complement each other in their common goal to include as many parts of society as possible into the financial system.

Joëlle Toledano, ARCEP and Chair of the workshop

Workshop Take-Aways

Some concrete recommendations for posts have surfaced during the workshop.

To promote financial inclusion, Posts should....

Use their potential

Through their networks posts can bring excluded segments of the population back into the financial fold, while supplementing declining revenues with new services.

"Financial service provision is a big opportunity for Posts against the stagnation of traditional mail volumes," said Taprantzis. The success stories of Posts presented at the workshop offered tangible examples and proof of the dynamics of the post in the financial arena, he added. "Through their structure and nature posts can play a catalytic role for the resolution of the financial inclusion problem worldwide, taking advantage of the record-high trust and confidence society is investing in them – especially during these days of crisis."

Identify viable business models

No single financial inclusion model can serve as a general paradigm for all countries, as successful strategies depend on socio-economic circumstances and governmental structures.

Tamara Cook of the Bill and Melinda Gates Foundation emphasized that there was a need for more in-depth insight into postal banking strategies in order to develop viable business approaches. Further dialogue should concentrate on identifying "the right models for each country that align the incentives of stakeholders to provide the right services to poor people – services that are affordable, that are in their neighborhoods, and that help them improve their lives."

Adapt internal structures

Establishing a separate department or even a company in its own right can be essential for the undisrupted operation of postal and financial services.

"Financial inclusion entails questions of internal organization for posts," said Toledano. A key role was being played by finding or developing the necessary IT systems, staff training and strategic alliances. In order to create efficient models suited to their environment, postal operators also needed to consider the legal dimension, the marketing aspect, and the coordination with the rest of the sector. "The offering of banking services needs to be put on a solid basis towards financial inclusion."

Educate the community

The promotion of financial literacy through trusted postal networks should precede strategies for overcoming physical barriers of financial access.

"If we are only speaking about distribution channels and geographical problems, we are, in my opinion, overlooking half of the problem," said Christian Sinobas from PlaNet Finance. Those excluded from the financial system needed more information on its structures and mechanisms. Misuse of financial instruments otherwise could lead to situations of over-debt and isolate individuals, even if they lived in close proximity to financial service providers, he explained. "In some countries in Latin America, for example, people are completely marginalized due to a lack of understanding of finance and not a lack of access."

Continue the dialogue

Too little is publicly known about the potential of posts for financial inclusion, as the absence of posts in World Bank and IMF statistics on financial access shows.

"A dialogue among all stakeholders is a useful tool to promote progress in this vital area, as financial inclusion is a necessary condition for participation in economic and social life for both individuals and small companies," said Taprantzis. But posts also need to get the word out, presenting their strategies to a wider audience, as SDC's Hans Ramm pointed out. "I am astounded that such a conference and these very convincing cases are not publicized more, for example in a forum like CGAP." SDC had always been advocating institution diversity in building inclusive financial systems, and posts had innovative and successful business models to present, said Ramm. Through knowledge of these models regulators could "avoid wasting precious donor money on rather inefficient models sometimes developed by non-governmental organizations."

Foster research

A lack of best practice studies and the unsuitability of financial inclusion models developed by industrialized countries for countries in development underline a need for further research.

"We are not into nostalgia but into finding solutions! The UN in its blue book is very clear on this," emphasized UPU Financial Services Expert Marie-Odile Pilley. In financial inclusion there was no "one-fits-all" model, but solutions had to be developed on a country level with all stakeholders. "Very little research is done in this field, and models successful in industrialized countries are not necessarily useful in developing and emerging countries," she said. Comparative research on regulation and a focus on regional developments and small countries could be promising strategies. When stepping into the financial arena, posts should remember their social responsibilities. "If postal banks compete like traditional banks – only offering service to profitable customers – they will not solve the problem of financial inclusion."

To continue the important debate, a follow-up conference, focusing on operational and technical issues, will take place in 2010.

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