

**Developing financial services through the Post-Forum
Berne, 23 April 2010 (POC C3 Forum 2010. 1. Doc 1)**

Korea Post Financial Services

1. Positioning & Context

2. Organization

3. System & Network

4. Targets, Services & Products

5. Leverage effects

1. Positioning & Context

(1) Positioning of the postal financial services

- **Scope** : Savings, Insurance, Remittance, e-banking service, Bill payment, Foreign currency exchange
- **Channel** : Post office counter, Internet, Telephone, Mobile, CD/ATM, Call center

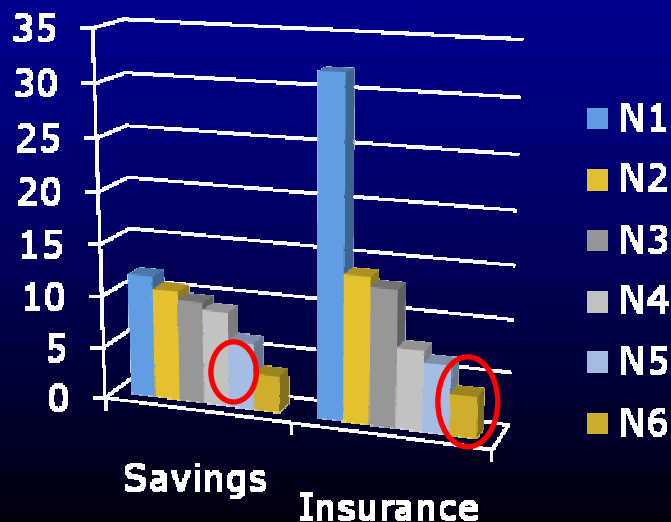
* Financial services of Korea Post are regulated by “The Board of Audit and Inspection of Korea”.

1. Positioning & Context

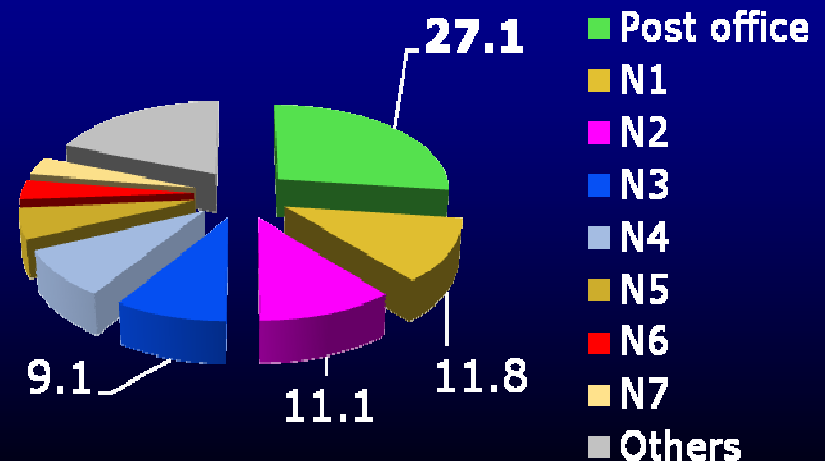
(2) Position with competition

- Number of branches providing financial services: 2,744 out of 3,651
 - Banks : 7,373 br. nationwide / Post Office : 2,744 br.
- Market size : 68 billion USD
 - Savings : 44 billion USD (ranked No. 5)
 - Insurance assets : 24 billion USD (ranked No. 6)
 - Savings account holders : 12,108 thousands

M/S Ratio(%)_Savings, Insurance



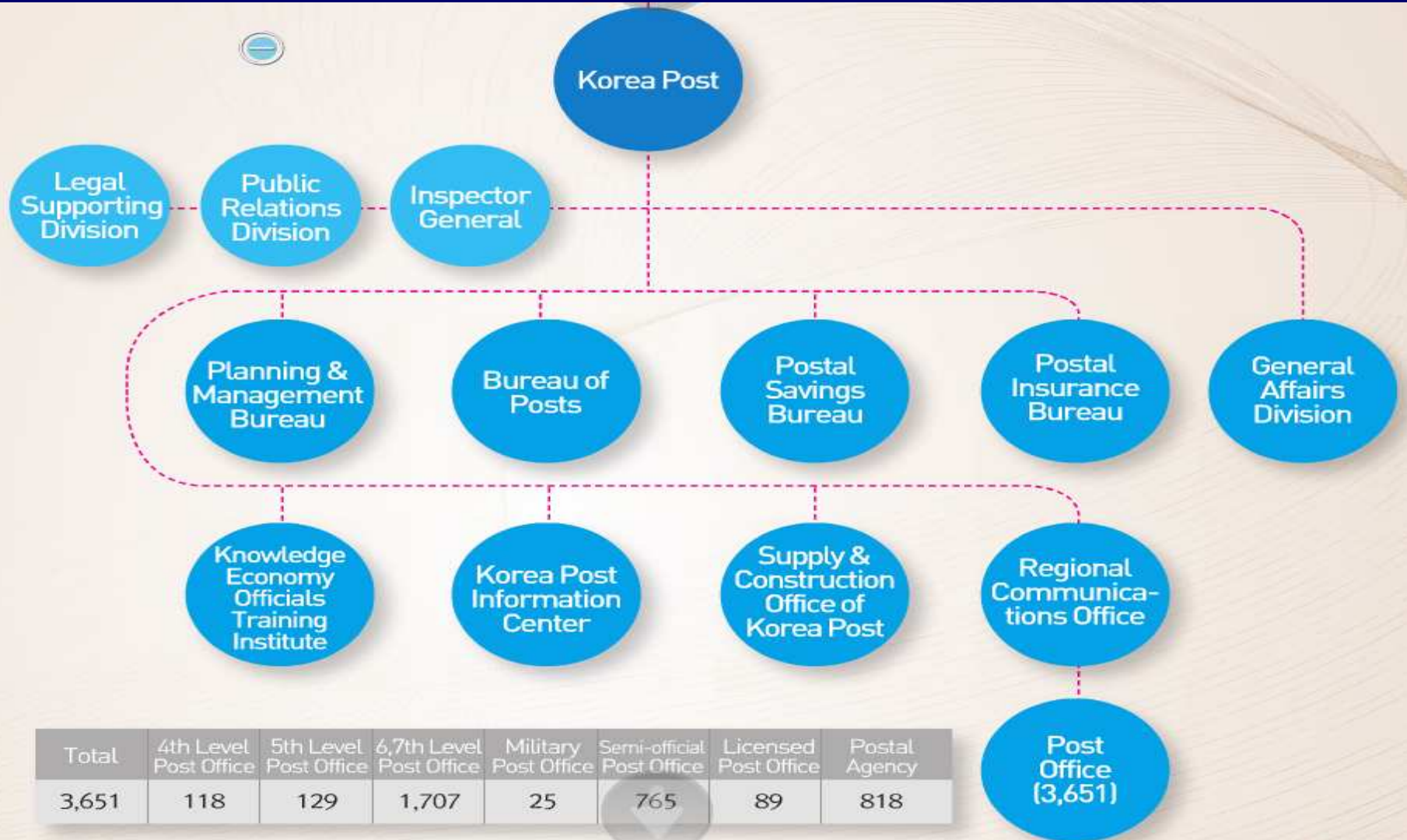
M/S Ratio(%)_branches



2. Organization

(1) Definition of principles & obligations

Korea Post is a state-run organization under the Ministry of Knowledge Economy. Korea Post has self-financing system.



2. Organization

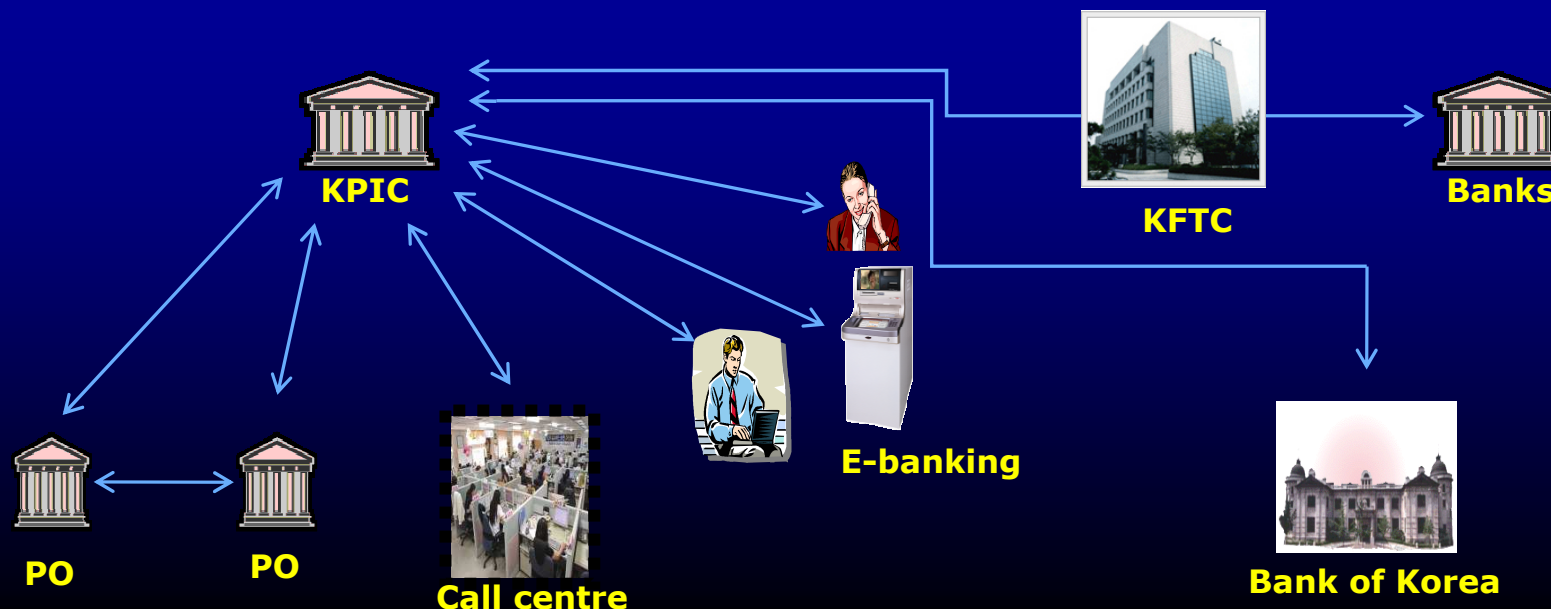
(1) Definition of principles & obligations

- Korea Post provides a safe, convenient and comprehensive financial service package. We have established a national financial network covering rural areas as well as big cities. We have opened up our financial business to the private financial sector and established business partnerships to provide one-stop finance services.
 - ☞ 147 partnerships (as of 2009)
- We have increased roles in national economy, such as providing funding that is necessary to expand Social Overhead Capital(SOC) and nurturing sound financial markets through depositing public capital management funds and purchasing government and public bonds issued by the Ministry of Strategy and Finance.
 - ☞ 130 billion USD (as of 2009)
- We also support small and medium sized enterprises (SMEs) to secure their growth and to enhance their competitiveness through investment in financial products related to SME support funding.
 - ☞ 2 billion USD (as of 2009)

3. System & Network

(1) Network and IT

- Ownership structure of the postal counter network ;
 - Post office(1,979), Semi-official Post office(765), Licensed Post office(89), Postal agency(818)
 - Financial service providers are "PO + SOPO"
- Type of services provided ; by on line CD/ATM, e-banking, Call center and all the channels are connected in real time via "Korea Post Information Center (KPIC)"

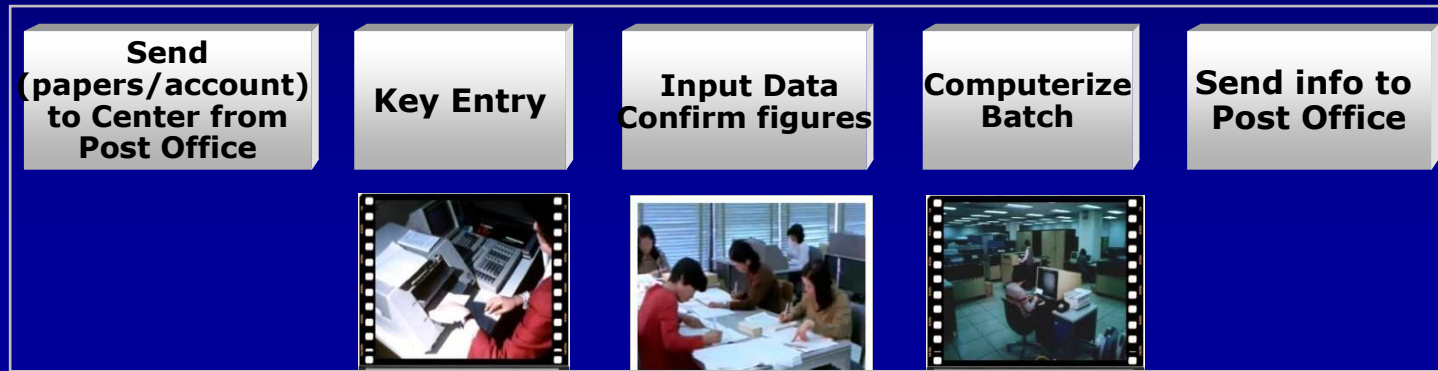


3. System & Network

(1) Network and IT

Feb. 1980

Key Entry System Install



Jan. 1984

Introduction of Online System

- Online Service for Savings
(24 Post Offices within Seoul → Expanded to all Post Offices)
- Started Automated Cash Service

3. System & Network

(1) Network and IT

Jun. 1990

Installed Nation Wide Post Office Financial Online Network

Dec. 1994

Connected Post Office Financial Network with Banks

➤ Started Bank Joint Network Service
(Withdrawal, Transfer, Balance Check)

Jun. 2000

Installed Post Office Financial Diverse System

Sep. 2000

Installed Savings Internet Banking System

Oct. 2003/Oct. 2004

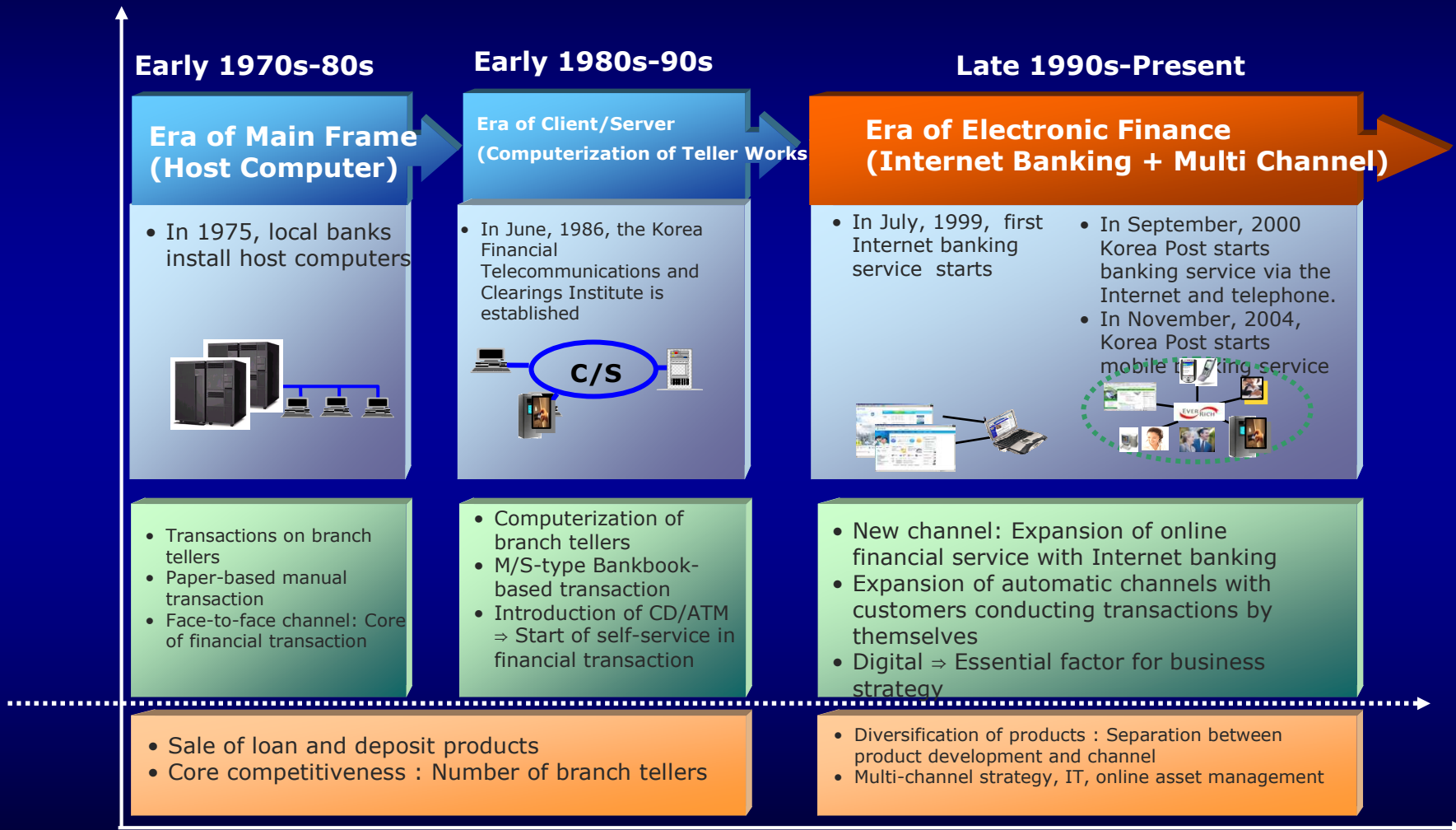
Installed Integrated Saving & Insurance Internet System

Aug. 2003/Aug.2004

Installed Financial Call Center System

3. System & Network

(1) Network and IT



3. System & Network

(2) Staff

- Number of staffs
 - 8,866(Financial sector) + 35,417(Postal sector) = 44,283 totally

- Training the staffs
 - Off line : Knowledge Economy Officials Training Institute (KEOTI) , Private financial institutes
 - On line : KEOTI programs

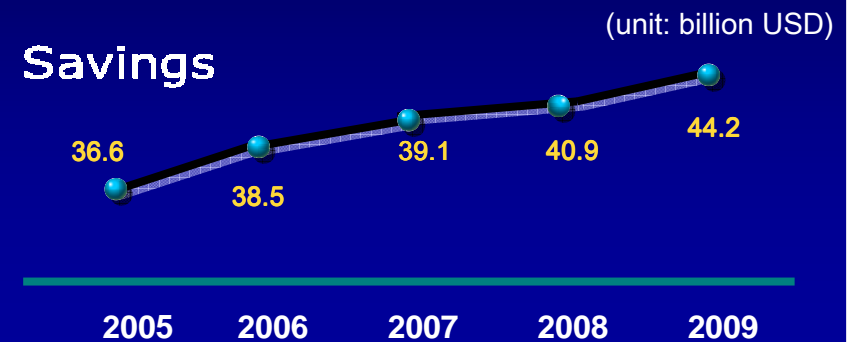
ex.) In case of launching the new product, establishment of master-plan

- ⇒ measurement of time in IT development
- ⇒ setting time schedule in IT developing and processing manuals
- ⇒ training all the counter-tellers and call center staffs
- ⇒ Official letter circulation to all the post offices via on line network

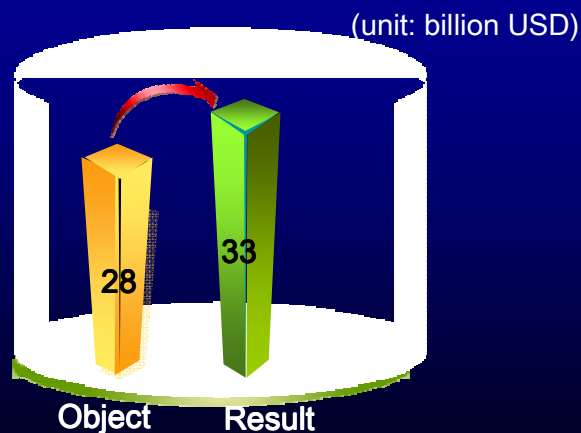
4. Targets, Services & Products

(1) Activity, Products & Services

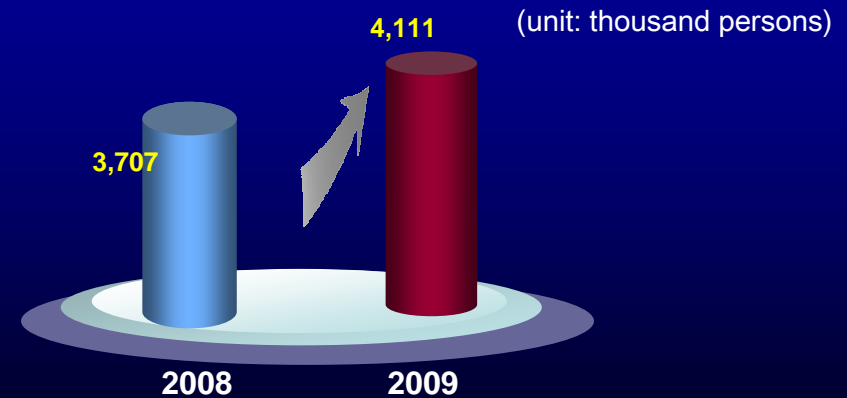
- Business scope;
 - Savings (except loan service)
 - Insurance
 - Remittance (International & Domestic)
 - Bill payment service
 - Card service (Credit card, Check card)



Profit of savings



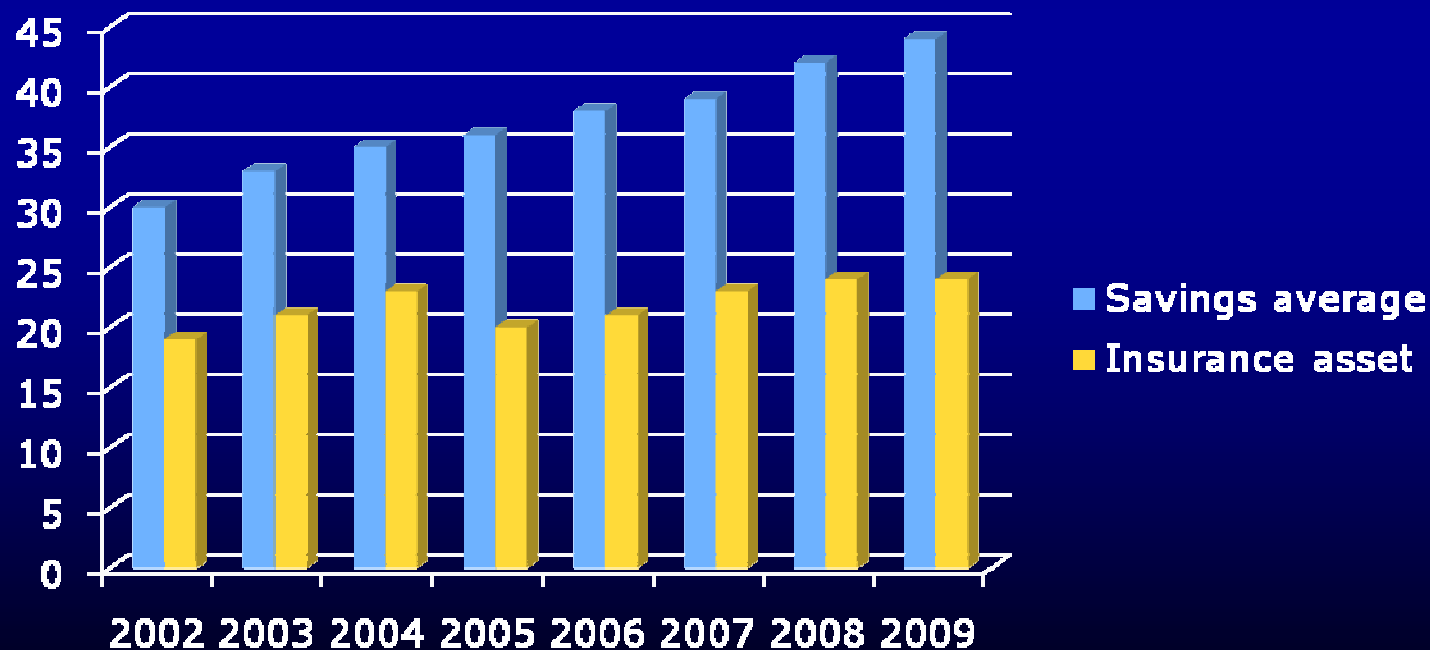
E-banking users



4. Targets, Services & Products

(1) Activity, Products & Services

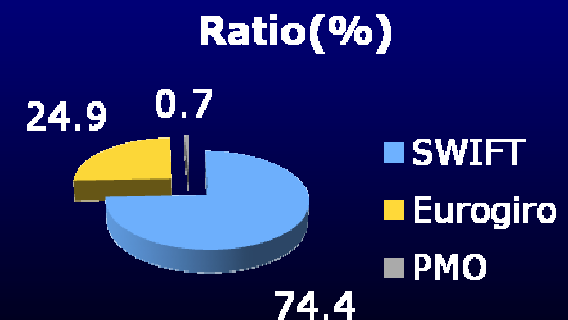
- **Savings & Insurance ;**
 - 22 savings products and 7 insurance products
 - No cap in deposit
 - 40 million KRW cap in insurance premium



4. Targets, Services & Products

(1) Activity, Products & Services

- **Domestic remittance ;**
 - Sending money with greetings/condolences cards
- **International remittance ;**
 - Eurogiro (Japan, Mongolia, Thailand, Philippines, Sri-Lanka, Switzerland)
 - IFS (Vietnam)
 - PMO (14 UPU DO's)
 - SWIFT (all over the world, tie-up service)
- **Utility bill payment service ; 10 billion USD**
 - * post office counter or auto direct transfer, automatic machine
- **Card service ; alliance with 4 card companies, 10 billion revenue annually**



4. Targets, Services & Products

2. Client knowledge

- **Composition of client ratio in deposit**
 - Private client ; 12 million
 - Business client ; 170 thousand

- **Client ratio in according to the age**
 - Over the 40 years generation ; 66.4%
 - Small city and rural area ; 64.3%

- **Composition of client ratio in international remittance**
 - Migrant workers ; 60.0 %

- **This composition is result from the focused retail banking and easy access to finance. (* Over 80% banks are located in metro-city)**

5. Leverage effects

- Korea Post has long worked towards financial inclusion and the betterment of our customers communities. The provision of microfinance services enables customers to improve access to finance of low-income people and unsaved entrepreneurs.
 - Voluntary service to heart
 - Operating "Santa post office"
 - Brotherhood relationships with poor neighbors and free food supplies
 - Cultivating future customers at school
 - Quality of life enhancement support for disabled
 - Safety network project for multi-cultural families ...

Thank you for your attention !

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