

POSTAL NETWORKS: A PLATFORM FOR FINANCIAL INCLUSION ENABLEMENT

Financial Inclusion Technical Assistance Facility (FITAF)
A UPU public-private partnership to advance postal financial inclusion



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Acronyms

ADB	Asian Development Bank
API	Application programming interface
B2B	Business to business
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
CAIS	Centralized Automated Information System
CCP	Compte courant postal
CDD	Customer due diligence
C2G	Citizen to government
DFS	Digital financial services
DO	Designated operator
FI	Financial inclusion
FITAF	Financial Inclusion Technical Assistance Facility
GDP	Gross domestic product
GIM	Groupement
UEMOA	Interbancaire Monétique de l'Union Economique et Monétaire Ouest Africain
G2C	Government to citizen
NFII	National financial inclusion initiative
MFI	Microfinance institution
MSMEs	Micro, small and medium enterprises
PFS	Postal financial services
P2P	Peer-to-peer payments
SBV	State Bank of Viet Nam
SDGs	Sustainable Development Goals
TA	Technical assistance
UPU	Universal Postal Union
VSS	Viet Nam Social Security
VNPost	Vietnam Post

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EXECUTIVE SUMMARY

This paper aims to provide an overview on the Financial Inclusion Technical Assistance Facility (FITAF), a joint programme formulated by the Universal Postal Union (UPU), Visa Inc. and the Bill & Melinda Gates Foundation to advance common goals of financial inclusion (FI). **Visa and the Bill & Melinda Gates Foundation's sponsorship of the FITAF programme has been of instrumental value to its inception, its ability to engage with the UPU postal networks globally, and its success in enabling the various deployments of FITAF digital financial service (DFS) projects.** This paper will focus on sharing key insights on the FITAF programme's execution journey, participating UPU member country engagement methodologies, key aspects of the programme's governance, management of its progress, the impacts of FITAF, and the lessons learned therefrom.

The power of private-public collaboration in enabling DFS is immense. This important collaboration is both fundamental and transformational in enabling the postal networks to advance their DFS capabilities by having access to the pertinent digital tools and innovations to better meet the digital needs of underserved postal customers.

The postal networks globally represent an important DFS-enabling gateway to advance FI and to engage with a globally underserved and unbanked postal customer base that has a great affinity with the community Post. This strategic and unique capability of the postal network to reach underserved customers enables the deployment of various domestically relevant DFS engagement models in collaboration with the private sector and local ecosystem actors to significantly influence and advance the impact of FI.

Postal networks, when equipped with domestically relevant DFS tools and the enabling DFS engagement models that are customer-segment specific, hold the important keys needed to unlock the participation of underserved customers in the financial ecosystem. Postal DFS participation provides underserved postal customers with access to digital payments, savings, insurance and microfinance credit solutions that help them to improve their financial resilience, economic empowerment and livelihood.

This role of the postal network in collaboration with the private sector and other enabling ecosystem partners is a national opportunity and a requirement to assist in

advancing national and global FI efforts in support of the United Nations Sustainable Development Goals (SDGs).

To fully leverage these unique postal customer access and "remote reach" assets, 10 key prerequisites and priorities were defined, gathered and acknowledged through the FITAF programme's engagements with various UPU member countries and FITAF project stakeholders, which could be summarized in the following key points.

What are the enabling elements required to ensure optimum leverage of postal assets?

Ten key prerequisites and postal requirements that need to be in place to best leverage customer access to postal networks and remote reach assets.

Elevate and explain the role of the Post in delivering on national FI priorities (this can be achieved by including the Post in the national FI committee).

Facilitate and deliver clear enabling postal DFS regulations.

Promote collaboration among national DFS ecosystem stakeholders to drive DFS solutions through the Post by using the relevant postal engagement model.

Seek to enhance postal DFS capabilities and DFS readiness levels through partnerships and knowledge transfer collaboration.

Focus on delivering customer-segment-specific DFS products and solutions that meet the needs of underserved postal segments, with a focus on mobile solutions.

Incentivize DFS ecosystem collaboration with the postal networks as a principle participant to advance digitization for underserved postal customers via regulatory and other ecosystem incentives.

Promote and enable DFS government-to-citizen (G2C) payment solutions to be channelled and delivered through the postal networks.

Launch financial literacy, capacity-building programmes and DFS educational initiatives through the postal networks, targeting specific excluded postal customer segments.

Seek and apply global postal DFS best practices to inform on successful deployment models, DFS product types, partnership model structures, postal DFS regulations, financial education modules, marketing programmes, postal DFS investment initiatives and postal DFS strategies.

Endeavour to set national postal DFS goals for all ecosystem actors to advance underserved postal customer digital access through the Post in support of national FI priorities.

The FITAF programme facilitated the examination and deployment of various postal DFS engagement models, enhanced postal DFS knowledge transfer, supported an enabling postal network dialogue with regulators and policymakers on the requisite postal DFS provision, focused on enabling government and non-government collaborative postal partnerships, delivered focused postal financial literacy and capacity-building modules, and engaged **5.3 million underserved postal customers, 3.1 million of whom were women**. It also supported other key segments, such as youth, micro, small and medium enterprises (MSMEs) and small-holder farmers.

The key question is: which entity should be responsible to take full leadership and ownership to drive, progress and succeed in accomplishing these important tasks? The above requirements cannot be achieved by the postal network or by a single entity working alone or in isolation, but require the **full collaboration of the ecosystem to focus on specific collective national FI common goals** that promote postal DFS enablement priorities. The central banks and country regulators are the proposed sponsors and advocates for the setting up of such national priorities to place postal DFS enablement at the heart, supported by the wider ecosystem participants.

The FITAF programme engagements with the UPU member countries on the **20 FITAF projects globally facilitated a deeper understanding by the UPU of the challenges and opportunities** associated with the deployment of effective postal DFS provision. The above insights are a product of the close collaboration with the postal networks, the private sector and the various DFS-enabling project stakeholders.

BACKGROUND

FI progress levels are determined by the choices that financially underserved or unbanked citizens possess to access and use a range of quality, affordable and relevant financial service instruments offered by the financial ecosystem. Enabling DFS access to underserved customers for payments, savings, credit and insurance solutions is important, and the level of usage of DFS solutions is testament to their relevance and quality in meeting the needs of underserved customers. **Achieving the three key FI components of access, usage and quality is a tribute to the collaborative efforts of a successful ecosystem in understanding the needs of underserved customers, employing relevant enabling regulations, and delivering effective financial education and capacity building.** These three FI axes were targeted for building as principle components of the deliverables of the FITAF programme and projects in order to ensure that the FITAF projects contribute directly to national FI goals.

The FITAF programme emphasized the importance in executing FITAF projects of sharing, leveraging and deploying postal DFS learnings gathered (international FI insights, DFS best practices and recommendations from successful postal DFS initiatives, FI networks and subject matter experts) to advance the impacts of the FITAF project. According to the World Bank's Global Findex 2021, the biggest opportunities in advancing FI lie in digitizing payments. **The Findex report indicated that 28% of adults worldwide receive payments from the government.** The report also indicated that 1.4 billion adults worldwide do not have a financial account, with the majority of them being women.¹ The FITAF programme focused on key DFS attributes and functionalities to drive digital payments, mobile-based solution enablements and key underserved segments led by women, MSMEs and youth, and on supporting national FI priorities across the globe through participating FITAF member countries. Another key insight from the Findex report was that the interest and awareness of **FI has become more global in recent years, shifting (since 2017) from economies of scale to economies of scope.**

Prior to 2017, global FI was driven by government-led models in two populous countries, namely China (People's Rep.) and India, where-as after 2017, FI was mainly driven by 34 separate countries.² Since expanding and supporting FI efforts globally is a strategic enabling principle, the FITAF programme's core operating principle was to facilitate and deploy multiple FITAF projects with UPU member countries across the globe.

An additional important insight from the Findex report was the **significant contribution of mobile-based solutions in DFS adoption** and FI delivering important financial equity, particularly to women. Digital payments remained the most widely used financial services with 37% of adults having opened their first account to receive either a government or a private sector wage payment and for savings and borrowing purposes.³ The FITAF programme has supported 20 projects in the Asia-Pacific, Africa, Latin America, Caribbean, Europe and CIS, and Arab regions, and focused on advancing digital payment solutions promoting women's participation, mobile-based solutions and capabilities. It has also promoted government partnerships to drive digital government-to-person (G2P) programmes. **The programme has accelerated postal DFS capabilities to foster inclusive economic growth and improved livelihoods, financial equity and resilience for underserved communities.**

1 The World Bank 2021 Findex

2 The World Bank 2021 Findex

3 The World Bank 2021 Findex

INTRODUCTION:

WHY POSTAL
NETWORKS ARE
IMPORTANT
FOR FINANCIAL
INCLUSION

THE PIVOTAL ROLE OF POSTAL NETWORKS IN ADVANCING FINANCIAL INCLUSION GLOBALLY

Globally, post offices are the trusted institutions for underserved community customers. Post offices deliver unique and compelling capabilities to serve postal customers, especially in remote, rural and hard-to-reach communities where post offices do exist. The Universal Postal Union (UPU), a specialized agency of the United Nations, is composed of 192 member countries. The principle UPU stakeholders are postal networks – designated operators (DOs), regulators, policymakers and governments.

The UPU postal network is the largest physical network globally with 663,000 post offices serving more than 1 billion postal customers globally. The UPU is a firm believer in the important role that domestic postal organizations play in advancing national FI, and strives to deliver to its network members the most relevant DFS support and capabilities to enhance the local Post's role in supporting national FI priorities. The UPU performs an important role for its network members in the areas of policy provisions, standardization, research, advocacy, programme enablement, advisory services, training, knowledge transfer, domestic postal project sponsorships and global network coordination.

DOs represent an important link and point of access for a wide segment of underserved postal customers, particularly in emerging markets. The postal underserved customer segments are MSMEs, women, youth, small-holder farmers, government employees and government payment disbursement recipients, as well as other underserved customer segments that may vary from country to country.

Post offices possess key attributes qualifying them to become the prime DFS-enabling platform for their own postal customers and other prospective customers, with a view to delivering broad access and usage choices to advance FI.

Why are postal networks a DFS platform for advancing FI?

Key attributes of the post office as the enabling DFS platform for underserved customers

Access of loyal underserved customers in critical need to DFS products and services.

Knowledge of the critical needs and challenges faced by underserved customers.

Underserved customers trust the Post and prefer DFS solutions when issued by post offices.

Extensive presence in remote rural areas, where most underserved communities reside.

Community postal staff effectively interact and understand community customers.

Wide capacity and interest of postal network in offering new DFS products and solutions.

Ability to deliver DFS-focused literacy and capacity-building programmes to customers/staff.

Engages with regulators/policymakers as one of the national FI stakeholders.

Keen to leverage postal presence, reduce transaction costs and improve revenues.

Interest in increasing postal competitiveness to retain and serve existing and new customers.

Many post offices, particularly in emerging markets, are presented with harsh challenges and huge economic pressure owing to the reduction in their traditional mail service volumes and revenues. They also face increased competition from traditional and non-traditional financial service providers targeting one of the Post's key assets, namely its long-lasting trusting customer base. In addition, there is increased pressure on the postal network to deliver on customer needs and expectations by offering competitive and comparable postal DFS. **The UPU recognizes the extent of those challenges and is delivering supporting initiatives to expand postal DFS services and programmes such as the FITAF programme.** The postal network can represent a lifeline for many underserved customers and needs to remain relevant and resilient in the face of evolving customer needs and changing market dynamics. According to UPU global postal data, 91% of Posts globally provide a level of financial services and G2P payments. Globally, there are 2.3 billion postal accounts and the Post provides 1.8 billion customers with domestic remittance services. The role of the post office in the financial services ecosystem is becoming increasingly recognized with the proliferation of various types of digital payment solutions. A recent McKinsey study points out that some postal companies offer customers a bevy of financial services via omni-channel delivery by taking advantage of their vast branch networks, high foot traffic, and close relationships with communities.⁴

EMERGING DFS TRENDS WITHIN THE POSTAL NETWORK

Customer demand and interest in DFS capabilities and solution options has increased exponentially over the last few years. **The proliferation of DFS capabilities globally has provided faster and more straightforward and relevant customer access choices, and solved numerous DFS challenges, especially during the COVID-19 pandemic, engaging the postal network in the DFS solutions delivered to customers.** The role of DFS in advancing FI has become transformational, but much more needs to be done to financially include underserved low-income customers.

A 2020 study by the Asian Development Bank Institute showed that DFS have drastically transformed the FI landscape in recent years by achieving what traditional banking systems and microfinance have failed to achieve. Traditional banks cannot adequately serve lower income individuals owing to constraints such as minimum transactions, one-size-fits-all risk management tools and documentation requirements. While the microfinance model has expanded financial services among the poor and marginalized populations in many developing countries, it is also very labour-intensive and often not profitable.⁵

This role of postal networks as community enablers has become more vital and economically viable in the quest for advancing digital and financial inclusion for underserved postal customers. Many post offices in emerging markets have taken concrete steps to deploy DFS-based products and solutions in response to customer needs by creating new DFS capabilities and diversifying their products and solutions. This strategic DFS approach has assisted postal networks in reducing cash-based transactions, creating new revenue streams and improving their unit costs and competitiveness, and has also advanced their contribution to national FI.

Successful postal networks that have invested in innovative DFS capabilities have focused on DFS knowledge transfer in line with regulators on postal DFS requirements, and have built DFS collaborative partnerships with governments, financial institutions and the wider private sector, thereby managing to proactively enhance their financial situation and to serve and retain their customers. **However, an important segment of the global postal network continues to lag behind in DFS enablement in that inclusive DFS 360-degree strategies and deployment plans that are not exclusively revenue driven but combine revenues with social, sustainability and FI impacts concurrently.**

The UPU recognizes that opportunities exist to support a wide segment of postal network communities, especially in emerging markets, to shape and advance their DFS go-to-market strategies and capabilities. **A number of important support factors are required that can greatly assist the postal networks in emerging markets to shape and advance their DFS readiness levels, plans and strategies.** One critical support factor is access to unbiased DFS advisory support to assist postal networks in emerging markets in formulating the relevant DFS strategies that best fit their reach, and community customer knowledge to create new DFS solutions or diversify their existing DFS offerings. The ultimate goal of such advisory services is to support the postal networks to better meet underserved customer needs.

The UPU believes that the public-private partnership collaboration and associated DFS advisory support, when adequately leveraged and channelled, becomes one of the most important links in the chain to accelerate DFS adoption of postal networks in emerging markets. **The following is a summary of the important support factors that can greatly assist postal networks in emerging markets to shape and advance their DFS readiness levels, plans and strategies.**

5 Beck, T. (2020). Fintech and Financial Inclusion: Opportunities and Pitfalls. Asian Development Bank Institute. Retrieved 20 October 2022

What are the support factors to enable postal networks to advance their DFS plans?

The enabling support factors that can assist postal networks in emerging markets to advance their DFS plans and strategies are as follows:

Receive DFS advisory on market strategy, operating models, and go-to-market plans;

Facilitate DFS knowledge transfer;

Conduct in-depth assessments on underserved customers DFS needs;

Enable better alignment with regulators on the role of the Post in the financial ecosystem;

Facilitate access to the latest technical DFS innovations, platforms and cost-effective connectivity;

Source, secure and deliver the important DFS funding and impact investments;

Adopt best-in-class successful modules for financial education and capacity building;

Build government partnerships and private sector DFS strategic alliances;

Reduce operating costs and deploy customer DFS process improvements measures; and

Generate new DFS revenue streams.

The postal networks can accomplish the support factors through proactive collaboration and engagement with wider DFS domestic and international stakeholders. The UPU has also collaborated with the private sector and created the FITAF programme to address the existing postal DFS gaps and to provide the required support and assistance to the UPU postal network globally to enable it to successfully provide inclusive DFS products and solutions that meet customer needs.

POSTAL NETWORKS: A CATALYST FOR ENABLING PUBLIC- PRIVATE PARTNERSHIPS TO ADVANCE INCLUSIVE GROWTH

Successful FI is the outcome of effective collaboration between all key stakeholders and no single entity can succeed in achieving national FI alone. The alignment and collaboration of the entire ecosystem with traditional and non-traditional actors in delivering on specific and common national FI goals and priorities is the most effective way of advancing national FI. **One of the biggest challenges and hurdles facing FI actors at large is the dependency on, and heavy utilization of, cash by underserved low-income citizens** concentrated in remote rural communities where postal networks exist.

Around 620 million adults with an account pay their utility bills in cash. Promoting digital payments could expand the use of financial services among adults who already have an account and increase investment in pay-as-you-go sustainable electrification. Digitalizing merchant payments could also help expand the use of accounts among adults who already have an account and help business owners build alternative credit information histories and promote formalization. **In developing economies, 1.6 billion adults with an account made merchant payments in cash only.**⁶

The collaboration amongst all FI stakeholders is country-specific to attempt to create the right enabling DFS environment, which the World Bank Findex refers to as safe and affordable, and includes convenient DFS products and functionality. It is what makes the DFS solutions appealing and what will potentially deter underserved community customers from their dependency on cash.⁷ **The postal network continues to be one of the key global platforms that are present community wide, and is frequently visited by low income underserved community citizens in great need of the DFS services that can be best delivered by community postal networks.**

Enhancing the DFS capabilities and effectiveness of the postal networks in emerging markets is greatly influenced by collaboration with the private sector. **The private-public partnership is considered a postal strategic approach to advancing postal DFS provision.** Partnerships with the private sector can enable inclusive postal DFS provision and can heavily contribute to deploying the necessary DFS tools, DFS innovations, digital insights/best practices and the most cost effective innovative DFS operating models for postal networks at the national level.

6 The World Bank 2021 Findex

7 The World Bank 2021 Findex

Globally, around 85 million unbanked adults receive government payments in cash

Adults without an account receiving government payments in 2021



Source: <https://www.worldbank.org/en/publication/globalindex/brief/the-global-index-database-2021-chapter-2-use-of-accounts>

Why is the private sector important to advancing postal DFS programmes?

The private sector is a key contributor to advancing DFS provision via the postal network. It contributes by:

- Participating in DFS-enabling dialogues with regulators and policymakers to share innovation with a view to advancing inclusive postal DFS provision;
- Providing insights for postal operators on various postal DFS partnership models;
- Supporting postal networks in offering DFS products and solutions at competitive prices;
- Collaborating with the Post to better leverage rural and community postal reach;
- Supporting the Post to expand customer DFS access through cross-selling programmes;
- Providing advisory support on product activation and servicing to generate revenues; and
- Creating new DFS communities and expanding presence to increase DFS coverage.
- Providing insights from comparative inclusive DFS deployed models globally;
- Providing insights on approaches to enabling/enhancing financial literacy and education;
- Proactively engaging to diversify/enhance existing products and solutions and the effectiveness thereof;
- Delivering DFS products/solutions to meet constantly changing customer needs;
- Delivering DFS innovations and advisory services on the latest technical platform capabilities;

The private sector's collaboration and partnership with the Post needs to be encouraged, solicited and proactively promoted with the goals of advancing DFS access to support national FI priorities and delivering inclusive digital equity for underserved customers to increase their access choices to digital payments, savings, insurance and microfinance. Unfortunately, **in a number of emerging markets, this important dialogue between regulators, the postal network, the private sector and ecosystem actors is not as effective as it should be** and is a missed opportunity in the need to link stakeholder collaboration with the Post to national FI goals.

The important **dialogue to create enabling partnerships with the private sector on a local, regional and global basis continues to be critically required to promote DFS provision** and advance FI. In this context and in response to this important opportunity, the UPU initiated the dialogue with VISA and the Bill & Melinda Gates Foundation, which led to the creation of the FITAF programme partnership. **The FITAF programme was created to advance the DFS capabilities of the UPU postal network and to enable them to better contribute to national FI priorities and goals.**



**THE FITAF
PROGRAMME
RATIONALE**

UPU COLLABORATION WITH THE PRIVATE SECTOR AND CREATION OF THE FITAF PROGRAMME

The UPU collaboration with Visa and the Bill & Melinda Gates Foundation resulted in the creation of the FITAF programme that promoted private-public partnerships to advance FI through DFS common goals. The collaboration mainly focused on advancing FI through enabling inclusive digital, social and sustainable development in support of the United Nations SDGs.

The FITAF programme aimed to support the most financially excluded, low income groups and the poor to access the formal financial system, as well as national socio-economic development efforts. The DOs of Union member countries are well connected and serve those important population segments in urban and remote, hard-to-reach locations across the globe.

The collaboration extended the focus on **advancing digital access for postal communities** and particularly for women, MSMEs, youth, farmers and other postal underserved customers, and **aspired** to improve digital equity and **enhance the economic prosperity of women.** Digitizing DFS access and government postal disbursements, leveraging DFS innovation, supporting postal DFS regulatory provisions and focusing on scalable ecosystem DFS partnerships were all key components of the FITAF partnership to advance postal DFS expansion and national FI impacts.

The FITAF programme was composed of **four key areas of focus** that strived to maximize its benefits and impacts. Those key areas were driven through i) conducting pertinent needs **research initiatives and analysis** on defining the digital needs of the underserved customer groups in focus; and ii) designing and deploying domestic postal-driven **DFS technical assistance projects** to strengthen the depth and breadth of DFS engagements to solve critical DFS gaps.

The next important focus areas were iii) to disseminate and share the learnings from the research conducted and the insights from the DFS models deployed, as well as input on the programme's challenges and opportunities and the **key lessons learned** with UPU postal members, governments, regulators/policymakers, and private sector and wider ecosystem actors; and finally, iv) to make available to the FITAF programme participants the necessary and pertinent **seed funding** to kick start the DFS projects and initiatives at the FITAF-participating postal network level.

The use of seed funding was directed to guide and formulate digital needs analysis and research, strategy planning, digital products/solutions, technical capability enablement, financial education, usage activation and marketing programmes. The FITAF seed funding was not used to support or subsidize the hardware investments required.

Engaging the four specific FITAF programme pillars in concurrence and effectively was an important goal to achieve measurable success and effective delivery of the programme.

The four main pillars of the FITAF programme can be summarized as follows:

Conduct research on postal FI priorities and impacts;

Create and deploy technical assistance projects for member country Posts;

Launch advocacy activities to share best practices locally and internationally; and

Allocate programme and project seed funding for FITAF-participating member countries.

The FITAF programme common goals and aspirations to advance FI efforts worldwide through the UPU's global postal network reach were aligned among the three founding partners, namely the UPU, Visa and the Bill & Melinda Gates Foundation. The FITAF programme aspirations were projected to enable relevant DFS impacts across the participating UPU member countries.

The key collaboration impacts sought were as follows:

Create domestic actionable/measurable customer impact programmes;

Leverage the Post's community reach as a platform;

Advance community financial education programmes;

Promote digital financial equity and inclusion-based programmes;

Support postal environmental sustainability programmes;

Create a partnership framework that enables access, literacy and equity.

FITAF PROGRAMME GOALS AND OBJECTIVES

The goals of the FITAF programme aimed to leverage the unique and extensive reach of the postal networks in underserved urban and rural communities to promote DFS provision that advances FI and mitigates risks arising from various financial shocks amongst the underserved populations. The FITAF programme and its associated projects and initiatives strived to create a postal-centric domestic engagement approach with key financial sector actors to support the digital needs and aspirations of the participating UPU member countries, to enhance their visibility and role in advancing their national FI goals.

The FITAF technical assistance projects focused in particular on enhancing postal digital financial capabilities within the framework of digital strategy roadmaps enabling the required digital products for underserved customers and supporting digital platform deployments. It also promoted government partnerships with Posts, and enabled the most relevant financial education and capacity-building initiatives. The FITAF programme also supported the postal network's national role and visibility with regulators and policymakers as national DFS actors, and in sharing FITAF DFS experiences to leverage learnings and knowledge.

What were the goals and objectives of the UPU FITAF programme?

The FITAF postal network goals could be summarized in the following priority areas:

Design, develop and deploy 20 individual FITAF strategy and research projects for use and engagement by the UPU member countries;

Advance FI through the development of inclusive DFS products and services provided by the postal network that best respond to the needs of unbanked and vulnerable populations;

Diversify the postal DFS products and solutions offered to deliver relevant quality and sustainable DFS solutions in line with the needs of the intended customer segments;

Offer training programmes, knowledge transfer, financial literacy and capacity-building initiatives to advance digital financial education for postal staff and postal customers;

Facilitate partnerships between various stakeholders to include the postal network, the private sector, governments and other financial/technical ecosystem actors to enable inclusive DFS development frameworks;

Provide digital choices for the underserved population to access payments, savings, microfinance and insurance products and solutions;

Implement initiatives to activate postal DFS product and solution value propositions and to ensure take-up and usage by underserved populations;

Examine and support the enablement of existing, and the expansion of new, postal DFS regulatory provisions that best serve the needs of underserved customers;

Leverage the postal network's reach and its remote rural infrastructure and presence to create DFS commercial alliances and DFS partnerships that reduce operating costs and create new revenues for the Post and its partners;

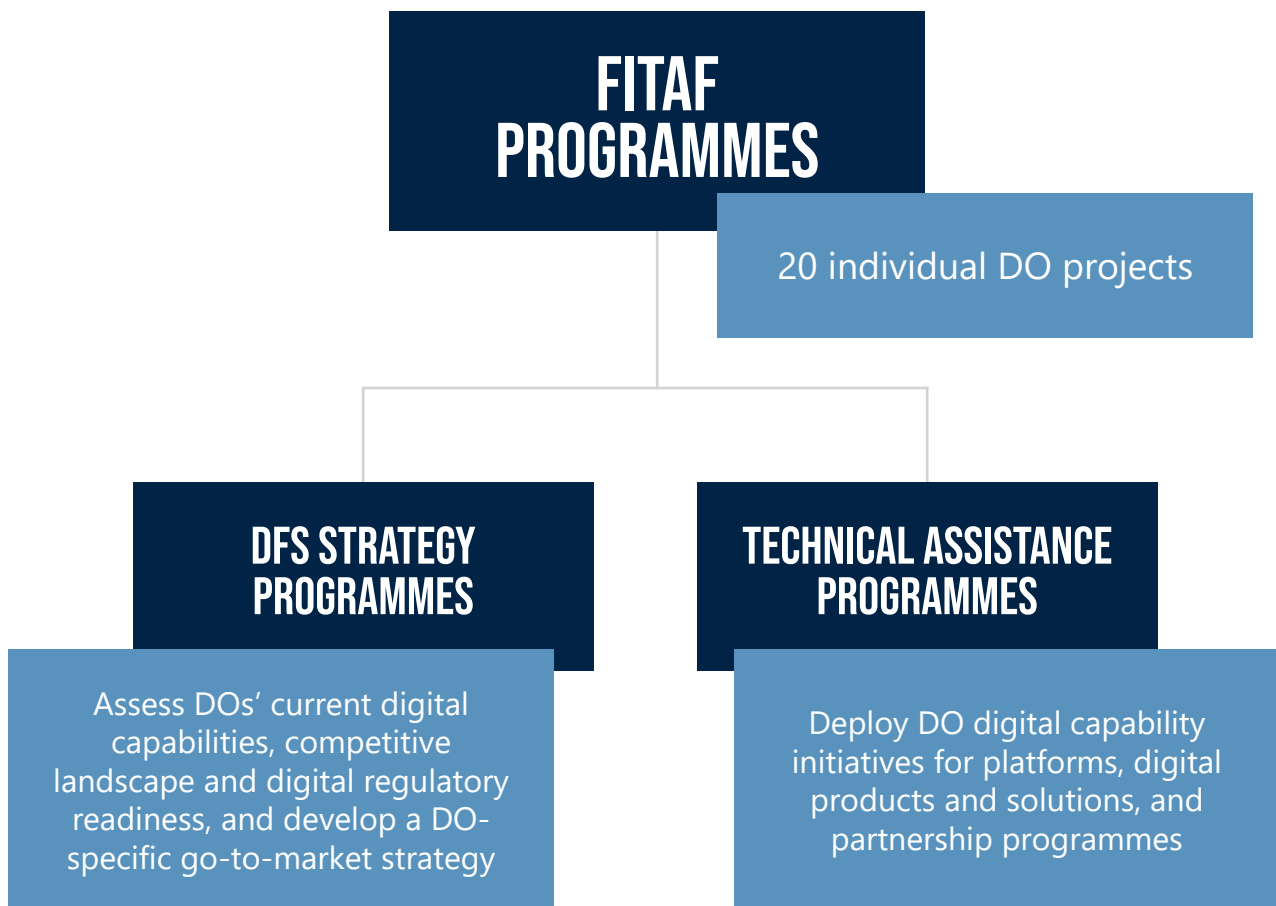
Capture insights and lessons learned and share best practices for deployment within the UPU network, national ecosystem or with international FI actors.

Incorporate in participating countries' individual FITAF project plans relevant priorities and elements that directly support the national FI goals; and

Provide the necessary FITAF seed funding to kick start the postal DFS journey initiation or the diversification of postal DFS products and solutions to better serve underserved populations.



SELECTED UPU MEMBER COUNTRY FITAF PROJECTS



Through the span of the FITAF programme, its technical assistance and strategy projects engaged more than 20 individual postal networks on their corresponding DFS projects. The projects focused on collaborative efforts to advance DFS offerings, underserved customer digital empowerments and inclusion, digital equity and resilience in support of national FI goals and priorities.

SELECTED FITAF PROGRAMME TECHNICAL ASSISTANCE AND DFS STRATEGY PROJECTS

FITAF technical assistance-based projects

FITAF participating Posts	Project definition
Vietnam Post (VNPost)	Government social services mobile registrations
Poste Maroc	Mobile payment platform/national enablement
Open Joint Stock Company "Kyrgyz Post"	Platform deployment to integrate FI/act as agent
Grenada Postal Corporation	Counter automation platform deployment
Office National des Postes "La Poste Tunisienne"	Mobile banking application deployment
Jordan Post Company	Digital aid distribution for the unbanked
La Poste du Bénin S.A.	Mobile banking application debit/prepaid -GIM UEMOA
La Poste Burkina Faso (La Poste BF)	Debit card solution via GIM UEMOA ATM/SVGS
Tanzania Posts Corporation	Mobile payment solution deployment
Grupo Empresarial Correos de Cuba	Market DD and digital pension payments
Vietnam Post (VNPost)	Mobile super app to support DFS provision
Botswana Post	Enabling digital postal banking capabilities and services

FITAF DFS strategy-based projects

FITAF participating Posts	DFS project definition
Correo Oficial de la República Argentina S.A.	Diversification of DFS assessment and strategy
Cambodia Post	Assessment and strategy of DFS deployment
Société des postes du Togo (La Poste)	Expansion and diversification of DFS and DFS strategy
Mongol Post JSC (Joint Stock Company)	Assessment and deployment of DFS solutions and strategy
La Poste de Côte d'Ivoire	Expansion and diversification of DFS solutions and strategy
Pakistan Post	Enabling DFS solutions and strategy
Office national des postes	Expanding DFS and customer engagement strategy
Pacific Islands Postal division – Kiribati Nauru Post Tonga Post Limited	Assessment of the digital needs of island customers and of the infrastructure capabilities for the deployment of DFS solutions and strategies

A number of additional UPU member countries were interested in the FITAF programme, presented strong FITAF project concepts, and were considered as part of the FITAF programme based on their initial successful project submissions. However, for various reasons, their full participation was not possible either following a change in the scope of their original projects as a result of COVID-19 limitations and challenges, or owing to domestic priorities shifting, as well as logistics and other resource allocation aspects. The UPU FITAF team has been appreciative of the contributions to the collaboration with those member countries and fully recognizes the circumstances that led to a change in their participation in the FITAF programme. The FITAF programme recognizes the following additional member countries for their participation and FITAF project submissions: Nigeria, Egypt, Albania, Ghana and Moldova.

FITAF PROGRAMME IMPACT ASSESSMENTS

The FITAF programme impact assessments were measured against five key tracked core dimensions. The collective projects focused on the same core dimensions, enabling regular dialogue with the postal networks on the challenges and opportunities associated with the key DFS-enabling parameters. This also enabled learnings to be captured for sharing with other FITAF project members or with the wider postal network and stakeholders.

FITAF programme impact vis-à-vis five key dimensions

FITAF Programme Enabling Postal Digital Development and Acceleration

1

THE CUSTOMER SEGMENTS IN FOCUS

60%

Focus on Women

Rural	Women
MSMEs	Underserved Unbanked

Affinity to the Post

5.3M

Total Customer Projected/Reached

3.1M WOMEN

POST DEPLOYMENTS ESTIMATED CUSTOMERS POTENTIAL 15M

2

ENABLING DIGITAL CAPABILITIES

DIGITAL PLATFORMS

Mobile Banking
Enabling payments and Savings

Interoperability
Integration with UEMOA

Digital Payments
Online, Prepaid/Debit, eGov

Counter Automation
Digital payments, money send, digital access

DIGITAL PRODUCTS & SOLUTIONS

Mobile Wallets
Apps, Payment, Registering

Digital Payments
Debit, Prepaid, GHPost, Online

ALL 12 TA PROGRAMS DELIVERING DIGITAL PLATFORMS & PRODUCTS

3 ENGAGEMENTS WITH POLICY MAKERS

BETTER VISIBILITY WITH REGULATORS ON

New Digital Capabilities

Enhanced digital infrastructures

Role in Digital Ecosystem

Post projects for the underserved

Capacity to Deliver

Digital products & solutions

Post-Arm of Government

Digital payments, money send, digital access

BETTER/ENHANCED POSTAL REGULATIONS

Enabling Regulations

Dialogue on postal regulations

Enhanced Regulations

Expanded policy for Postal DFS

12 TA BETTER REGULATOR'S VISIBILITY ON POSTAL NEEDS

4 PROMOTING DIGITISATION OF PAYMENTS

GOVERNMENT PARTNERSHIPS

New Engagements

Actively pursue new contracts

Expanded Partnerships

Additional expanded contracts

Registration Services

Registering citizens health/insur

Government Payments

eGov, Bill, Tax, services & other payments

TRANSFORMATIONAL DIGITAL PAYMENTS

Existing customers

Mobile Apps, digital Payment

New Customers

Digital payments access, online

ALL 12 TA PROGRAMS ASPIRE FOR GOVERNMENT ENGAGEMENTS

5 ENABLING DIGITAL EDUCATION

FINANCIAL LITERACY

Products & Solutions

Collaterals & promotional

Relevant channels

Posters, Roadshows, leaflets

Postal Office Centric

Customer engagements, advice

Media/Marketing

Leverage Postal Access to state media channels

CAPACITY BUILDING

Formal Training

Digital Platforms/ products

Knowledge Sharing

Benefits of digital solutions

12 TA PROGRAMS INCLUDED FL & CAPACITY BUILDING ELEMENTS

Examples of the FITAF projects supporting postal DFS development

Below are examples of how the FITAF projects supported the DFS requirements of the participating FITAF postal networks in planning, enhancing and delivering DFS provision to advance DFS capabilities to serve underserved postal customers.

The Correo Oficial de la República Argentina FITAF project enabled postal, customer, regulatory and ecosystem DFS research to be conducted to define a clear DFS strategy roadmap on the most relevant digital products and solution options, with a focus on four specific DFS solutions. It also informed on the associated DFS deployment action plans required after evaluating prospective digital financial access and partnership options and alternatives, with a focus oriented towards achieving greater inclusion for underserved customers.

In Morocco, the FITAF project enabled the Barid Cash postal payment solution to expand its development and the expansion of customer-inclusive mobile platform capabilities and usage across Morocco, particularly in low income and rural areas. The mobile solution developments focused on serving the daily needs of community customers, ranging from payments, transfers and savings to bill payments and targeting delivering on government services. All of these mobile solutions were conducted via the one-stop-shop mobile app and connected platforms. In addition, the FITAF project supported the Barid Cash goal of expanding the postal network of retail agents deeper into rural and remote communities, together with delivering the associated training of agents on the electronic and mobile payment solutions to better serve underserved community customers.

In Viet Nam, the FITAF project enabled the deployment of a new mobile-based government app solution that extended the coverage of the government's national social and health insurance scheme to customers in rural and remote provinces. This initiative greatly promoted mobile customer digital inclusion by allowing government services to be accessed away from inefficient paper-based enrolments and delivering simple, effective and cost-efficient interactions with rural customers. The new VNPost social security mobile app solution enhanced the visibility of the Post as a prominent national DFS provider with citizens nationwide, especially in rural areas, allowing customers to access public services easily through their mobile handsets. It also supported the Post to access a prospective massive customer base in rural and remote areas, generating new revenue streams as a result.

In Tunisia, the FITAF project delivered online and mobile-based digital banking and financial service capabilities, creating new customer experiences and functionalities able to compete with the local DFS options offered and highly relevant for underserved customers. It extended the mobile-based financial services digital solution options to all the Post's customers, with a focus on remote rural areas. The new DFS capabilities enhanced the onboarding of new customers by using new digital channels that delivered mobile payments, transfers, savings and bill payment functionalities to meet daily customer needs. The FITAF project also supported national efforts to reduce the use of cash by adopting DFS, and to increase the digital inclusion of national customers by offering easy access to postal DFS.

In Mongolia, the FITAF project supported the Post in the delivery of its DFS strategy to digitize its financial service structures and diversify its DFS offerings to deliver better digital customer choices, enhance postal productivity, and create new revenues. The project enabled the Post to define prospective collaboration with DFS stakeholders with a view to expanding the postal DFS proposition and reaching into rural areas. The FITAF project also delivered insights on the required focus for deploying DFS capacity building among the Post's staff.

In Rwanda, the FITAF project strategy provided insights on options for scaling the existing digital offering as an intermediary service provider and agent of other institutions, and for building on the Post's experience in offering digital services on behalf of other institutions such as banks and insurance companies. The FITAF project supported the Post in enhancing its digital payment platform capabilities to enable more control over its payment business, expand its geographic coverage, and increase the range of services offered with the goal of serving a larger customer base. The project also provided insights on the roadmap for the Post's aspired transformation into a regulated postal financial institution and the associated regulatory, compliance and investment requirements.

In Kyrgyzstan, the FITAF project supported the deployment and enablement of the new centralized automated information system (CAIS) and the incorporation into CAIS of more than 20 types of customer payments. The CAIS digital platform integrations enabled the Post's customers to access cashless payments through the website and the nine customer public service centres created. It also facilitated the payment of salaries to civil servants in rural areas, as well as pensions and benefits using point of sales (POS) systems and payment cards. The project also enabled access to non-cash payments through the postal website for all residents of the country and labour migrants. It also delivered centralized operations and real-time financial control over financial service solutions provided by the Post, specifically for the payment of salaries and pensions, replacing paper reporting from district branches and enabling faster, efficient pertinent financial reporting to partner organizations on pension and social funds, state agencies and other reporting to the national bank.

In Jordan, the FITAF project supported the Post in creating a new electronic platform to transform its payment disbursement processes for customers within the framework of the government's National Aid Fund (NAF), which are mainly refugee customers, allowing them to receive their regular NAF payment proceeds in a new electronic card-based payment format disbursed on individually issued Jordan Post Company prepaid cards (rather than in cash over the counter at post offices). NAF customers could use their new cards at ATMs and at merchants POS through a specially created Jordan Post card acceptance merchant discount programme at supermarkets and everyday spend locations offering instant discounts to NAF customers using the Jordan Post cards. Jordan Post customized and localized the financial literacy, capacity building and financial education campaigns for NAF customers and predominantly women, who represented 80% of the NAF customer base. This initiative enabled the Post to support national FI initiatives to move customer transactions from ATM cash withdrawals to merchant POS electronic payments and usage. The new platform is targeted by Jordan Post to deploy other digitally excluded customer segments, such as factory workers, for electronic disbursement of their salaries on its prepaid cards.

In Grenada, the FITAF project supported the deployment and enablement of the digital automation processes that allowed the Post to transform its existing manually-based customer service offering to a digital offering. It also supported the Post in planning for new types of DFS services and expanding its existing offerings to enhance customer digital options to increase revenues. It also enabled real-time access to financial and operational data for better efficiencies, compliance, process control and insights on customer usage types.

The FITAF projects of all types and categories are critical to advancing DFS. Enabling and delivering the most basic levels of digital access to financial products and solutions can be transformative to the livelihoods of marginalized underserved customers. DFS access for the underserved creates important digital opportunities for achieving improved quality of life standards, economic empowerment and resilience. However, the right enabling environment must exist or must be created to continue to progress and advance FI.

FITAF PROGRAMME

LESSONS LEARNED

FITAF PROGRAMME INSIGHTS ON FOUR POSTAL DFS ENGAGEMENT MODELS

The FITAF projects provided insights on four key postal DFS engagement models, through which the postal network can become an effective and active participant in the DFS ecosystem and deliver DFS solutions to underserved customers. The four engagement models are not all dependent on the postal network holding a DFS licence, but are dependent on its DFS readiness levels, the regulator's projected role of the postal network in the ecosystem, and the right enabling environment for promoting DFS collaboration among ecosystem actors and including the role of the postal network.

What are the four postal DFS engagement models and how do they benefit postal DFS?

The four DFS postal engagement models are as follows:

Postal intermediary service provider – no postal DFS licence;

Postal co-branded partner service provider – to access partner's DFS licence;

Postal licensed provider – DFS licence; and

Postal digital neo-banking digital service provider - neo-banking licence.

Model 1: Postal intermediary service provider (no postal DFS licence)

In alignment with regulators and in compliance with local regulatory provisions, this postal operating model provides the domestic postal network with the possibility of leveraging the use of its platform and capitalizing on prospective gains from its access to postal customers, existing postal resources, local customer knowledge, postal branch networks and extensive presence in communities, towns and cities, provinces and remote hard-to-reach locations.

The main principles of this operating model are for the Post to enter into a service agreement with an existing domestic service provider to offer specific products, solutions and services to postal or local customers on behalf of the service provider in return for a transaction fee. The role of the Post is not to become the owner of the customer accounts, but to act as the front-end service partner for service delivery on pre-defined service tasks in accordance with a service-level agreement. Examples of such service delivery tasks include distributing product and servicing information/collaterals, collecting DFS payments, performing initial scripted "know your customer" (KYC) validations, registering customers, gathering information, receiving customer complaints for transmission to the service provider, and participating in campaigns for the acquisition of new customers on behalf of the service provider.

Posts in this model manage the service delivery proposition, but the solution service provider owns and manages all the related financial risks and revenues that may be generated from the DFS solution rollout, except for the postal handling costs on capacity-building costs related to product servicing provisions and transaction processing fees. Intermediary postal service solutions may apply to government disbursements, bill payments, insurance services, microfinance solutions, government citizen servicing, and digital and registration services on behalf of service providers.

The benefits for the Post of the DFS intermediary engagement model can be summarized as follows:

Generation of new non-traditional revenue streams for the Post when entering into multiple intermediary service agreements simultaneously, in line with the Post's resources and capacity;

Delivery of DFS learnings and insights for the Post on DFS product and solution launches and product management experiences, without needing to invest in associated DFS hardware, products and solutions or owning the financial risk;

Enhancement and upgrading of postal digital and technical platform capabilities that could be funded by the service provider, to enable product service delivery by the Post;

Enhancement of postal staff capacity-building measures through receipt of the corresponding digital product knowledge and training modules from the service provider to be able, in turn, to educate customers on the use of solutions as part of the postal network service delivery fulfilment role on behalf of the service provider;

Building and gathering of a stronger understanding and knowledge of customer preferences, requirements and needs on DFS solutions for future opportunities to deliver the Post's own DFS products and solutions;

Performing an important role in the DFS ecosystem to support the roll-out of DFS choices and capabilities to wider underserved customers in support of national FI goals, while providing substantial cost savings for the service provider on the need for it to invest in remote servicing structures;

Deepening of existing postal customer relations by offering new DFS solutions accessible through the community Post as the customer's preferred and trusted access and product education point;

Creating good visibility for the Post with customers, regulators, government entities and the ecosystem on being domestically relevant to support DFS and FI.

Model 2: Postal co-branded partner service provider (postal network access to partner's DFS licence)

In alignment with regulators and in compliance with local regulatory provisions, this postal operating model enables the Post to enter into agreements with DFS product and solution providers to offer co-branded DFS solutions leveraging the co-branded partner's DFS licence. This enables the postal network to deliver new DFS and product capabilities, while utilizing its unique access to postal customers, existing postal resources, local customer knowledge, postal branch networks and extensive presence in communities, towns and cities, provinces and remote hard-to-reach locations.

The main principles of this operating model are for the postal network to enter into a possible revenue share co-branded partnership agreement with an existing domestic licensed service provider to offer co-branded products and solutions to the postal or local customers. The role of the Post is to co-own the customer accounts with the co-brand partner, while managing the front-end acquisition and service delivery for the co-branded solutions offered. This may entail co-owning the financial risks associated with the co-branded accounts issued. However, this may greatly vary and is dependent on the co-branded agreement reached in terms of revenue and risk management and other product investment provisions as part of the contract negotiations.

This model is effectively providing DFS solutions to postal and wider community customers and manages the service delivery proposition. Co-branded postal service solutions may apply to digital prepaid, debit, virtual, mobile wallet or credit-based accounts to enable digital payment transactions and participation in the wider financial system. Co-branded solutions could also be used to expand financial institution solutions, government disbursements, insurance and microfinance provisions, all in alignment with domestic country regulations in partnership with postal networks.

The benefits for the Post of the DFS co-branded engagement model can be summarized as follows:

Generation of new revenue streams;

Leveraging of the Post's resources and capacity to offer DFS solutions;

Delivery and launch of DFS products and solutions, product management learnings and knowledge transfers;

Enhancement and upgrading of postal digital and technical platform capabilities in line with the co-branding terms and conditions agreed;

Enhancement of postal staff and associated resource capacity-building measures through receipt of the corresponding product knowledge and training modules from the co-brand partner to acquire, educate and service customer needs;

Building and gathering of a stronger understanding and knowledge of customer preferences, requirements and needs in terms of DFS solutions;

Important role in the DFS ecosystem to support the roll-out of DFS choices and capabilities to wider underserved customers in support of national FI goals through the existing postal network;

Deepening of existing postal customer relations by offering DFS solutions and products accessible through the Post, including the associated DFS education;

Creation of good visibility for the Post vis-à-vis customers, regulators, government entities and the ecosystem as an active viable domestic partner to support DFS and FI.

Model 3. Postal licensed provider – postal DFS licence

In alignment with regulators and in compliance with local regulatory provisions, this postal operating model provides the postal network with options for issuing its own DFS solutions and directly acquiring its own customers by leveraging all its capabilities to serve prospective postal and local customers.

The main principles of this operating model are for the Post to manage the end-to-end DFS solution requirements covering, but not limited to, the following key deliverables:

Conduct a customer needs analysis;

Develop the relevant in-demand DFS products and solutions;

Conduct an evaluation of the required innovative technical platforms and options;

Run the required amortizations for operating costs modelling;

Define and secure the required investments and business plans,

Conduct regular alignment with the regulator on the planned solution provisions with anticipated impacts and benefits to postal customers and the wider ecosystem;

Manage requirements as a provider of technical solutions and of their technical design;

Conduct the required technical interface in line with national procurement guidelines;

Develop the required capacity-building initiatives for postal staff;

Develop the required customer product education and financial literacy programmes;

Plan the marketing, activation and usage campaigns to stimulate product awareness, acquisition of knowledge and usage;

Plan the regular communication plans to maintain DFS product relevance with postal customers;

Account for and book revenue and risk projection;

Acquire the required DFS talents, resources and subject-matter experts to manage project deployments.

The Posts in this model are effectively DFS solution providers and are effectively competing with or complementing other DFS financial ecosystem service providers, which requires constant access to the latest technology innovations and insights. DFS solutions are conditional on postal licence provisions and may enable customer access to payments, savings, insurance, microfinance and government solutions through prepaid, mobile, virtual or credit DFS products, all in alignment with domestic country regulations.

The benefits for the Post of the postal licensed operating model can be summarized as follows:

Generation of new revenue streams;

Leveraging of the Post's resources and capacity to offer DFS solutions;

Delivery of DFS products and solutions to underserved customers;

Upgrading of postal digital and technical platform capabilities;

Advancement of postal staff and associated resources in the area of DFS capacity building;

Strengthening of customer relations;

Supporting of the DFS ecosystem to support national priorities;

Delivery on customer needs through postal community-centred servicing;

Creation of strong visibility for the postal network with customers, regulators, government entities and the ecosystem as an active and viable domestic partner to support DFS and national FI.

Model 4. Postal digital neo-banking digital service provider – postal neo-banking licence

In alignment with regulators and in compliance with local regulatory provisions, this postal operating model can provide the Post with the possibility of applying for a neo-banking licence. The main objectives of this model are to create new DFS products and solutions aimed at transforming underserved customers' digital access options and DFS experiences, particularly in remote and rural areas or urban locations where post offices do exist. Examples of such digital postal banking services offered by the Post may include mobile and online banking, person-to-person (P2P) payments, loans, and deposit and insurance solutions accessible through branches and via remote banking facilities.

Neo-banking capabilities can provide the Post with a wider opportunity for DFS customer engagement, loyalty, domestic relevance, and an important upside revenue potential. However, as part of the application process, the postal entity must, inter alia, submit to an extensive regulatory operating model validation process encompassing service delivery standards, compliance, control, risk, capacity, budget, technology platforms, investment, and credit and deposit holding scrutiny provisions. Such processes are conducted under the supervision of the central bank or the respective regulatory body, in compliance with domestic regulations.

The main principles of this operating model are the full management of the postal neo-banking provisions to manage the end-to-end postal banking products, solutions, operations, service delivery, risk and full customer journey and to contribute to advancing digitization and national FI.

The benefits for the Post of this operating model can be summarized as follows:

Delivery of a compelling digital postal banking solution for customer segments in rural and urban settings;

Building of stronger customer loyalty;

Offer of new digital banking product options at the doorstep of community customers, providing important access choices to the financial system tailored for underserved customer needs;

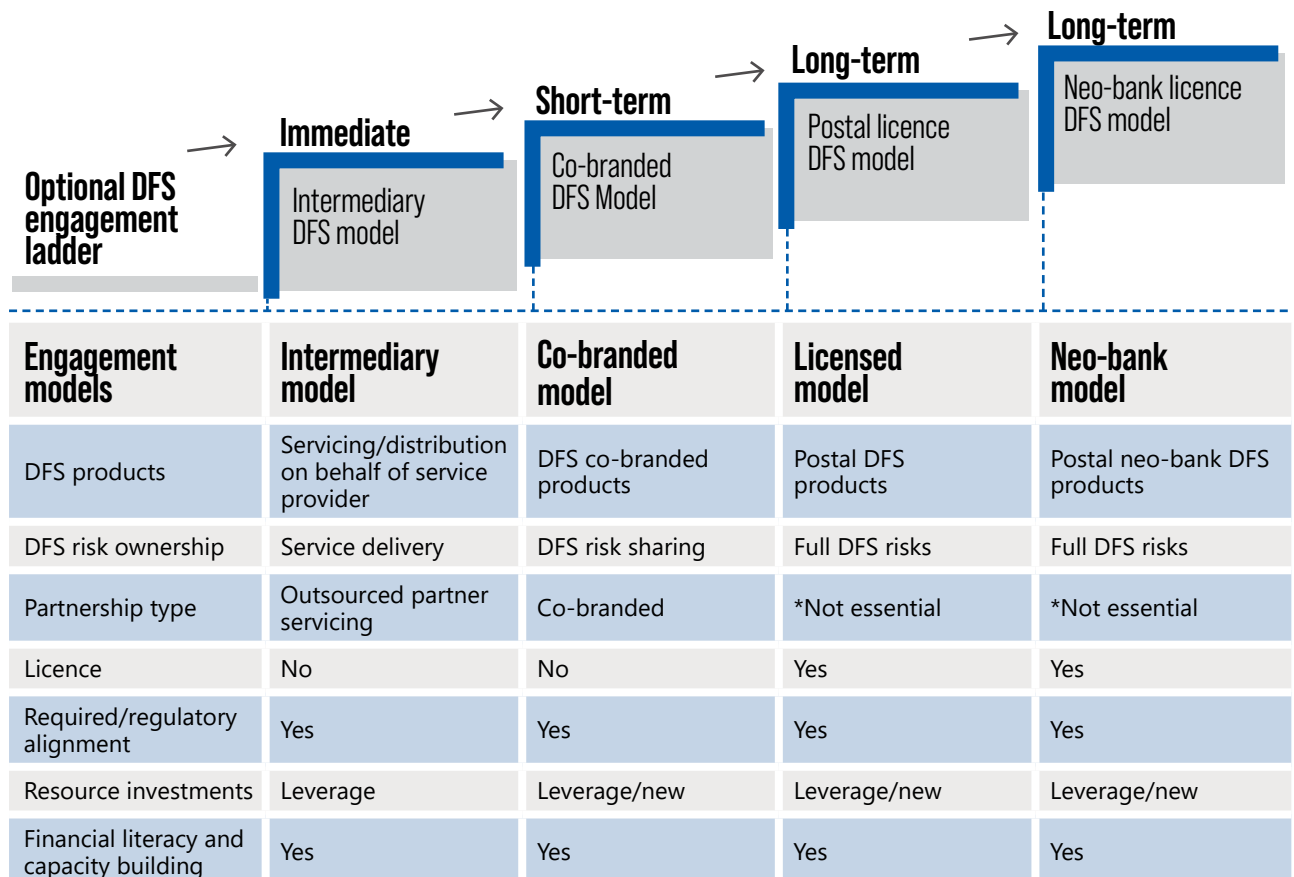
- Contribution to national priorities and digital services provision to include more underserved customers in the financial system;
- Offer of competitive postal banking products and solutions and reduced costs and prices for underserved customers;
- Rapid and local response to underserved customer product needs by facilitating access to credit, payment, insurance and savings services;
- Leveraging of the use of remote postal infrastructure to expand customer acquisitions through mobile banking backed by community presence supporting branches;
- Delivery of transformational digital services and capabilities that support the ecosystem through new partnerships to advance national FI;

- Enhancement of digital platforms, capacity building and customer educational models;
- Creation of strong visibility for the postal network vis-à-vis customers, regulators, government entities and ecosystem stakeholders.

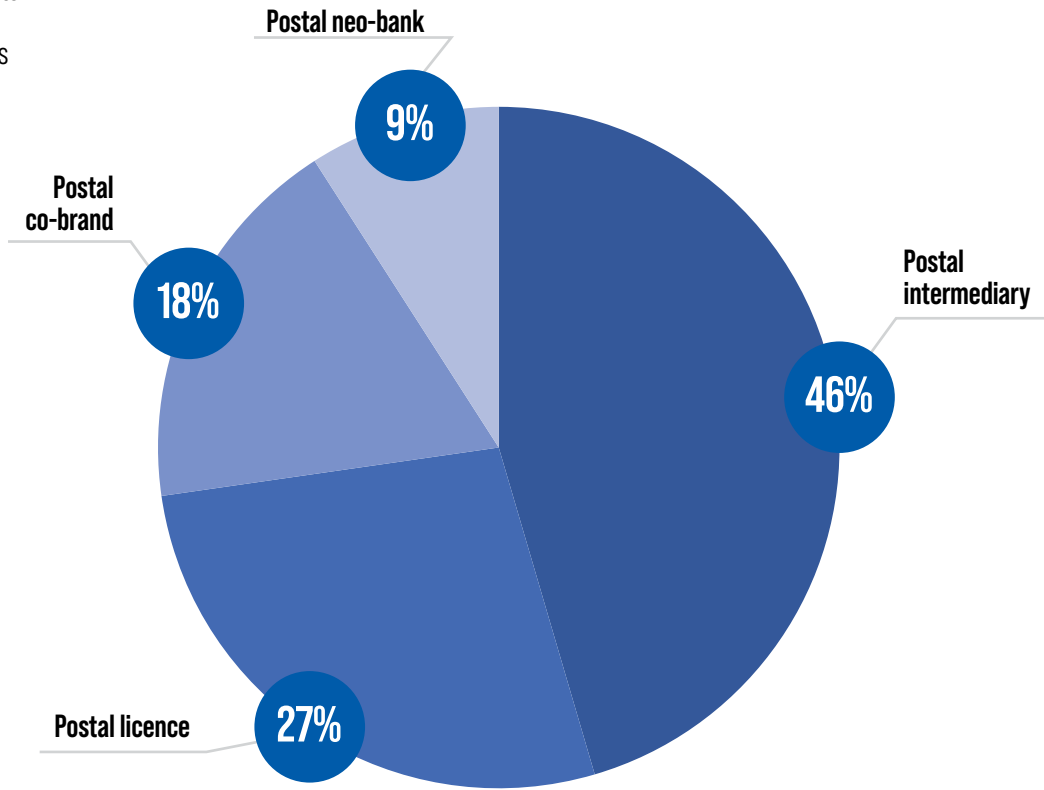
Postal DFS engagement ladder

The adoption of the most appropriate postal DFS engagement model will depend on a number of factors led by the postal network's DFS aspirations regarding its potential expanded role in supporting the DFS ecosystem (vs revenue generation alone), regulations, technical readiness, DFS knowledge and capabilities. **The DFS engagement ladder approach outlined below suggests a possible postal DFS scenario for postal networks to commence their DFS engagement by starting with intermediary services as the first entry point, leading to the prospective provision of postal neo-banking services.** The applicability of this approach will, however, largely depend on the postal network's current DFS readiness levels and DFS motivation.

Ladder depicting the four postal DFS engagement models



FITAF engagement models for technical assistance projects
Utilization of engagement models for the FITAF projects



CHALLENGES AND OPPORTUNITIES ASSOCIATED WITH THE POSTAL DFS ENGAGEMENT MODELS

Key elements supporting the postal DFS engagement models

The journey towards enabling the Post of a particular country to adopt the most effective postal DFS engagement model may be associated with a number of dependencies, challenges and opportunities that require careful assessment and consideration, guided by the important objectives of delivering on customers DFS needs and becoming an actor in the DFS ecosystem to contribute to solving national FI priorities. The table below lists 10 of the potential challenges and 10 of the potential opportunities.

What are the challenges and the solutions associated with the postal DFS models?

Challenges	Opportunities/proposed solutions
Ensuring of alignment between the postal DFS plans and national FI goals.	Align with regulators on postal DFS plans and how best to serve customers and the ecosystem based on postal network reach.
Delivery on underserved postal customer needs with regard to DFS product and solution features that may differ from market DFS standards.	Engage underserved postal customers on their DFS needs to enable DFS solutions that meet community requirements.
Building of postal network DFS resources and expertise to guide DFS deployment.	Align with the ecosystem and regulators on the role of the Post and the need to build DFS expertise and resources to support ecosystem collaboration.
Full assessment of postal network readiness levels to engage in DFS, including regulation, DFS expertise, technical capabilities, network capacity, and required supporting investments.	Conduct full end-to-end assessment on the Post's current capacity to deliver effective DFS engagements and to define and address DFS gaps before entering into DFS engagements.

<p>Selection of the most suitable DFS operating model, in line with postal network aspirations.</p>	<p>Ensure a balanced postal decision to enter into DFS engagements that respond to the role of Post in ecosystems, FI and prospective revenues (not driven by revenue aspirations alone).</p>
<p>Careful consideration of the value of the intermediary DFS engagement model, ensuring that its benefits and strategic values are not understated.</p>	<p>Carefully consider the intermediary DFS model as it may generate significant postal revenue and provide the Post with important DFS customer insights/experiences, DFS knowledge transfer, staff capacity building, customer financial education models, DFS platform enhancements and ecosystem partnerships to support national FI.</p>
<p>Engagement in postal DFS provision with a strategic intent as a future postal enabler and not as an ancillary complementary service.</p>	<p>Deploying postal DFS capabilities as an enabling strategic growth and customer retention pillar requires the unwavering support of senior management, a focused mindset for alignment on how DFS can best deliver on customer needs, acquisition of DFS knowledge, active partnerships, regulatory alignments, capacity building and the creation of new revenue.</p>
<p>Making the right DFS technology and platform investment decisions.</p>	<p>DFS innovations are constantly changing and it is critical to adopt and invest in DFS platforms and technologies that are agile, versatile and future compatible to avoid building costly maintenance legacy systems that may become obsolete over time.</p>
<p>Creation of short- and long-term postal DFS goals with concrete actionable plans, taking necessary actions to make them happen.</p>	<p>Attaching clear, measurable, actionable plans to the short- and long-term postal goals ensures commitment and visibility and supports postal regulatory alignment and prospective partnership leverage to effectively deliver on postal goals.</p>
<p>Creation of the right national visibility on the Post's role in the national ecosystem to deliver on national FI goals.</p>	<p>The Post needs to create visibility of its role in alignment with the regulators and ecosystem to deliver on FI priorities via partnerships and by communicating partnership successes and becoming a national FI round table member.</p>

FITAF INSIGHTS ON THE ROLE OF REGULATIONS IN ENABLING INCLUSIVE POSTAL DFS PROVISION AND GUIDANCE TO ADVANCE NATIONAL FINANCIAL INCLUSION

An important component of the FITAF projects was the assessment of the current postal regulatory framework at a country and a project level. The role of regulators and policymakers in acknowledging and incorporating a defined role for national postal networks in supporting the regulator's vision and aspirations on achieving and advancing national FI priorities is of strategic importance to both the postal network and national FI priorities. **The existing postal regulatory framework in some countries may indicate and reflect the level of engagement of the postal network as a national actor in solving national FI challenges.**

In certain UPU member countries, the regulators and policymakers recognized the important role of the national postal network in supporting the national FI priorities for underserved customers in remote community settings, and proactively issued relevant enabling regulations that were fit for postal DFS purposes. In other markets, regulators and policymakers have intentionally held back on issuing postal regulations, while acknowledging the important role the national postal network can play in supporting national FI priorities, **with the intention**

of encouraging the national Post to support the wider DFS ecosystem through postal intermediary engagement service provisions. Enabling postal intermediary partnerships can effectively close important service delivery gaps for the existing national DFS service providers, especially in reaching underserved customers in remote and hard-to-reach national locations.

Finally, in certain markets, for a number of reasons the regulators have not issued any postal DFS-enabling regulations or a clear definition of the prospective role of the postal network in supporting the regulators to advance FI. One reason in particular could be due to the perception that the postal network may be perceived as not being effectively ready to engage in DFS provision. **While this is a challenge, it should also be an incentive for that particular postal network to take immediate steps to close readiness gaps and illustrate its readiness to support national FI priorities.**

One of the FITAF programme objectives was to generate important dialogue between the postal networks and the regulators and policymakers on the positive impact of enhanced postal DFS regulations on national FI priorities.

The contribution of enhanced enabling regulations empowers the postal network to contribute to the digital inclusion of underserved postal customers and paves the way for the delivery of new and relevant digital products and solutions. Enabling postal regulatory provisions supports the postal network in adopting the most relevant DFS engagement model to meet the needs of the various postal customer segments, namely MSMEs, women, youth, small-holder farmers and other underserved postal customer segments.

Recognizing the role of the postal network in remote rural settings and leveraging the use of postal infrastructure avoids infrastructure ecosystem duplications, advances postal capacity building, leverages customer trust, and supports policy and regulations to promote ecosystem inclusion and collaboration to serve underserved customers.

Today, the digital needs and demands of postal customers have moved beyond international postal money transfers alone towards the imperative need for wider DFS domestic transaction inclusion and enablement. Postal customers require access to DFS products and solutions to initiate bill payments, receive disbursements, conduct government and non-government services, and enable access to microfinance, savings and insurance, all in a variety of digital and mobile-based formats that require postal regulatory guidance and intervention.

The digital needs and realities of new customers, and the fact that the many postal customers are either unbanked or underserved, presents regulators and policymakers with a window of opportunity on how to view the role of national postal entities as key supporters of the country's national digital and financial inclusion provisions and how best to capitalize on national gains from this opportunity.

The national post office presence in remote, hard-to-reach rural locations, where other DFS ecosystem solution providers do not exist, remains a key asset in accelerating FI and the expansion of ecosystem products and solutions to unbanked and underserved customers.

The link between regulations and economic growth is illustrated through favourable digital financial service regulations that enable wider access to the digital financial system through mobilization of the existing and future ecosystem (both traditional and non-traditional players) to collaborate to best serve the digital financial needs of the unbanked and underserved to boost digital and financial inclusion. The role of regulators and policymakers in creating a sustainable collaborative ecosystem environment that supports common goals is critical, as is the important role of policy provisions. Regulatory policy and cooperation are the cornerstone of effectiveness and efficiency.⁸

How can regulators and policymakers facilitate inclusive postal policy provisions?

The important role of postal regulators and policymakers in facilitating inclusive policy provisions involves:

Championing monitoring of the country's latest digital innovations and DFS progress, and encouraging cohesive ecosystem collaboration on pre-defined national FI common goals to include the national Post;

Creating regulatory provisions that drive ecosystem collaboration to support governmental and regulatory plans on digital transformation and FI to include the national Post;

Qualifying and defining the required country DFS provisions to support FI and the Post's role in its fulfilment;

Championing the qualification and definition of the DFS needs of underserved customer segments in the country and the prospective role of the Post in delivering on those needs through postal reach into underserved customers segments;

Championing assessment of the digital readiness levels of the key DFS ecosystem actors, defining gaps and providing guidance on gap closure measures and the role of the Post;

Regularly evaluating and linking DFS gaps for the underserved in remote geographic rural ecosystem coverage and providing guidance on the prospective role of the Post;

Providing regulatory and policy guidance on the optimum shape of the required DFS ecosystem structure and its role in serving the immediate DFS needs of underserved customers and the role of the Post;

Providing regulatory and policy guidance on the required future DFS ecosystem structures and capabilities to cater for future needs and the role of the Post;

Leveraging regulatory and policy provisions to encourage collaboration and partnerships among existing DFS ecosystem actors on infrastructure sharing, DFS knowledge transfer, capacity building and national financial education collaboration to include the Post;

Defining the regulatory and policy provisions and mechanisms that may incentivize the adoption of various DFS operating models in support of partnership collaboration to support underserved customers and advance FI.

Postal financial regulation is a key policy measure and an important tool in providing policy guidance that can effectively shape the future postal DFS provisions.

Postal regulatory policy, when combined with clear expectations and guidance on the role of key ecosystem actors in including the postal network, can be instrumental to expanding digital access.

It can increase the DFS choices available to underserved communities, support Posts in diversifying their offerings based on aligned ecosystem plans, and improve postal economics, and reconfirms the postal network's relevance in supporting national FI priorities.



FITAF PROGRAMME LESSONS LEARNED BY STAKEHOLDERS

The FITAF lessons learned are summarized in 87 recommendations for seven key stakeholders.

They aim to provide insights into how each of these seven stakeholders can apply the recommendations and insights addressed to them in their respective countries alongside other stakeholders in order to achieve the common goal of advancing national FI. The lessons learned and recommendations are interconnected and, as may be reasonably possible, their deployment interdependency is projected to contribute positively to the overall goal of advancing national digital FI in partnership with national postal networks.

FITAF lessons learned by key stakeholders:



What are the key lessons learned from the FITAF programme by the postal networks?

Lessons learned by the postal networks

Seek and incorporate underserved customer needs in postal DFS initiatives

Seeking and incorporating segment-specific customer needs assessments at the inception of DFS projects and initiatives is crucial to ensuring that the sought-after DFS products and solutions are relevant and meet postal customer needs without assumptions linked to market DFS trends. From their inception, the core emphasis of the FITAF technical assistance and strategy projects was on determining and understanding the DFS needs of target customer groups in order to better build the relevant DFS capabilities that serve their needs.

Leverage the Post's remote rural community reach assets adequately

The Post's remote rural community reach is an important value proposition differentiation asset and a key pillar that remains vital in enabling digital financial services for underserved customers in remote and rural settings. The community reach asset is important in overcoming vital last-mile delivery challenges that national FI efforts are trying to solve. Postal networks need to use the asset. Globally, 80% of UPU postal offices are in rural areas.⁹

Customize postal DFS solutions to better meet underserved customer needs

Customers may not explicitly require competitive pressure to replicate DFS products and solutions that financial institutions offer in order to recover revenues quickly and retain customers. The DFS needs of postal customers are community-centred and may therefore not align with the type, structure, accessibility and use of the standard solutions offered in the country to solve community-based access challenges effectively. The VNPost FITAF social security mobile app solution is a unique country DFS capability combining delivery on customers' critical DFS needs, ecosystem/government support and contributing to revenue generation for the Post and cost savings for the government.

Postal networks should not rush DFS technology investments

Postal networks may wish to be selective when designing important DFS technology solutions and making platform-based investments as DFS technology is constantly changing. Owing to fast changing technology, important investments in platforms may become obsolete or turn into costly legacy systems in a few years' time. Partnering with DFS service providers on a shared-cost basis may present better options for the postal network. Also, large DFS investments are not recommended by postal networks at the first postal DFS entry point into DFS and at inceptions of first DFS capabilities. In such situations, it is recommended to consider postal intermediary engagement models partnering with other solution providers. The four FITAF programme DFS engagement models supported rationalizing DFS investments in project deployments.

Align early with regulators on planned postal DFS solutions in line with national FI priorities

Early alignment and engagement with regulators is highly recommended and important to defining the role and long-term plan for the postal network and its potentially required DFS regulations that better enable FI for postal customers. The goal is to enable the most relevant postal DFS regulations that can effectively support national inclusion priorities versus providing postal networks with DFS capabilities for revenue purposes alone. The dialogue and roadmaps are very different. The FITAF project with La Poste du Bénin S.A was driven by close alignment with the Banque Centrale des Etats de l'Afrique de l'Ouest and the Groupement Interbancaire Monétique de l'Union Economique et Monétaire Ouest Africain to agree on the scope, impact and required regional interface deployments and regulatory alignments of La Poste du Bénin's DFS project.

Seek and adopt postal learnings to adopt and deploy mobile-based solutions

Postal networks may wish to leverage comparative postal learnings on the role of mobile-based solutions in establishing how best to meet segment-specific customer needs. According to the World Bank's Global Findex Database 2021, underserved men and women are equally likely to open accounts when they have access to mobile based solutions. This may also be their only digital account and point of access to the financial system.¹⁰ Posts may wish to further promote mobile-based solutions as they are cost-effective, faster to adopt, scalable and critically relevant to the daily lives of underserved customers, thereby delivering better equity returns and retentions. The Tanzania Posts

9 UPU Postal Statistics 2020, UPU survey – global panorama on postal financial inclusion 2021

10 The world Bank Findex report 2021

Corporation FITAF project is seeking to develop and deploy a mobile-based wallet solution to enable the Post to offer and incorporate multiple digital payment services on behalf of multiple service providers through a single mobile wallet. This wallet is intended for rural underserved communities in Tanzania, particularly women and MSMEs.

Postal networks need to build government payment/disbursement partnerships proactively

As national and public sector organizations, Posts stand to benefit the most from building internal strategic government partnerships to support governments in providing payments, disbursements and other public services through postal DFS and mobile based G2C and C2G solutions that engage underserved postal customers. In Morocco, the FITAF project supported Barid Cash in proactively engaging with the government on the digital pension payment disbursement programme and exploring digital support for citizens to access eGov government administrative solutions, such as driving licences, and other government services.

Build DFS talent, resources and expertise to guide the postal DFS journey

Attracting and investing in DFS resources and personnel with key DFS knowledge and skill is set to become an integral and vital part of the postal networks. They will improve DFS dialogues, assessments and interfaces with the DFS national and international ecosystem providers. This will improve support for postal DFS knowledge transfers, as well as sourcing technical capabilities, insourcing best practices and facilitating correct decision-making that is based on postal DFS readiness levels and especially on making DFS plans and investments. Having a postal subject matter expert and point of contact for DFS matters is an important investment for postal DFS success in the long run.

Integrate DFS capacity building in operational goals and do not link them to isolated solution launches only

Approaching capacity building for postal staff as an integral part of the postal evolution into DFS, rather than as a procedure that is only carried out at the inception of a new DFS strategy and/or product launches, enhances postal network effectiveness. Capacity building needs to be a living postal initiative that transforms the capacity of staff, which is one of the main enablers of underserved customer DFS transformations. Staff are also key DFS representatives within the postal network. The FITAF technical assistance projects directed attention in individual projects to meeting DFS capacity building requirements.

Attract sales and commercial talent to promote the postal value proposition externally and build the right DFS partnerships

Postal networks may wish to consider investing in resources with sales and commercial expertise in order to proactively secure new DFS commercial partnerships that leverage and create the highest value and economic returns on postal assets, namely postal reach, community presence, postal resource capabilities, customer base and capacities for launching new solutions. This will require creating a unique postal value proposition and a prospective target list of ecosystem partners that can proactively build and promote the role of Posts in solving national FI challenges.

Integrate customer financial literacy and education programmes in postal network operating goals and plans

Deploying financial education programmes and initiatives for underserved customers should be part of annual postal operating plans to support and promote DFS services and digital access benefits, solutions and products. Postal financial education should also support other non-product related national inclusion messaging initiatives, which result from collaboration between regulators and governments and enhance the education of underserved customers. These initiatives should be implemented across post offices, postal staff, postal communications channels and/or in association with postal DFS products.

Build strong IT functions and IT support capabilities to guide the postal DFS journey effectively

There are great benefits to pre-defining postal IT infrastructure support functions as part of building postal DFS initiatives and solutions that improve postal DFS solution creation, DFS operations, DFS enhancements and maintenance requirements. This capability mitigates possible delays in responding to DFS disruption and DFS programme developments, or delays caused by long tendering processes or costly single external IT interventions. A number of FITAF projects experienced technical deployment delays that were directly attributable to the lack of availability of technical support providers or the time allocated for preparing technical specification briefing documents, and for screening and selecting a suitable technical service partner before commencing the technical implementation briefings and alignments.

Support for postal senior management is vital for postal DFS transformations

The buy in, support and engagement of senior management are key to ensuring the success of the postal DFS strategy, guaranteeing the timely execution of DFS deployment plans and providing visibility within the organization. They are also core components of the postal value proposition.

Postal DFS marketing activation plans ensure usage, scale and revenue

Scale is achieved by focusing on regular, relevant marketing campaigns and plans for DFS products and solutions, and support for the recurring digital transactions that are most relevant to postal customers and that can create revenue and scale. La Poste Tunisienne's FITAF mobile banking service platform, and specifically its user activation programmes, were instrumental to informing customers about benefits and accelerating the onboarding and adoption of a wide range of online, convenient and accessible financial services. La Poste Tunisienne's activation programme successfully transformed the "compte courant postal" (postal giro account) customer base to provide new relevant customer digital experiences.

Postal networks can generate customer DFS demand through relevant DFS products and solutions

Postal networks can generate and influence the DFS demands of customers by providing underserved customers with mobile solutions that create new digital engagement opportunities that go beyond their immediate digital needs. Postal mobile solutions can deliver added value to MSMEs, women, youth and farmers and can enhance their social protection, economic empowerment and resilience. In the VNPost FITAF project, specifically designed educational, advisory and recruitment campaigns were used to encourage customers' interest and prospective participation in the voluntary social security and health insurance programme. These campaigns focused on the important benefits for citizens and the ease with which customers can participate and gain digital access through the mobile app specifically created by VNPost.

Postal DFS plans need to intersect with national FI goals.

Postal networks need to strive to build ecosystem-wide collaborative and strategic postal DFS plans that achieve short- and long-term national FI goals. They also need to guide the postal DFS deployment plan. Postal networks will be better served when they enable DFS solutions and technology innovations that can achieve national goals.

What are the key lessons learned from the FITAF programme by customers?

Lessons learned by customers

The focus of postal DFS on segments such as women, MSMEs, youth and farmers fosters financial equity and economic empowerment

Facilitating and enabling DFS access for specific customers is an important contributor to financial equity and economic empowerment for women, MSMEs, youth, farmers and other underserved customer groups (60% of FITAF customers in focus are women, i.e. 3.1 million women customers).

Customers prefer DFS mobile solutions, which are the fastest to adopt

Underserved customers prefer the DFS mobile-based solutions and payment capabilities, which are the simplest to adopt. The reduction in handset costs has made access to mobile phones widespread. Underserved customers are advancing their mobile digital education through simple credit top-ups, everyday bill payments and the use of digital wallets. Integrating postal DFS and payments in mobile platforms should deliver higher success, take-up and adoption rates. According to the World Bank Findex, mobile money in sub-Saharan Africa, especially for women, is adopted as their only account and has become a significant contributor to FI and equity.¹¹ In India, a handset costing 12 USD was launched in 2023 to engage rural underserved customers.¹²

Postal DFS solutions deliver digital customer access choices for payments, credit, savings and insurance

Postal DFS solutions provide underserved customers with options to access payments, credit, savings and insurance services. The postal networks need to respond to underserved customers' needs by offering DFS-specific solutions for payments, credit, savings and insurance in order to deliver the right quality products and digital access to match customer aspirations and needs. The FITAF projects focused on enabling digital payments and savings, and supported access to credit-based solutions. For example, a component of the FITAF DFS diversification project carried out by Société des Postes du Togo focused on

11 The world Bank Findex report 2021

12 reuters.com/business/media-telecom/reliance-jio-launch-12-internet-phones-india-2023-07-03

delivering a postal micro-finance market access strategy and a go-to-market plan.

DFS solution usage and activation programmes are most critical to advancing FI

Programmes to activate and use DFS solutions are important to advancing DFS deployment and accelerating FI. Reaching active usage success rates is driven by successful product and solution quality, relevance and value proposition to meet end-user DFS needs. The deployment of effective financial and product education measures, marketing campaigns and usage incentives greatly supports product activations. The Jordan Post FITAF project included specific customer-synthesized financial literacy, educational campaigns and digital product activation plans, which enabled 100% onboarding and activation of the targeted customer base, 80% of which is female.

The more community-centred the postal DFS solutions, the more successful they could become

The more the postal DFS solutions are local and relevant to communities, the higher the likelihood that they will succeed in delivering higher customer take-up, usage and value appreciation, and increase customers' peer-to-peer recommendations and visibility. The Poste Maroc FITAF project supported expanding Poste Maroc's important network of community merchant postal agents as a core element of the Barid Cash value proposition, in order to localize customers' DFS options for paying bills, initiating payments and performing other DFS transactions that deliver community access and convenience, and increased customer loyalty.

Relevant DFS solutions and DFS education will generate customer demand and take-up

Underserved postal customers' DFS demands can be influenced and shaped through relevant value-added DFS solutions offered by the postal network. Introducing new postal DFS solutions, such as a postal e-marketplace, and coupling them with the respective educational campaign that adds value and targets segments, such as MSMEs, can promote economic empowerment and digitize the value cycles. The VNPost FITAF project used various locally relevant customer education campaigns, public access channels and events to promote, educate, and introduce customers to the benefits of the newly created DFS solution. VNPost created unique marketing motorcycle roadshows, as well as rural provincial planned and walk-in educational events that were held jointly with government social security representatives. VNPost also launched postal network and

social media campaigns featuring demos on how to register for and use the new mobile app to access the new voluntary subscriptions in government services. The customer solution take-up far exceeded original targets owing to successful collaborative project execution by the VNPost network team to illustrate the relevance and benefits of the new service clearly.

Postal DFS solution diversification leads to greater customer loyalty

The diversification of postal DFS products and solutions leads to increased customer engagement and deeper customer loyalty. The FITAF projects promoted and supported initiatives to diversify DFS solutions in order to deliver better and more convenient DFS access choices for customers of Poste Maroc, La Poste Tunisienne, La Poste du Bénin and Kyrgyz Post. This resulted in new and deeper customer engagement, increased usage and improved capacity to deliver on customer needs.

Underserved customers' preference for a single DFS servicing point is a great cross-selling opportunity

Underserved customers tend to prefer to conduct all their DFS servicing through one location and, at times, through a single digital account. According to the World Bank Global Findex Database, underserved customers in sub-Saharan Africa use mobile money as their principle and only account.¹³ Postal networks may wish to consider improving their cross-selling capabilities to existing customers for new product features and solution options. The more inclusive the postal DFS services offered are, the more inclusive customer engagement may become, with increased usage probabilities.

Lower DFS pricing is an underserved customer expectation and an important postal DFS differentiation

Postal DFS price economics versus competitive DFS solutions can be an important customer expectation and a postal DFS value proposition differentiation point. As the postal networks are serving large underserved customer segments, customer price economics need to form part of the key components driving Posts' DFS value proposition. Postal DFS solutions are expected to be more convenient and more cost effective for community customers. According to the World Bank, encouraging the development of low-cost innovative financial products is important to underserved customers, who face unique obstacles and have unique financial needs.¹⁴

13 The World Bank Findex report 2021

14 <https://blogs.worldbank.org/psd/8-key-approaches-accelerate-financial-inclusion>

In Latin America, nearly 60% of unbanked adults indicated the high costs of financial services as a reason for not having an account.¹⁵

Deeper postal DFS community offerings via community postal merchant agents increase customer loyalty

Underserved customers appreciate it when postal services and products are extended and provided deeper into their communities via postal community merchant agents. The small corner-store postal merchant agent offers to accept payments on behalf of the Post and to conduct selected postal services in the communities, which is important for building the unique postal community value proposition and customer loyalty. The Poste Maroc postal agent corner-store merchant network is delivering notable and important customer bill payments and payment acceptance volumes, while allowing customers to use the Poste Maroc Barid Cash mobile app in their community. Poste Maroc has created a separate postal agent merchant network regional support sales organization to enrol, educate and support the expansion of postal merchant agent networks and to better serve community customers.

Postal DFS solutions enable the economic empowerment of women

Underserved customers, particularly women, require postal DFS solutions to safeguard and store their money, and to encourage their DFS empowerment through convenient community access and usage. The research carried out in 2021 as part of the “Financial Services for the Poor” programme points out that a woman is economically empowered when she has access to the skills, resources and institutions necessary to participate in markets effectively.¹⁶

Underserved customers trust the Post and postal staff should become community-centred DFS advisers to help shape customers’ digital needs

Underserved customers display a preference for, and trust in, their community Post. Their DFS needs are repeated and well known to the community postal network staff. Rather than only responding to customer requests, postal staff should proactively advise customers on the most suitable DFS solutions for their DFS needs. Postal staff can, and should, be responsible community DFS advisers. The Société des postes du Togo FITAF project developed a DFS diversification strategy to further promote new and relevant digital payment solutions, including digital microfinance options, among the Post’s customers.

The postal community’s personal contact with postal personnel, especially on DFS matters, remains an important and vital go-to value for underserved customers. According to research carried out by the UPU in 2020, providing easy access to human interaction at the post office and on the customer’s doorstep is critical to building trust in postal financial institutions.¹⁷

Postal DFS provisions and DFS security education must be structured to recur on a regular basis

The DFS education of underserved customers is a key priority and a requirement for postal customers, especially with regard to DFS security access and data protection. Postal DFS financial education and community office interactions are critical to many underserved postal customers, particularly those receiving pensions. According to the 2020 UPU report on the role of the Post in expanding access to digital finance, digital security is a topic that is complex and evolving quickly. It requires ongoing and continual investment, as well as planning for the future.¹⁸

Rural postal community-centred DFS public education and training engagement events are important to underserved customers

Underserved customers appreciate, value and require rural postal DFS walk-in community service events. These events are particularly effective for women, youth and farmers in the community with regard to DFS education, DFS product introductions, training and/or for communication with underserved customers.

¹⁵ <https://www.cgap.org/blog/reading-findex-with-consumer-protection-lens>

¹⁶ <https://www.gatesfoundation.org/our-work/programs/global-growth-and-opportunity/financial-services-for-the-poor/the-impacts-of-digital-financial-services-on-womens-economic-empowerment>

¹⁷ <https://www.upu.int/en/Publications/Financial-inclusion/In-Post-We-Trust---Role-of-the-Post-in-expanding-access-to-digital-finance>

¹⁸ <https://www.upu.int/en/Publications/Financial-inclusion/In-Post-We-Trust---Role-of-the-Post-in-expanding-access-to-digital-finance>

What are the key lessons learned from the FITAF programme by regulators and policymakers?

Lessons learned by regulators and policymakers

Regulators can shape the national role of the postal networks in the ecosystem to support FI

Through specific postal DFS policy provisions, regulators and policymakers can provide directions to set the tone and shape the role of the postal networks in delivering on national FI priorities by promoting ecosystem collaboration with the Post.

Postal DFS intermediary engagement models support regulators to encourage intra-ecosystem collaborations

When regulators and policymakers endorse and support Posts in delivering DFS solutions as an intermediary service provider on behalf of other service providers, they are effectively encouraging intra-ecosystem collaboration, partnerships and the prospective reach into the underserved postal customer base to close DFS service gaps. This can increase national DFS product and solution penetration and can save money for partners and increase revenues for the postal network. The FITAF projects with Grupo Empresarial Correos de Cuba and VNPost both illustrated clear visible regulatory directives for the postal network to play an important intermediary engagement role in enabling the expansion of ecosystem DFS solutions into underserved communities.

Postal DFS co-branded engagement models enable access to existing ecosystem DFS licences through partnerships

When regulators support and endorse DFS co-branded postal partnership provisions in order to enable the Post to issue and acquire digital financial service products and solutions that leverage the partner's DFS licence, they are supporting ecosystem collaboration, postal DFS knowledge transfer and the distribution of DFS investments and risks to advance FI for underserved postal customer segments. According to a McKinsey study from 2021, postal carriers

with strong footprints should be able to carve out specific value propositions that appeal to different market segments by focusing on propitious underserved needs, and postal carriers could partner with existing banks to launch banking products and services jointly.¹⁹

Postal neo-banking engagement models can expand new community banking DFS access choices for the underserved

Regulators may provide postal networks with corresponding postal neo-banking licence provisions on a selected basis, provided that the postal operator can clearly illustrate its DFS technical-, knowledge- and capacity-readiness levels, its projected impact on national FI priorities, and its DFS go to-market plans to engage postal customers and provide community banking solutions in the absence of community banks. For example, the FITAF project with Botswana Post is enabling further postal DFS capabilities and digital access enhancements by developing a consolidated postal digital platform and a mobile super app capability to support the Post's neo-banking ambitions to better serve community customers centrally through multiple digital community banking offers and propositions.

Regulators may wish to consider providing guidance on the role of the postal networks in the DFS ecosystem to advance national DFS priorities

Regulators may wish to consider providing precise guidance on the proposed role of Posts in supporting national FI priorities. Regulators and policymakers can be instrumental to providing clear expectations to the ecosystem about the potential types of engagement to support national Posts in enhancing national FI. This can be in the form of guidance or as postal regulatory provision interpretations. This important guidance from regulators may constitute the guiding principles for the postal network regarding their DFS transformation plans and the required corresponding initiatives to support the national FI priorities to prevent the exclusion of underserved customers. The FITAF projects with Correo Oficial de la República Argentina and Cambodia Post completed the postal DFS strategy, along with its associated proposed deployment action plans, for each postal network. The regulatory guidance on the role of the Post in the ecosystem becomes more instrumental to support postal networks as they execute their DFS plans.

¹⁹ <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/making-banks-from-branch-networks-why-financial-services-are-still-a-good-idea-for-postal-carriers-and-retailers#/>

Regulators are better supported when postal networks build DFS talent to elevate the role of the Post in national priorities

Regulators can be instrumental to encouraging and supporting postal entities to build DFS talent and expertise in order to include the Post in national FI round table discussions on how to foster FI and solve challenges related to the exclusion of underserved customers. For example, the FITAF project financial services postal teams and DFS resources in Cuba, Morocco, Tunisia and Viet Nam are swiftly responding to and supporting the regulator's national priorities through active partnerships to advance national FI enablement.

Relevant, fast, deployable and enabling postal DFS regulations can incentivize postal networks to advance DFS capabilities for the underserved

To support ecosystem collaborations, regulators may wish to consider providing the postal networks with access to relevant, fast, deployable and enabling DFS regulations to incentivize postal networks to advance their DFS initiatives to further engage in partnerships and DFS initiatives that address their customers' DFS needs. The enabling clear and fast-to-deploy postal regulatory provisions may also incentivize financial ecosystem actors to advance partnerships with the Post.

Regulatory DFS provisions that may support private sector partnerships with postal networks to advance digital inclusion

Regulators may wish to consider providing private sector ecosystem segments with appealing regulatory provisions when delivering DFS payments, insurance, savings, microfinance and loyalty solutions. They may consider doing this through, and in partnership with, the Post to advance DFS access for the underserved.

Regulators may wish to consider further seeking and sharing best practices on comparative postal DFS deployments from international markets

Regulators may become more instrumental when seeking comparative market DFS postal best practices to inform and shape postal regulations alongside the UPU, international DFS postal entities, the private sector and government agencies to address digital payments, access to credit, and insurance challenges.

Enabling regulatory and policy provisions that promote the Post as a national platform for financial education in support of national goals

Regulators and policymakers may wish to direct policy emphasis on enabling provisions that promote and encourage the ecosystem financial education and capacity building initiatives when conducted via postal networks. This will enhance the role of postal networks and help them to become more instrumental in effectively addressing national DFS priorities, while highlighting the role of postal networks as important ecosystem partners and potential DFS solution providers.

Setting proposed DFS postal targets for the inclusion of underserved postal customers facilitates an enabling dialogue between postal networks and regulators.

The dialogue and engagements between regulators, policymakers and the postal network may be best facilitated through regular reviews of the success in helping a predefined and possibly targeted number of underserved postal customers to become digitally included. This will create an important regular forum to discuss postal DFS challenges and the required initiatives and ecosystem opportunities to advance the DFS targets for progress.

Regulators may wish to include the postal networks in national inclusion plans to elevate the role of the Post in the national dialogue on FI

The regulators can elevate the role of postal networks in including underserved customers by ensuring that postal entities in the national FI ecosystem are present at regular stakeholder meetings, events and round-table discussions.

Regulators and policymakers will benefit from ecosystem feedback on how existing postal DFS provisions effectively support the national FI roadmap

Regulators and policymakers may benefit from creating specific events and engagement channels to solicit important feedback from the ecosystem on the effectiveness of existing postal regulations in addressing postal DFS access gaps for the underserved and whether they sufficiently promote the necessary ecosystem collaborations to advance national FI. The regulators' engagement with DFS ecosystem stakeholders on how to collectively determine regulatory postal gaps to address DFS challenges fosters the necessary inclusive collaboration that can advance inclusive digital innovations through postal networks.

What are the key lessons learned from the FITAF programme by governments?

Lessons learned by governments

Postal DFS solutions and capabilities can deliver cost savings for government payments

Governments may save substantial costs by digitalizing different types of payment processes via the Post. The postal networks are becoming more active in the solicitation of government partnerships to digitize government pension, social security and government employee salaries through the postal networks. The FITAF technical assistance projects supported G2P initiatives as a core component of the FITAF projects' success in ensuring digital access for underserved rural communities. According to an International Monetary Fund (IMF) study, digitalizing government payments in developing countries could save roughly 0.8% to 1.1% of GDP.²⁰

Governments can better leverage the DFS capabilities of postal networks and improve reach rural to better serve citizens

Governments should leverage the unique reach of postal networks into rural areas with underserved customer communities in order to create new G2C postal DFS solutions and services that community Posts can offer. The FITAF Pakistan Post project delivered the pertinent postal DFS strategy that helped Pakistan Post to engage with government agencies and deliver digital payment solutions to citizens. The aim of the project was to transform postal customer access from over-the-counter to digital, and to support the elimination of cash to support digital financial FI.

Recurring government payments using postal DFS solutions enhance financial literacy, compliance, cost savings and revenues

Delivering postal DFS government recurring payment solutions for underserved postal customers will ensure better compliance, transparency, control, accountability, process improvements, and consumer digital education. It will also ensure cost savings for the government and revenues for the Post. According to the World Bank Global Findex Database

2021, the biggest opportunities in advancing FI remain in digitalizing payments, with 28% of adults worldwide receiving payments from the government.²¹

To secure government postal DFS partnerships, postal networks may wish to proactively illustrate their DFS readiness. In return, governments may wish to show their readiness to partner with postal networks

Opportunities for Posts to provide government DFS payment solutions for government employees, subsidy disbursements, social security payments, and other government services, will require them to be proactive towards government ministries and agencies in order to illustrate readiness, capacity, capabilities and values to deliver on the government DFS needs. This will also require the government to collaborate with the national Post. The FITAF project with Kyrgyz Post transformed postal government services by implementing the new centralized automated information system (CAIS) in 140 branches. This ensured better digital efficiency. It also ensured the digital processing of real-time transactions and provided reporting on government pension funds, social funds and state agencies that claimed to meet government service expectations and, more importantly, to deliver new government engagement opportunities based on illustrated postal network capabilities.

Governments may wish to consider discussing, explaining and elevating the important national role of Posts in order to advance national FI

Governments can define, discuss and explain the important role of postal networks in the ecosystem in order to expand the role of postal networks to include being actors in the financial ecosystem and advancing FI for underserved postal customers. For example, the FITAF Mongolia DFS project recommended the DFS postal strategy of providing rural customers with postal DFS choices. Mongol Post JSC has incorporated this approach into its 2022–2025 strategy plan. Government support to expand the potential role of postal networks to solve national FI priorities can tremendously support and advance potential postal network ecosystem collaborations to digitize underserved customers.

Governments should include postal networks as a member of the national FI round table

Governments should include national postal entities as key national FI stakeholders in order to best promote and include the use of national Post capabilities to advance FI. The global postal network is the largest physical network. With 663,000 offices around the globe and 78% of its branches in rural

²⁰ [elibrary.imf.org/Chapter 13](https://elibrary.imf.org/Chapter%2013). The Value of Digitalizing Government Payments in Developing Economics.

²¹ The World Bank Findex 2021 Report

areas, it can easily connect with underserved customers and combat financial exclusion.²²

Governments may wish to further encourage regulators to support postal DFS provisions that enable DFS product diversification to advance FI

Governments may wish to encourage regulators and policymakers to deliver postal DFS provisions that support postal DFS diversification with regard to accessing digital payments, credit and insurance, which promote digital inclusion, financial equity and citizens' active DFS participation. Postal networks can play an important role by becoming one of the key facilitators and channels for supporting governmental FI aspirations and plans to enhance social, economic and digital inclusion through postal regulatory provisions.

The postal network is an excellent platform for G2C financial education provisions

The postal network is an excellent channel and platform for government-sponsored financial education campaigns to enhance financial literacy for the underserved. However, postal networks need to illustrate their readiness to engage staff and establish branches and community offices in remote locations. Government interventions, sponsorship and support will be required to establish the postal network as a national education platform. This platform can provide an important nationwide educational channel to reach and interact with underserved customers. It is supported by postal network staff and may present opportunities to gather citizens' feedback.

Governments should promote the use of postal DFS capabilities in private sector-government partnerships

As part of governmental collaboration and partnerships with the private sector, opportunities to use the postal network as one of the service delivery points to reach underserved customers should be encouraged.

Governments may wish to further encourage the use of postal DFS intermediary engagements in ecosystem partnerships

Governments should encourage financial institutions, the private sector, DFS, insurance and MFI providers to partner with postal networks and to act as intermediaries in the delivery of DFS solutions for the underserved. This would enhance postal innovation, reduce costs and leverage remote access to Posts for loyal underserved customers.

For example, the FITAF project on the DFS strategy for Office national des postes (Rwanda) supported the role of the Post in the ecosystem as an intermediary for delivering services on behalf of banks and insurance companies for underserved citizens. Government support for postal collaboration with the ecosystem can further expand the role of postal networks and their effectiveness in advancing digital inclusion for the underserved.

Postal DFS capabilities enable a wide range of G2C administrative services to be conducted through the Post

Opportunities exist for government agencies to further expand partnerships with post offices in order to respond to citizens' basic and vital government-related administrative requests, registrations and fulfilment, especially in remote locations where there are no government offices. Seizing those opportunities could lead to government-wide fiscal savings. The success of the Poste Maroc team in deploying the FITAF project to advance digital engagement among rural underserved customers was good preparation for Maroc Poste to enter into discussions with the government about providing e-government services through the postal network.

Government support for DFS postal solutions can deliver digital inclusion, economic empowerment and improve underserved customers' livelihoods

Government support for partnering with postal networks in the most remote rural locations to deliver social security payments, pensions, subsidies or other governmental financial support can advance DFS access for underserved populations. Digital access can also create recurring financial education opportunities and can support the digital economic empowerment of women, MSMEs, smallholder farmers, youth and others. Globally, 1.4 billion adults remain unbanked and they are the hardest to reach. It is more often the case that these adults are from poor backgrounds with little education, live in rural areas, and are women.²³

²² UPU global panorama on postal financial inclusion 2021

²³ worldbank.org/covid-19-boosted-the-adoption-of-digital-financial-services

What are the key lessons learned from the FITAF programme by the private sector?

Lessons learned by the private sector

The private sector may benefit from clearer regulatory guidance on the proposed role of Posts to address national FI challenges

Opportunities may exist for the private sector to receive clearer guidance on its prospective role to support postal regulatory provisions in order to encourage collaborative engagement and partnership options with postal networks and to support national FI. Clear regulatory guidance and interpretations may provide clearer paths for partnerships and collaboration. According to the World Bank lead economist, to reach the unbanked, governments and the private sector will need to work hand-in-hand to forge policies and practices that build trust in financial service providers, instil confidence in using financial products, and create new tailored product designs.²⁴

Closer private sector alignments with postal networks on DFS solutions deliver better and valuable underserved customer insights for the private sector

Private sector collaboration with postal networks on DFS products and opportunities delivers important mutual benefits and insights with regard to defining and better understanding postal customer segments and alignments between their specific DFS needs. The important postal customer insights provide opportunities for the private sector to offer relevant DFS solutions, such as e-marketplaces, in partnership with postal networks to support the digital economic empowerment of women, MSMEs and other underserved customers, while promoting the use of digital payments.

The private sector requires better understanding of the postal DFS full value proposition

The private sector requires a full and better understanding of the postal network value proposition, remote national/rural reach assets, postal capacity, the community-centred presence, and underserved customer engagement potential.

The development of the postal network value proposition is an important element to unlock the prospective partnership potential with the private sector and the postal network may wish to consider taking the lead on its development.

The private sector may perceive postal DFS needs as cost barriers versus prospective opportunities to expand DFS solutions that generate new revenues

The private sector may view postal network needs in relation to DFS knowledge transfer, financial education modules, capacity-building programmes and platform technical investments as challenges, DFS hurdles, costs versus great potential opportunities, and grounds for providing underserved customers with rural community-based solutions that can lead to market expansion, product development and revenues. The private sector may wish to reassess partnerships with postal networks and postal network needs to better qualify, frame and communicate their value proposition.

Fast, deployable and enabling DFS regulations may encourage private sector partnerships with the Post

The private sector may be encouraged to explore postal partnership engagements when benefiting from access to postal DFS in order to deploy enabling DFS regulatory provisions that support the expansion of DFS solutions through the postal networks. Private sector postal DFS investments can be best incentivized through enabling regulatory postal provisions to facilitate the scalability of DFS solutions.

The private sector is a key enabler of postal DFS transformation and DFS knowledge transfer, which strengthens the respective roles of both the private sector and the Post in the ecosystem

Private sector DFS partnerships with postal networks transform digital postal capabilities and enhance postal networks' abilities in relation to DFS innovation, knowledge transfer, DFS ecosystem development, DFS capacity building, and DFS customer education. The private sector delivers and expands the use of new important innovative types of postal DFS products and solutions that match customer literacy levels, including face and touch ID, digital and virtual wallets, and all other types of payment card, such as prepaid, debit and credit cards, amongst others. This collaboration is mutually beneficial and strengthens the roles of both the private sector and postal networks in relation to DFS product expansions and customer digital inclusion in the ecosystem.

Postal DFS engagement and partnership models generate DFS cost savings and revenues for the private sector

Postal networks are important to the private sector. They expand their DFS product propositions and generate prospective cost savings and revenues through various engagement models – such as co-branding, intermediary and other models – as a service provider or as a partner. The private sector can successfully expand digital products, solutions and services into new markets through remote rural postal networks where no private sector branches exist.

Private sector engagements with the UPU deliver insights into postal network DFS readiness levels, regulations and digitization needs

The private sector can benefit from engaging with the UPU on prospective postal network digitization needs, readiness levels, FI regulatory requirements, collaboration opportunities and partnership initiatives to advance global digital and FI for underserved customers through postal networks. The UPU network, knowledge and DFS insights gathered on postal customer needs, postal regulatory capabilities and prospective postal engagement models can provide the private sector with important insights and facilitate its role in enabling the most relevant global DFS payments, savings, credit and insurance provisions.

Private sector partnerships with postal networks facilitate DFS deployment solutions, domestic relevance and last-mile delivery

Private sector partnerships with postal networks provide the private sector with access to untapped customer potential, opportunities for scaling DFS solutions, domestic community relevance and brand equity with underserved customer segments. They also strengthen the private sector's image as a collaborative ecosystem partner. Private sector partnerships with postal networks can offer effective capabilities that enable last-mile delivery for DFS solutions and close literacy gaps.

The private sector can further customize DFS solutions to meet the needs of underserved postal customers on condition that it enables postal DFS regulations

The private sector has an interest in, as well as the bandwidth and commercial intent of, customizing DFS solutions to meet the needs of digitally excluded postal customer segments, provided that it can access enabling postal regulatory frameworks that support postal engagement roadmaps in forming effective revenue-generating partnerships.

What are the key lessons learned from the FITAF programme by the ecosystem?

Lessons learned by DFS ecosystem stakeholders

Ecosystem stakeholders require better guidance on the role of the Post in national FI enablement

Opportunities to clearly define and acknowledge the importance of the Post in the national ecosystem exist to advance FI. There may be merits in considering how best to deliver this requirement through a combined effort driven by governments and regulators, and proactively supported by postal networks.

Ecosystem stakeholders may wish to consider leveraging postal network DFS capabilities in the enablement of national FI priorities

Opportunities to consider promoting and leveraging postal network capabilities in solving national FI priorities as part of stakeholders' round table discussions, events and meetings on creating collaboration opportunities for postal networks amongst ecosystem actors, may prove beneficial to advancing FI initiatives. In the Côte d'Ivoire FITAF project, the DFS strategy identified opportunities to better leverage the rural postal presence and reach in order to digitally engage underserved customers on government solutions and bill payments, which can be further advanced through collaborative ecosystem DFS engagements.

Opportunities to create a national stakeholder FI committee to include postal networks and regulators

Opportunities to create a national FI committee to include postal networks, ecosystem partners and regulators will generate better collaboration with regard to the role of postal networks. They will also generate opportunities for collaboration. FI focus areas can include payments, savings, lending/credit microfinance, financial education, capacity building, activation and usage. However, postal networks may wish to consider clearly defining their ecosystem value proposition and national DFS and FI impact as an important part of this process.

Ecosystem stakeholders may benefit from better guidance on the potential ability of the postal DFS value proposition to close coverage gaps

Opportunities may exist to define the value proposition of the postal network's reach to complement national service infrastructure gaps, particularly the ability of postal networks to reach customers in underserved communities. The postal network's structure, distribution and reach in rural areas delivers community access practicalities that are suitable for providing multi-layered DFS services, but which remain underleveraged in many countries.

Opportunities may exist to better leverage various postal DFS engagement models to deliver DFS solutions via postal networks

Opportunities may exist to better leverage the use of the four postal DFS engagement and collaboration models, which are aligned with government and regulatory directives to advance FI. The active visibility and participation of postal networks in the national dialogue on FI may create better engagement opportunities.

Ecosystem DFS partnerships with postal networks may create opportunities to co-invest in enhancing postal DFS capabilities, in order to better serve customers

Promoting ecosystem partnerships with postal networks may create opportunities to co-invest digitally and financially in order to upgrade the capabilities of postal networks to better serve ecosystem products and solution expansions, customer education, or service delivery support, needs and requirements.

Government and DFS regulatory-enabling incentives may promote ecosystem DFS partnerships with the postal networks

Opportunities may exist for government agencies and central banks to recommend special postal enabling regulatory provisions that provide specific incentives or tax concessions to private sector actors within the ecosystem. These encourage the building of partnerships with postal networks to expand DFS solutions for underserved postal customers in support of national FI and government/citizen digitalization goals.

Opportunities may exist to develop collective DFS ecosystem national educational plans, which use postal networks as a platform for national financial education and which are supervised by central banks

Opportunities may exist for FI actors within the ecosystem to collaborate in order to define and deliver multipurpose national financial education plans to be launched, communicated and rolled out through the national Post. These would target underserved postal customer segments and, as national FI initiatives, they would be supervised by the central bank or a regulatory body. For example, these plans could include cybersecurity and fraud prevention education provisions that are provided through postal networks and that are aligned with customer segments' literacy levels. These provisions are important to combat fraud and assuage customers' vulnerability concerns about issues related to education on security, privacy and digital access safeguards. This initiative is very important to customers in vulnerable and underserved rural communities.

Setting collective national DFS ecosystem goals to digitally include underserved customers through the postal network can advance FI

Under the collaboration and guidance of the central banks, opportunities may exist to set up specific collective national ecosystem targets and commitments to increase the inclusion of underserved customer segments in the digital financial system. This would be achieved through DFS collaboration with Posts and would require regularly monitoring and measuring inclusion progress. The DFS targets of collective ecosystem stakeholders can expand the role of Posts in delivering on national priorities.

More diversified ecosystem partnerships with postal networks in the areas of digital payments, credit, savings and insurance in order to advance FI efforts

Setting up multiple diversified DFS ecosystem partnerships through the postal networks can offer underserved customers a choice of credit, savings and insurance DFS propositions and may be very beneficial to advancing national FI priorities.

What are the key lessons learned from the FITAF programme by the UPU?

Lessons learned by the UPU

Early engagement of Posts with the UPU on their DFS plans enables the UPU to provide them with pertinent DFS advice

The early engagement of postal networks with the UPU on prospective FITAF projects and DFS plans enables the UPU to deliver pertinent DFS advice. This advice supports Posts' proposed DFS plans and is based on gathered and observed DFS best practices and lessons learned from the UPU network. The FITAF projects enable structured collaborative assessments on the most suitable DFS options for the postal network.

Combining postal DFS strategy engagements with immediate deployment plans enables better and more timely DFS impact

Where possible and feasible, it is recommended to always combine postal DFS strategy engagements with an actual DFS deployment plan. These should be combined simultaneously to eliminate the risk of DFS strategies, when issued alone, becoming outdated as a result of possible delayed implementation in the currently fast changing DFS world. The FITAF projects that combined the DFS strategy with actual technical assistance deployment delivered better DFS measurable impacts.

The UPU advisory engagement with postal networks can provide information on beneficial DFS strategies and cost-effective profitable partnership structures

The UPU advisory engagement can deliver important programme insights on a wide range of DFS capabilities for postal access to payments, savings, insurance, credit and microfinance options. It can also support better regulatory dialogue provisions, DFS knowledge transfer, better collaborative DFS investment decisions, advice on relevant enabling partnership models, and insights on better educational capacity building programmes.

The creation of the UPU FITAF programme enabled critical extrabudgetary seed funding to kick-start DFS postal initiatives

The UPU programme encouraged and supported important private public partnerships to source and deliver the necessary seed funding to support or kick start the postal DFS transformation journey. Private sector sponsorship from Visa and the Bill & Melinda Gates Foundation was instrumental to the programme's inception and deployment.

The UPU FITAF programme seeks to align postal DFS plans with regulators' directives and to define postal DFS regulatory gaps

The UPU programme seeks to align postal DFS plans with regulators' directives and national inclusion plans in order to foster vital dialogue to ensure the effectiveness of existing postal regulation and the important role of the Post in the financial ecosystem to advance national FI. This important postal network alignment with regulators provides an opportunity to assess the effectiveness of existing postal DFS provisions.

The UPU programme encouraged the leveraging of the right DFS engagement models to advance digital and FI

The UPU programmes encouraged the use and leveraging of the right DFS engagement models to promote postal DFS partnerships with ecosystem partners in order to deliver DFS service quality, customer choices, enhanced economics and support for national FI priorities. The FITAF programme defined four postal network DFS engagement models to best leverage the role of the postal network in the DFS ecosystem.

The UPU FITAF programme leveraged global postal DFS best practices to deliver better DFS deployment and customer and partnership economics

As the UPU leverages and shares global postal DFS lessons learned, successful DFS programmes, and DFS postal innovation best practices from within other UPU network members and as part of the UPU's engagement with individual member countries on their proposed DFS plans, it is possible to implement more favourable DFS strategies, approaches and plans. This may potentially lead to more effective DFS deployment models and economics. The 20 FITAF projects enabled the UPU to embark on the DFS journey – with each FITAF project capturing unique DFS learnings – while appreciating challenges and offering best practices to enable viable alternative solutions.

The UPU FITAF programme placed great emphasis on financial literacy and capacity building provisions in each postal DFS project

The UPU FITAF programme placed great emphasis on building the important capacity building and financial education plans in the FITAF projects, depending on their relevance to the customer segments in focus. It encouraged engaging the important postal community knowledge and postal resource assets in the rollout and execution of plans.

The UPU FITAF programme extrabudgetary funding enabled DFS research, advocacy and technical assistance programmes

The UPU partnership programmes provided access to the necessary budgets, resources and expertise to deliver on the network's DFS needs with regard to DFS research, DFS advocacy and DFS technical assistance programmes. The research investments and the assessments of customer needs were instrumental in defining the most relevant DFS strategies.

The UPU programme encouraged and provided opportunities to learn about intra-UPU network DFS operating models and to share best practices

The UPU programme encouraged intra-UPU network collaboration amongst member countries in order to leverage DFS learnings, technical capabilities and customer engagement mechanisms. For example, FITAF DFS project learnings on developed super apps, postal DFS engagement models and the go-to-market DFS plans were shared between Botswana Post, La Poste Tunisienne and VNPost.

The UPU FITAF programme structure for project governance delivered actionable and measurable outcomes and impacts

The UPU programme structure for the governance of the FITAF projects delivered deeper DFS needs assessments for the Post and the postal customer segments in focus, while enabling specific, actionable and measurable deliverables to advance DFS and support FI priorities. The project focus was on DFS strategy assessments, solution design, technical interface, financial education capacity building, marketing and activations for the payment of grants to be issued only once predefined milestones had been achieved.

The UPU FITAF projects promoted diversifying DFS access and providing more DFS access choices to MSMEs, women, smallholder farmers and youth

The UPU FITAF projects focused on diversifying DFS access options and ensuring that MSMEs, women, smallholder farmers, the elderly and other underserved customers can access DFS. The aim was to advance FI and there were specific segment inclusion targets in projects. The FITAF projects supported mobile wallets, mobile banking, platform automation, different types of payment card solutions, micro-finance, insurance access, intermediary and co-branded DFS partnerships, and neo banking strategies.

SUMMARY AND IMPACT OF THE LESSONS LEARNED AND ADOPTION OF RECOMMENDATIONS

Exclusion from the formal financial system has been one of the key contributors to poverty and a barrier to economic prosperity. **The lessons learned by stakeholders varied and all agreed on the need for better collaboration among all stakeholders on common goals to increase digital access effectively for underserved segments, to diversify DFS access provisions, and to better enable national FI provisions.** The overall messages from the lessons learned by stakeholders pointed to the need to pay specific attention to better understanding the digital needs of underserved customer segments, and the need for the postal network to invest in defining its postal DFS value proposition and to make it visible and accessible across the ecosystem.

The critical need to define the role of Posts in delivering on national FI priorities was another important element, together with the need for regulators and policymakers to continue to deliver the enabling postal provisions. More importantly, regulators and policymakers should continue to provide further guidance on the role of Posts in the ecosystem. The need for governments to set the scene for collaborative partnerships with Posts and the need for the private sector to continue to innovate DFS and share learnings with postal networks and the ecosystem were other key fundamental lessons learned.

Furthermore, the need for the ecosystem to take better stock of opportunities to deliver cost savings, scale and impact by working with the postal networks, in addition to the need to expand the use of the prospective four postal DFS engagement models, was another important point. Finally, the need for the UPU to continue its efforts to engage member countries, the private sector and other enabling actors to deliver similar programmes to the FITAF one was also noted and observed.

In the following tables, the summary of the lessons learned by each stakeholder is listed, together with the projected level of impact. Along with the level of impact, provisional adoption recommendations are provided together with a directional weighting on their ease of adoption.

LESSONS LEARNED RECAP SUMMARY

Tables containing a summary of the lessons learned and the adoption of recommendations by stakeholders

Lessons learned by the postal network summary and adoption of recommendations

Summary of the lessons learned by postal networks, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Solicit the needs of postal customer segments before building DFS solutions	Seek out and incorporate the needs of underserved customer segments in DFS initiatives.	H	Conduct DFS customer needs assessments by customer segment before product launches to keep abreast of changing customer needs. Do not assume knowledge of customer needs.	H
2	Postal remote rural community reach is a key partnership asset	Leverage the Post's remote and rural community reach to serve underserved customers as a key value proposition as-set.	H	Leverage the Post's remote and rural reach to create DFS partnerships that close partners' geographic coverage gaps to provide postal customers with DFS solutions.	H
3	Improve DFS product functionalities to support everyday customer needs	Customize postal DFS solutions to better meet underserved customer communities and critical needs.	H	Use the postal customer segment needs assessments conducted to define the DFS product differentiations that deliver enhanced digital access, cost savings and credit rating scoring models.	M
4	Posts should be se-lective in making DFS related investments	Postal networks may wish to be selective and not rush into making important DFS technology investments owing to the fast changing nature of DFS, especially at the start of DFS initiatives.	H	Approach DFS investment decisions with caution and show a preference for delayed investments to match postal DFS readiness levels. In a fast changing DFS technology world, consider cobranding and coinvestment to avoid costly legacy platforms.	H
5	Align with regulators on the role of the Post in national priorities	Align as early as possible with regulators to ensure the planned postal network DFS solutions align and support national FI priorities.	H	Create important dialogue with regulators and policy-makers to agree on the role of the Post in supporting national FI priorities to guide the postal DFS products and solution plans.	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
6	Constantly seek DFS best practices, with a focus on the latest mobile capabilities	Seek and adopt postal learnings with priority to deploy mobile based solutions.	M	Engage with the UPU, private sector, regulators and international postal and non-postal entities to seek the latest successful DFS solutions insights and focus on mobile technology. Seek innovative mobile DFS partnerships to support the ecosystem.	M
7	Build government partnerships as a base for postal DFS solutions to create DFS relevance	Posts need to proactively build government DFS payments/disbursement partnerships and solutions to deliver relevant, customer engaging recurring solutions.	M	Proactively seek and build various government DFS disbursement opportunities as a basic DFS functionality to drive recurring usage, education and loyalty among customers and to generate revenue and deliver cost savings.	M
8	Building postal DFS talents delivers better DFS engagements and economics	Build DFS talents and resource expertise to guide the postal DFS journey within the ecosystem and to support better long-term DFS decisions.	H	Attract and build DFS talents, resources and DFS knowledge to effectively support the postal DFS digitalization strategy and to build compelling DFS partnerships and solutions for the Post and customers.	M
9	Regular postal DFS capacity building programmes are a condition for DFS success	Integrate DFS capacity building into operational goals rather than only linking them to the launch of solutions.	H	Build regular capacity building modules and training to transform postal staff into DFS advisers in order to meet customer needs, ensure retention of important customers and generate DFS revenue for the Post.	M
10	Posts' commercial teams need to seek and secure DFS partnerships proactively	Attract sales and commercial talent to effectively sell the postal value proposition to customers, the ecosystem, partners and post components in order to build partnerships with strong commercial value.	H	Plan commercial DFS partnerships proactively through postal commercial talents to maximize revenue potential and DFS product diversification. The Post must proactively seek DFS partnerships to meet customer needs and demands.	M
11	DFS financial education needs to be incorporated into regular postal operations	Integrate recurring customer financial literacy and financial education in operating goals and plans.	H	Plan and incorporate financial literacy and customer education initiatives into regular daily operation flows and customer engagements in order to drive adoption and usage, which advances FI	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
12	Postal access to readily available IT support functions accelerates the adoption of DFS	Build strong IT functions and IT support capabilities to guide the postal DFS journey effectively.	H	Ensure access to IT DFS support capabilities to provide a timely response to DFS partnership or project support needs. Having access to postal IT resources is instrumental to guiding DFS developments and avoiding periodic and costly IT interventions.	H
13	Senior management support and commitments are key to DFS success	The support and backing of senior management is a must for the success, visibility and sustainability of the postal DFS transformation.	H	Obtain senior management endorsement and support to ensure the DFS development plans and projects receive the required attention and investments in terms of resources and technology, as well as visibility and partnership engagements.	H
14	DFS marketing activation plans are indispensable to the programme's success	DFS solution marketing activation initiatives ensure financial education, usage, scale, revenue and DFS programme success.	H	Create marketing plans to drive the awareness and education of customers with regard to DFS products in order to ensure usage and generate revenue.	H
15	Postal customers are ready and keen to experience new DFS solutions	Posts can create DFS customer demand through propositions for new and relevant products and solutions in response to customers' critical needs.	H	Optimize postal access for postal customers who are demanding access to digital services by sourcing and delivering DFS products that meet the needs of everyday customers and that support economic empowerment.	M
16	Postal DFS plans must complement national FI priorities	Postal DFS plans need to intersect with national FI goals through proactive dialogue alignments with regulators, governments and ecosystem actors.	H	Align with regulators, policymakers and the wider financial ecosystem on the role of the Post in the national DFS ecosystem and define the corresponding DFS fulfilment plans.	M

Summary of lessons learned by customers and adoption of recommendations

Summary of lessons learned by customers, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Directing DFS postal solutions to postal segments improves their economic resilience	The focus of postal DFS solutions on segments such as women, MSMEs, youth and farmers enhances digital financial equity and economic empowerment.	H	Commence DFS postal projects with an understanding of the digital needs of postal customer segments in order to build and deliver relevant and effective DFS solutions that improve financial stability and support economic empowerment.	H
2	Focus on mobile based DFS solutions easily adoptable by customers	Customers prefer DFS mobile solutions, which are easier to adopt and are critical to customers' everyday lives.	H	Build DFS capabilities based on mobile platforms and mobile product compositions, which are the most accessible, convenient and cost effective solutions that can be widely adopted by customers.	M
3	Postal customers need DFS access choices via postal networks	Postal DFS solutions provide underserved customers with much-needed access choices for payments, credit, savings and insurance.	H	Commence deployments with digital payments and DFS savings that are aligned with regulatory directives. Build partnerships and commercial alliances in order to deliver DFS credit and insurance capabilities to diversify customer access choices through the postal network.	M
4	Postal DFS solutions activation programmes are important and require customization	DFS solution usage and activation programmes are very important and require customer segments to be targeted to advance customer education, usage and FI.	H	Build DFS solution activation and usage plans that are customized to the needs of postal customer segments in order to remind and educate customers about solution features and to incentivize and promote usage. These should generate better DFS programme returns and should be a fundamental component of DFS programme deployment.	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
5	Localize the DFS solutions value propositions to increase their relevance	The more the postal DFS solutions are community-centred, the more successful they could become in meeting customer and ecosystem needs.	H	Create the principle DFS usage and acceptance opportunities through the postal network capabilities and also extend the usage and acceptance opportunities within the local community to achieve visibility, loyalty and relevance.	H
6	Customers demand relevant postal DFS value added solutions	Relevant DFS solutions and DFS education will generate customer demand and takeup.	M	Combine newly introduced DFS solutions with effective educational campaigns to inform customers of their use, economic value and user advantages. For example, accompany e-marketplace platforms with user experiences and benefits campaigns.	H
7	Multiple postal DFS solutions deepen customer loyalty	Postal DFS solution diversification leads to greater customer loyalty.	H	Start by focusing on rolling out the key basic DFS solutions and plan the required ecosystem partnerships that will enable the Post to offer diversified DFS solutions to customers.	H
8	Postal customers prefer a single servicing community point and a single principle DFS solution	Underserved customers' preference for a single central DFS servicing point is a great cross selling opportunity.	H	Activate multiple relevant value added DFS services and solutions and integrate their accessibility with the principle customer DFS mobile to provide centralized access to multiple DFS services, which are convenient and easy to use. For example, money transfers, bill payments, savings and insurance.	M
9	Better DFS solution pricing economics is an underserved customer expectation	Lower postal DFS pricing is an undeserved customer expectation and an important postal DFS differentiation factor that postal networks need to strive to deliver.	H	Ensure the cost and price margins of DFS postal solutions remain below competitive market standards in order to create a compelling value differentiation for underserved customers and a preference for using postal DFS services.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
10	Postal merchant servicing agents are an important extension of the postal network DFS value proposition	Deeper postal DFS solutions within communities via community postal merchant agents increases customer loyalty.	H	Build and expand the proximity of community postal merchant agents to community customers in order to create convenience, time and travel cost savings, and to contribute to community merchant revenues from postal related transactions.	H
11	Postal DFS solutions are vital for women's economic empowerment	Postal DFS solutions enable women to become digitally independent and to make payments, deposit savings and drive their economic empowerment.	H	Enable women focused DFS solutions that meet their needs on P2P payments, savings, bill payments, credit access to support women's improved livelihoods and economic resilience through access choices on payments, saving, credit and insurance options.	H
12	Postal customers are loyal and need proactive DFS advice from postal networks	Underserved customers trust the Post, and postal staff should become community centred DFS advisers in order to help shape customers' digital needs.	M	Leverage knowledge and postal staff familiarity with community customer needs in order to provide DFS advisory services that may improve customers' digital access and economic resilience, and that will generate postal revenues. Postal staff should be community DFS advisers.	H
13	Security and fraud prevention in relation to postal DFS education is vital for postal customers	Postal DFS financial, security and data protection and fraud education must recur on a regular basis for the benefit of postal customers.	H	Build DFS security opportunities at every customer transaction touchpoint in order to educate, provide reminders about important basic security, data protection and fraud prevention measures, and build associated regular communication plans.	H
14	Open and walk-in remote rural postal community events are important for underserved customers	Rural postal community-centred DFS public education and training events are important for underserved customers as non committal events to inform them of the benefits and choices of DFS to improve their livelihoods.	H	Plan generic open walk-in postal education events in rural provinces to inform underserved customers about digital access benefits and to give DFS solutions demonstrations to the community in order to enhance digital education, customer awareness and the visibility of postal networks and to encourage community customers' digital participation.	H

Lessons learned by regulators and policymakers and adoption of recommendations

Summary of the lessons learned by regulators and policymakers, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Regulators can shape the national role of postal networks to advance FI	Regulators can shape the national role of the postal networks in the ecosystem to support FI.	H	Provide clear guidance on the important role of postal networks to partner with the DFS ecosystem to advance national priorities. Deliver postal regulations that support ecosystem partnerships with Posts.	M
2	Postal DFS intermediary models expand ecosystem collaboration	Postal DFS intermediary engagement models can support regulators to encourage intra ecosystem collaboration.	H	Provide guidance and encourage DFS actors to partner with postal networks to leverage postal network proximity, knowledge and engagement with underserved customers in order to expand digital access, save costs and generate revenues.	M
3	Postal DFS co-branded models promote partnerships and the leveraging of DFS licences	Postal DFS co-branded engagement models can enable access to existing ecosystem DFS licences through partnerships.	H	Provide guidance on the benefits of co-branded partnerships with postal networks in order to close prospective customer service gaps and align on expanding digital access on customer DFS requirements.	M
4	Postal neo banking models can expand underserved community banking options	Postal neo-banking engagement models can expand new community banking DFS access choices for the underserved.	H	Provide clear regulatory guidance on postal neo-banking qualification conditions with clear expectations for the inclusion of underserved customer segments, especially in remote rural locations.	H
5	Postal network DFS ecosystem partnerships are important for national priorities	Regulators may wish to provide guidance on the role of postal networks in the DFS ecosystem to advance national DFS priorities.	H	Provide regulatory guidance on the important impact postal networks can have to digitally include underserved customers and to promote ecosystem partnerships with the postal networks. Deliver postal regulations that support ecosystem partnerships with the Post.	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
6	Emphasize the need to build DFS talent within postal networks to support national DFS partnerships	Regulators are better supported when postal networks build DFS talent to elevate the role of the Post in national priorities.	M	Promote the need for talent insourcing and transfer within the ecosystem to the postal networks in order to advance DFS knowledge and capabilities. This would support the building of a stronger collaborative DFS ecosystem with the postal networks.	H
7	Postal DFS regulations enable fast-track digital inclusion of postal customers	Relevant, deployable enabling postal DFS regulations can incentivize Posts to advance DFS capabilities to serve the underserved.	M	Deliver postal DFS regulations that meet specific underserved customer segment needs to focus digital inclusion through regulations that are both enabling and easy to deploy to advance postal DFS expansion.	H
8	DFS provisions that support the private sector to partner with postal networks to advance digital inclusion	Regulatory DFS provisions that may support private sector partnerships with postal networks to advance digital inclusion.	H	Deliver DFS provisions that can support the private sector to engage with Posts to deliver new underserved customers with DFS engagements and choices in order to advance FI.	H
9	Seeking out and adopting comparative regulatory postal DFS best practices to strengthen regulatory DFS impacts	Regulators may wish to seek out and share best practices in relation to comparative postal DFS deployments from international markets.	H	Leverage access to the UPU and international markets to source postal DFS regulatory best practices and ecosystem deployment best practices in order to increase domestic postal regulatory impacts and advance FI.	M
10	Postal networks are effective platforms for launching national financial education	Enabling regulatory and policy provisions that promote the Post as a national platform for financial education in support of national goals.	H	Initiate and deploy financial education programmes through postal networks to complement and support DFS issued regulations to promote digital inclusion for underserved customers in rural remote locations and in urban settings where postal networks exist.	M
11	Underserved postal targets support national goals and facilitate ongoing dialogue between postal networks and regulators	Setting proposed DFS postal targets for the inclusion of underserved postal customers facilitates an enabling dialogue between postal networks and regulators.	H	Align with postal networks on the proposed target for including underserved customers. Maintain a dialogue with postal networks on the required regulatory support and ecosystem guidance to support fulfilments.	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
12	Postal networks should be included in the national FI committees	Regulators may wish to include the Post in national inclusion plans to elevate the role of Posts in the national dialogue towards FI.	H	Include the postal network as a member of the DFS ecosystem in regular round table discussions and meetings in the national FI committee in order to expand DFS ecosystem collaboration opportunities.	H
13	Providing timely feedback to regulators on the effectiveness of existing postal DFS provisions advances the effectiveness of digital inclusion	Regulators and policymakers will benefit from ecosystem feedback on how the existing postal DFS provisions are effectively supporting the national FI roadmap.	H	Open and create regular feedback channels to receive input on postal regulation effectiveness. Seek feedback from postal networks and the postal ecosystem on postal regulatory effectiveness through events, engagements and regulatory surveys to gather input, promote an enabling dialogue and actions to improve.	H

Lessons learned by governments and adoption of recommendations

Summary of lessons learned by governments, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Postal DFS partnerships delivers substantial process savings for governments	Postal DFS solutions and capabilities deliver cost savings for government payments.	H	Encourage government agency partnerships with postal networks to deliver government payments and regular disbursements that cut costs and increase efficiency.	M
2	Postal networks should be key government DFS payment partners	Governments can better leverage the capacity and reach of postal DFS to better serve citizens' government needs.	H	Encourage government agency partnerships with postal networks, especially for pension, welfare, social, subsidy and government salary disbursements and other G2C payments.	M
3	Recurring DFS government payments through postal networks enhances financial literacy, cost savings and revenues	Recurring government payments using postal DFS solutions enhances financial literacy, compliance, cost savings and revenues.	H	Partner with the postal network in delivering recurring G2C DFS payments in order to enhance digital customer education, deliver cost savings and increase postal revenues.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
4	Government agencies should support the proactive approach of postal networks to DFS partnerships	To secure government postal DFS partnerships, Posts need to illustrate their DFS capability and readiness proactively, and governments need to be ready to partner with postal networks.	H	Government agencies should be receptive to the approaches of postal agencies to illustrate their readiness for DFS partnerships on government disbursements. The postal network needs to approach government agencies proactively about partnership plans to support the digitization of underserved customers.	H
5	Governments should provide ecosystem guidance on the role of the Post in national FI	Governments may wish to discuss and elevate the important national role of the Post in advancing FI.	H	Clearly communicate to the DFS ecosystem actors the benefits of including the postal network as a DFS solution partner in the DFS solution distribution, acquisition and servicing, with a focus on remote rural areas with strong postal network coverage.	H
6	Include postal networks in the ecosystem dialogue on FI	Governments may wish to include postal networks as a member of the national FI round table.	M	Include the postal network in the FI national committee in order to expand visibility and DFS, financial education collaboration and underserved customer engagement prospects.	H
7	Governments should encourage regulators to advance postal DFS provisions	Government may further encourage regulators to support postal DFS provisions that enable the diversification of DFS products in order to advance FI.	H	Include the postal networks in the FI DFS solution expansions and encourage regulators and policymakers to develop postal regulations to engage underserved customers effectively.	H
8	Sponsor financial education and financial literacy programmes through the Post as a platform	The postal network is an excellent platform for G2C financial education provisions.	H	Initiate dialogue with postal networks to become the national platform for underserved customer education on government-sponsored and ecosystem-aligned financial education campaigns and programmes.	M
9	Governments should promote postal network engagement in government- private sector DFS partnerships	Governments may wish to promote the use of postal DFS capabilities in private sector governmental partnerships.	H	Promote the role of postal networks in enabling DFS service and product delivery as part of prospective governmental private sector support to elevate the role of postal networks to serve underserved customers.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
10	Promoting postal DFS intermediary models delivers government equity to its financial inclusion objectives	Governments may further encourage the use of postal DFS intermediary engagements in the ecosystem partnerships.	H	Encourage the ecosystem to engage with postal networks to form collaborative DFS partnerships and provide guidance on the benefits of FI objectives.	H
11	Expand G2C services through postal networks to better reach underserved customers	Postal DFS capabilities enable a wide range of G2C administrative services to be conducted through the Post.	H	Provide guidance to government agencies on partnering with postal networks in order to deliver digital administrative services to citizens on a wide range of payments, as well as government registration, enrolment and maintenance services.	H
12	Government support for postal DFS capabilities ensures economic resilience and empowerment for underserved segments	Government support for postal DFS solutions delivers economic resilience and digital empowerment and improves underserved customers' livelihoods.	H	Encourage government agencies, regulators and ecosystem actors to partner with postal networks in order to diversify postal DFS solutions by offering more and better choices for the underserved to enhance their livelihoods, increase resilience and further their economic empowerment.	H

Lessons learned by the private sector and adoption of recommendations

Summary of lessons learned by private sector, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Better awareness and guidance from governments and regulators required on the role of postal networks in delivering on national priorities	The private sector may benefit from clearer guidance from authorities (regulators and governments) on the proposed role of the postal network in addressing FI challenges.	H	Request clarification from the postal network, regulator and government during the national FI round table dialogue to confirm expectations on the important role of the Post in national FI delivery.	M
2	Better alignment with the Post delivers better postal customer insights on DFS needs	Closer alignments with postal networks on DFS solutions delivers better and valuable underserved customer insights for the private sector.	H	Engage with the Post to better understand the DFS needs of postal segments in order to advance collaboration and gain customer insights to support DFS solution developments and expansions.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
3	Better understanding of the postal DFS value proposition required by the private sector	The private sector requires a better understanding of the postal DFS full value proposition in order to better appreciate the value of postal network partnerships for the various stakeholders (private sector, ecosystem, postal network, regulator and government).	H	Request a clear illustration of the postal value proposition and its prospective impact on national goals, with the prospective impact on each stakeholder, in order to better appreciate the postal network's value propositions, which may be understated.	H
4	Postal DFS needs are not cost barriers but opportunities for prospective revenues	The private sector may perceive postal DFS needs as cost barriers instead of prospective opportunities to expand DFS solutions to generate new revenues.	M	Assess the role of the Post in enabling DFS solutions, processing cost savings and acquiring new customer-reach potential in order to evaluate cost benefits effectively.	L
5	Faster access to enabling postal DFS regulations can promote partnerships and collaboration	Quickly deploying enabling DFS regulations may incentivize and encourage private sector partnerships with postal networks in order to access new market segments with new DFS solutions.	H	Consider the value of accessing prospective, fast and enabling postal DFS regulatory provisions in order to create new opportunities in delivering new ecosystem DFS solutions and to leverage postal customer reach, prospective DFS solution expansions and revenue generation.	M
6	The private sector is a catalyst for postal DFS transformation and is of great value to private sector plans	The private sector is a key enabler of postal DFS transformation and DFS knowledge transfer.	H	Partner with postal networks in order to deliver postal DFS readiness assessment engagements, advance postal DFS learnings, and deliver innovative solution and financial education models. These will advance postal knowledge transfer, improve postal network DFS effectiveness, and help generate better revenues and scale.	M
7	Postal DFS partnerships reduce private sector processing costs and generate revenues	Postal DFS engagement and partnership models generate DFS cost savings and revenues for the private sector.	H	Evaluate the reduction in unit costing through DFS postal collaboration, expanded customer access potential, and revenue improvement opportunities.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
8	Increase UPU collaborations to gain postal customer needs and insights	Private sector engagement with the UPU delivers postal insights on postal network DFS readiness levels, regulations and prospective DFS engagement opportunities.	H	Access postal insights on readiness levels, regulatory provisions and underserved customer needs by tapping into the knowledge and DFS experiences of UPU member countries.	H
9	Postal DFS partnerships deliver domestic relevance and visibility for the private sector	Private sector partnerships with postal networks facilitate DFS deployment solutions, domestic relevance and last-mile delivery.	H	Assess brand equity and domestic visibility by partnering with postal networks in order to engage and access new postal customers and generate new revenue prospects.	M
10	The private sector is best suited to meeting the needs of postal customers	The private sector can further customize DFS solutions to meet the needs of underserved postal customers through enabling postal DFS regulations.	M	Engage customer needs assessment capabilities in order to define relevant DFS solutions that can advance digital customer inclusion while generating important revenues.	M

Lessons learned by ecosystem providers and adoption of recommendations

Summary of the lessons learned by ecosystem providers, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	Better alignment and visibility required on the national role of postal networks in the ecosystem	Ecosystem stakeholders require better guidance on the role of the Post in enabling national FI.	H	Discuss, clarify and confirm the role of the Post in advancing national FI goals through dialogue with postal networks, regulators, governments and other ecosystem partners.	M
2	Better promote the potential of postal DFS partnerships among ecosystem actors	Ecosystem stakeholders may wish to increase awareness and include the Post's DFS partnership capabilities in delivering on national FI priorities.	H	Define the enabling role of DFS for postal networks through collaboration with various stakeholders. Propose and validate the required actions on how to better activate the role of postal networks within the ecosystem for the deployment and expansion of DFS solutions.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
3	Form a national inclusion committee to include postal networks and ecosystem partners	Opportunity to create a national stakeholder FI body to include the postal networks and advance collaboration opportunities with postal networks.	H	Propose including the Post in the national dialogue on solving national inclusion priorities. Define ecosystem servicing gaps and how partnerships with the postal networks may successfully close gaps in the delivery of DFS solutions.	M
4	Better illustrate and understand the postal DFS value proposition required for the ecosystem	Stakeholders may benefit from better guidance on the potential ability of the postal DFS value proposition to close coverage gaps.	M	Request that the Post deliver a detailed DFS value proposition explanation and documentation in order to better understand prospective collaboration opportunities amongst ecosystem actors and the Post.	L
5	Better leverage postal DFS engagement models among ecosystem actors	Opportunities to better leverage various postal DFS engagement models in order to deliver solutions via postal networks.	H	Expand the dialogue with the Post on the applicability of postal DFS engagement models to include the definition of collaboration opportunities.	L
6	Ecosystem postal DFS partnerships strengthen the role and capacity of the Post	Ecosystem DFS partnerships with postal networks may create opportunities to coinvest in enhancing postal DFS capabilities to better serve customers.	H	Explore DFS postal solutions that reach and include underserved customers through partnerships to invest in postal networks as strategic enabling partners. These will achieve product expansions, generate revenues and support national FI goals.	L
7	Favourable ecosystem DFS regulatory incentives can support DFS partnerships with Posts	Government and DFS regulatory enabling incentives may promote ecosystem DFS partnerships with postal networks to access favourable postal DFS regulatory provisions.	H	Explore opportunities to partner with postal networks and access favourable DFS regulatory provisions that can accelerate access to market opportunities in order to launch new DFS solutions for underserved customers via postal networks.	M
8	Deploy national ecosystem aligned financial education campaigns through postal networks	Opportunities may exist to develop collective national ecosystem DFS educational plans using postal networks as a platform for national financial education supervised by central banks.	M	Launch financial education initiatives to engage postal networks as a platform for customer education programmes and campaigns to drive DFS knowledge and support FI. The postal networks can do this alone or in collaboration with ecosystem stakeholders on a joint costs basis.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
9	Setting ecosystem targets for postal customers can drive postal partnership platforms	Setting national collective ecosystem DFS goals to digitally include underserved customers using the postal network can advance FI.	H	Discuss underserved postal customer targets that ecosystem actors should influence. Define DFS partnership engagement models to collaborate with postal networks.	L
10	Better alignment and coordination within the ecosystem to define postal DFS opportunities	More diversified ecosystem partnerships with postal networks in the areas of digital payments, credit, savings and insurance advance FI efforts.	M	Discuss ecosystem DFS needs and how postal DFS collaboration may meet those needs while improving digital access for the underserved.	L

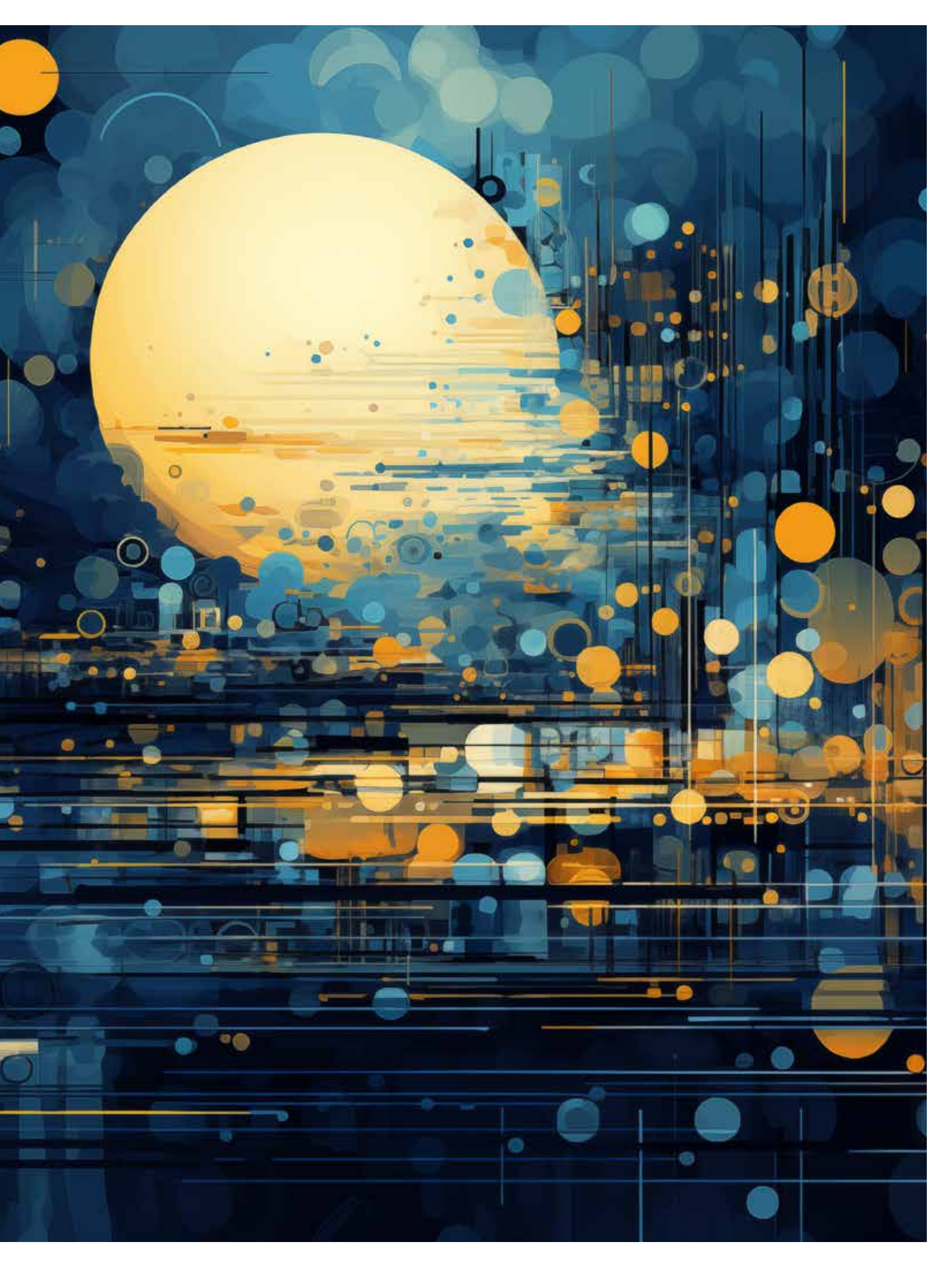
Lessons learned by the UPU and adoption of recommendations

Summary of the lessons learned by the UPU, projected impacts, adoption of recommendations and estimated ease of adoption

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
1	DOs are encouraged to contact the UPU early regarding their DFS plans	Early DO engagement with the UPU on DFS plans delivers pertinent DFS advice to Posts.	H	Contact the UPU PFS team first to arrange a DFS assessment review meeting about your DFS plans in order to leverage successful global postal DFS models.	H
2	Strategy assessments are best accompanied by immediate deployment plans	Combining postal DFS strategy engagement with immediate deployment plans ensures that DFS have a better and more timely impact. Strategy projects without immediate deployment plans risk delaying deployments and losing relevance.	H	Ensure that DFS strategy research and development projects include specific and actionable DFS deployment plans with clear deployment timelines and the required budget allocation.	M
3	UPU DFS advisory support can provide important DFS insights	The UPU advisory engagement with DOs can provide information on beneficial DFS strategies and cost-effective profitable partnership structures.	M	Engage with the UPU PFS team after the DFS project setup phase to access global postal DFS insights on customer segmentation, DFS solution designs, partnership models, financial education, capacity building and DFS activation insights.	H

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
4	Participate in UPU DFS programmes to advance postal DFS readiness levels	The UPU DFS programmes enable the critical extrabudgetary seed funding to kick start DFS postal initiatives.	M	Actively participate in the announced UPU DFS programme initiatives to benefit from real time DFS readiness assessments and to access prospective DFS seed funding to kick-start or enhance postal DFS capabilities.	H
5	The UPU DFS programme is an opportunity for postal DFS regulatory assessment	The UPU programme seeks to align postal DFS plans with regulators' directives and to define postal DFS regulatory gaps.	H	Participate in the UPU DFS programmes to evaluate the impacts and effectiveness of the current postal DFS regulations in line with the postal DFS plans, and to engage with regulators on the important dialogue on postal regulatory needs.	H
6	Choose and use the right DFS engagement model by working with the UPU	UPU programmes encourage leveraging the right DFS engagement models in order to advance digital and financial inclusion.	H	Engage with the UPU PFS team to evaluate and agree on the most suitable DFS engagement model in line with your postal regulatory directives, DFS technical level and DFS knowledge level.	H
7	Leverage UPU DFS lessons learned and contribute to DFS best practices	UPU DFS programmes leveraged global postal DFS best practices to deliver better DFS deployments, as well as customer and partnership economics.	M	Participate in the UPU DFS programmes and initiatives to ensure your postal voice is heard on local DFS needs and to collaborate on prospective solutions, while contributing to building DFS knowledge.	M
8	The UPU DFS programme emphasizes customer financial education and capacity building	The UPU DFS programme particularly emphasized financial literacy and capacity building provisions in each postal DFS project.	H	Collaborate with the UPU PFS team to access successful financial literacy and capacity building programmes and deployed models to enhance your DFS education plans, which the UPU promotes as key to the success of the DFS programme.	H
9	The UPU external partnerships are critical for DFS network advancements	The UPU DFS programme enabled DFS research, advocacy and technical assistance programmes.	H	The UPU will continue to evaluate prospective private sector partnership programmes that can enhance DFS, FI and deliver digital access to postal customers in the areas of payments, savings, insurance and credit.	M

No.	Lessons learned point	Summary of the lessons learned	Impact H-M-L	Adoption of recommendations	Ease of adoption H-M-L
10	UPU programmes support intra network collaboration	The UPU programme encouraged and enabled intra-UPU-network DFS operating model learnings and best practice sharing.	H	Share your DFS challenges and opportunities with the UPU to benefit from the UPU's knowledge of how other postal markets handled and overcame similar DFS hurdles. This will also facilitate joint country dialogues.	M
11	The governance of the UPU programme focused on actionable and measurable outcomes	The structure of the UPU DFS programme for project governance delivered actionable and measurable outcomes and impacts.	H	Participate in the UPU DFS programmes to enhance DFS impacts through UPU project governance and measurable deliverables in the areas of DFS solution design, technical interface, financial education, capacity building and marketing activation programmes.	H
12	The UPU programme focused on the DFS needs of postal customer segments	The UPU DFS projects promoted DFS access diversification and more DFS access choices for MSMEs, women, small-holder farmers and youth.	H	Enable engagement with the UPU to assess the role of the Post in enabling relevant DFS solutions for underserved customer segments by diversifying DFS offers in the areas of digital payments, savings, credit and insurance provisions.	H



CONCLUSION

SIGNIFICANT SOCIETAL IMPACTS OF STRENGTHENING POSTAL DFS CAPABILITIES TO ADVANCE FINANCIAL INCLUSION

The 665,000 post offices across the globe are connected to prospective and important underserved customer segments in each UPU member country.

Once they are digitally empowered, those customer segments will have significantly better choices to access digital payments, savings, insurance and microfinance credit solutions. Underserved postal customers will have access to the relevant financial sector capabilities in their communities, which are tailored to their needs and facilitated by postal networks. This will help build their confidence and encourage their digital participation.

The participation of underserved customers in financial digital ecosystems through Posts and other ecosystem access points is a fundamental right, and a responsibility and requirement that governments and wider ecosystem actors must all strive to uphold. **Access to the financial system significantly improves underserved customers' livelihoods, resilience, economic empowerment, digital education and financial equity diversification, especially in the case of women, MSMEs, youth and farmers.**

Postal DFS capabilities will expand digital access for the underserved, which will directly reduce reliance on cash. The use of **cash continues to exclude customers** from the financial system and has multiple adverse cost implications for the national gross domestic product (GDP), with the various challenges associated with transparency, control, management, transport, replenishment, security and storage. **DFS solutions and capabilities deliver more and better digital choices that improve underserved customer segments' economic empowerment** while assisting in reducing their reliance on national social security assistance. It contributes to financial education by creating better informed citizens and it delivers substantial cost savings by replacing manual labour-intensive transaction processing. It also improves fulfilment speed, efficiency and transparency, and promotes innovation and healthy competition to create new digital partnership opportunities with postal networks. Postal DFS capabilities advance national FI and digital access choices for underserved customers in the areas of digital payments, credit, savings, insurance and digital supply chain fulfilment through e-marketplaces. **Postal DFS access improves citizens' participation in the financial sector and the economy.**

POSTAL DFS BUILDING BLOCK SCORECARD

Key requirements to advance FI in postal networks

The learnings from the UPU FITAF programme engagements, the experiences from the assessments, the facilitation and deployment of the various DFS strategies, and the technical assistance projects could be summarized in the following postal DFS building block scorecard. **The building block scorecard takes into account, and ranks in order of priority, the key attributes that may facilitate effective postal network DFS programme initiation, activation and deployment in support of national FI goals.**

It is important to underscore that the success in achieving the postal network's DFS and FI aspirations and associated strategic outcomes as part of the **postal network building block scorecard below** will be greatly dependent on the empowerment, collaboration and leadership levels that national postal entities are willing to undertake to define and confirm their role in delivering on national FI priorities. **The use of the postal network building block scorecard self-assessments is recommended to define postal network DFS readiness levels.**

Postal network DFS building block scorecard

The postal network DFS building block scorecard roadmap

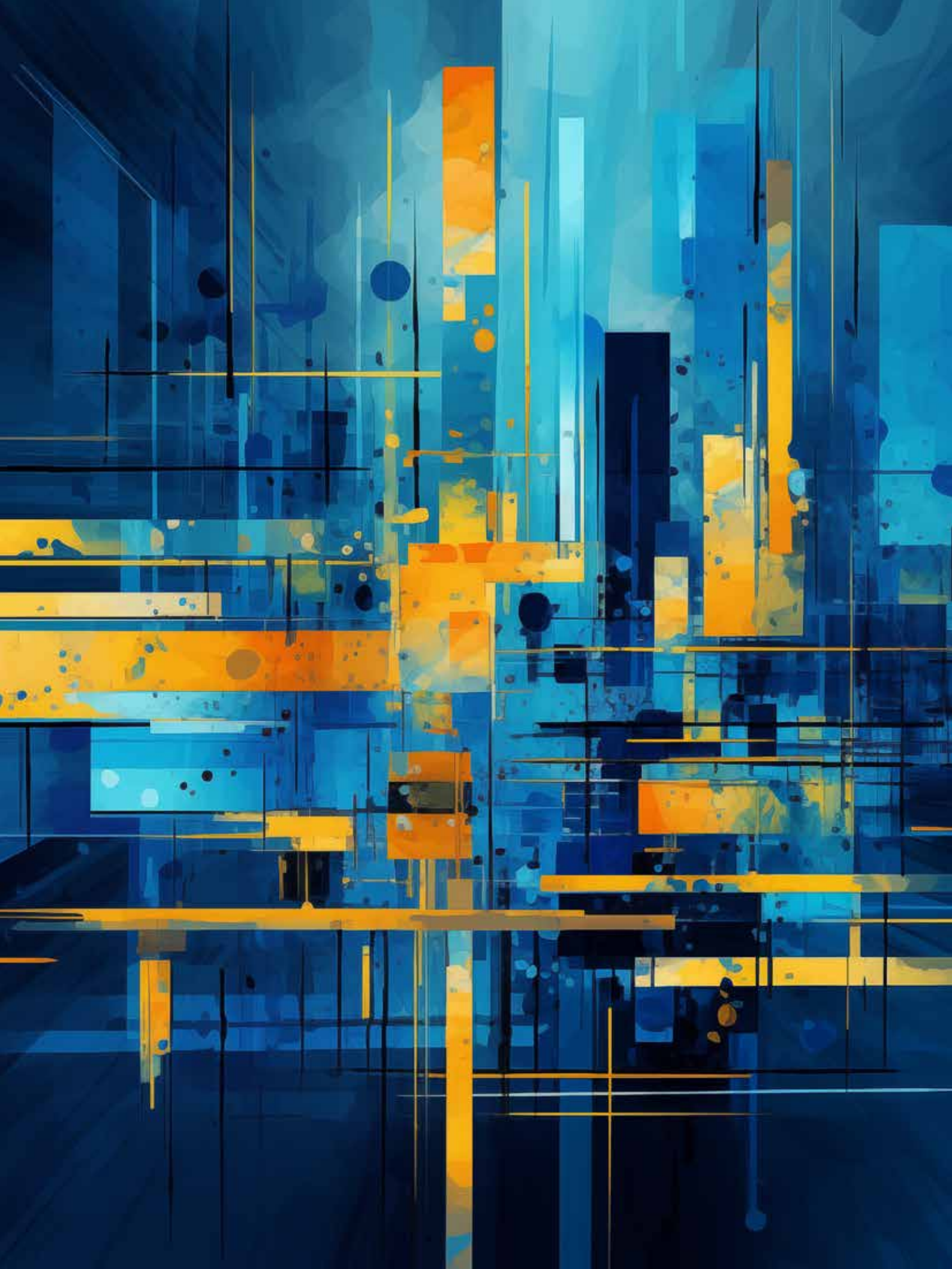
	Scorecard element	Aspirational strategic outcomes and deliverables	Priority
1	National alignment on the role of the Post	Integrated postal plans and alignment on the role of the Post in the financial ecosystem	H
2	Postal regulation fit for purpose	Postal dialogue with regulators and policymakers on the effectiveness of existing postal regulatory provisions to enable the Post to support national FI priorities	H
3	Postal customer segment focus	Target women, MSMEs, small-holder farmers, youth, the elderly, refugees, others – define DFS inclusion targets	H
4	Postal DFS access programmes	Pursue relevant DFS programmes for underserved postal customers on DFS payments, savings, microfinance, insurance and e-marketplace	M
5	Postal DFS engagement models	Employ the most relevant and cost-effective postal engagement model as an intermediary service provider, a co-branded service provider, a licensed service provider, or a neo-bank licensed service provider	H

	Scorecard element	Aspirational strategic outcomes and deliverables	Priority
6	Postal DFS seed funding	Source and secure DFS programme funding to drive research, analysis, DFS design and technical integrations	M
7	Postal DFS products and solutions	Define and deploy the most relevant DFS products and solutions to target customer segments, with a focus on mobile based solutions	H
8	Postal DFS technology and platforms	Adopt innovative DFS technology capabilities and functionalities that are adaptable, evolutionary in nature and cost effective	M
9	Postal DFS expertise and resources	Build and create in house postal DFS expertise and resources to inform and guide the postal DFS journey and the required future DFS partnership dependabilities	H
10	Postal capacity building	Build DFS staff capacity building plans to support postal DFS transformation	M
11	Postal financial education	Build customer financial literacy and educational programmes linked to the postal digital transformation strategy and to particular DFS solution deployments	H
12	Postal activation and marketing	Build relevant partnerships and marketing programmes to effectively communicate DFS solution benefits and values to acquire and activate DFS solution users	H
13	Postal usage incentive programmes	Incorporate community value added benefits and incentives to change unfavourable usage habits and go digital	M
14	Postal targets and impact assessments	Monitor progress to achieve defined postal DFS customer inclusion targets and track their impact	M
15	Postal best practices and sharing	Qualify and repurpose best practice deployments and share them with ecosystem actors	H
16	Integration in the financial ecosystem	Create visible active postal communication on the Post's DFS contributions to national priorities in order to prompt and support further postal engagements	H
17	Regulatory provision validations	Revisit postal regulations at different DFS journey intervals to ensure optimum effectiveness and relevance in supporting the role of Posts in their DFS journey	H
18	Postal DFS investments	Ensure the right DFS investments to support the role of Posts in advancing national FI priorities	M

THE WAY FORWARD

The learnings from the FITAF programme, and the deep individual FITAF project engagements with the UPU member countries participating therein, provided important and relevant insights into how best to enable postal network DFS capabilities to support national FI priorities. Those learnings and insights varied in accordance with the DFS readiness levels of postal networks, and informed the different DFS postal engagement models and options for DFS delivery, which paid particular attention to the role of key stakeholders. The national FI frameworks could deliver greater impacts through ecosystem collaboration with the postal network organizations that underserved communities have an affinity with by establishing enabling postal regulatory provisions, introducing relevant diversified digital offerings, and realizing the strength of community education and capacity building. Through broader ecosystem collaboration on common national FI goals, substantial progress could be made in advancing underserved customers' digitization and FI.

The way forward will require building on the learnings of the FITAF programme and continuing to expand collaboration to drive new private public partnership programmes. Future priorities should focus on continuing to digitally include underserved customers in the financial system, providing customers with more and better digital access choices to payments, savings, microcredit and insurance, and enhancing postal network DFS capabilities, knowledge transfer and DFS innovations. Postal networks need to continue to strive to establish and confirm their important role in achieving national FI priorities, while promoting the need for ecosystem collaboration to support FI and the United Nations SDGs.





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