



UPU 4th
Extraordinary
Congress - Riyadh
1 - 5 October, 2023



The future of postal financial services

The UPU's role in financial services

The UPU contributes to the development, coordination and execution of financial services through the postal network in several key ways, including by:

Advocating for governments to support the use of the postal network – which reaches remote areas where formal financial service providers are often not present – to foster financial inclusion

Providing technical assistance and knowledge sharing to designated postal operators

Managing UPU agreement, known as the Postal Payments Services Agreement (PPSA), that defines and regulates the provision of postal payments across the postal network

Working to build a worldwide electronic postal payment network (WEPPN), supported by its own secure, centralized platform, the UPU Interconnection Platform (UPU-IP), which is ready to connect actors and networks from the wider sector

Facilitating and securing settlements between designated postal operators exchanging postal payment services through the UPU's postal payments clearing house, the PPS*Clearing

Developing the global "PosTransfer" trademark to brand posts' payment services and certify their connection to the UPU's secure payments network as well as their compliance to its quality of service standards

Changing market reality

Postal financial services have faced numerous challenges in recent years, including:

- Rapid digitalization and the introduction of disruptive technologies, accelerated by the COVID-19 pandemic
- Fast pace of change in the financial services market coupled with new customer needs
- Regulatory and compliance constraints, including finding the right balance between the need for extensive data collection while managing more stringent data protection requirements

Re-evaluating the UPU's role

The UPU has taken stock of these turbulent conditions and taken several concrete steps to ensure the postal financial services sector can adapt to its new reality.

In line with the Abidjan Postal Strategy, the UPU commissioned an independent study to conduct a complete end-to-end evaluation of the UPU's current postal financial services offering to provide input to the organization's 2030 vision in this area. This included feedback from postal operators, central banks and regulators.

To follow up, the UPU's technical, central banks and and operational body – the Postal Operations Council – decided to create an expert team dedicated to defining a roadmap with concrete proposals for the UPU's Vision 2030 for Postal Financial Services. The expert team found that the UPU could better support the development of postal financial services by:

Enhancing the existing PPSA and UPU models, including developing standards on interoperability, security and customer protection

Facilitating knowledge sharing

Developing partnerships in the wider sector to diversify the UPU's postal financial services offering

Enabling of provision of tailored or customized technological solutions, advisory services and technical assistance

Strengthening the voice of postal operators in postal financial services policymaking

These recommendations are being evaluated in two steps:

1 Proposals to the Fourth Extraordinary Congress in 2023

2 Proposals to the 28th Congress in 2025

Proposals for the Fourth Extraordinary Congress

In Riyadh, UPU's member countries will decide on proposals that will:

1 Improve the UPU's legal framework associated with postal payments through amendments to the PPSA that will:

- Emphasize postal operators' anti-money laundering/ combating the financing of terrorism obligations
- Promote the use of the "PosTransfer" trademark to improve customer trust
- To make the PPSA a truly multilateral agreement facilitating the opening of electronic postal payment services corridors between designated postal operators and wider postal sector players (WPSPs)
- Establish PPS*Clearing as the primary postal payments clearing and settlement system
- Establish remuneration guidelines for the paying postal operator
- Enable DOs and eligible WPSPs to access and provide payment orders in member countries not directly operating the service that are compliant with PPS standards

2 Set the conditions for interconnection with wider postal sector players for postal payments through proposed amendments to the PPSA that:

- Allow postal operators to exchange payment orders with other parties connected to the network through a centralized platform
- Ensure that technologies connected to the UPU network and payments exchanged with wider postal sector players are compliant with postal payments services standards and are certified by the UPU
- Establish a process through which UPU member countries would ensure any wider postal sector players seeking access to the postal payments services network hold a full-fledged national licence to execute international payments

3 Have the UPU establish an advisory knowledge centre for postal payment and other postal financial services to:

- Establish an advisory knowledge sharing platform for governments and postal operators
- Provide an overview on regulatory frameworks and the latest market trends
- Advocate for the importance of postal financial services to governments and regulators
- Act as a best practice think-tank for postal operators and private companies in the postal financial services network
- Provide technical assistance on the provision of broader financial services to UPU stakeholders



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