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HayPost digital response to COVID-19 crisis

EXECUTIVE SUMMARY

The COVID-19 pandemic has brought about the adoption of special rules governing the commercial operations and social behavior of industries worldwide. The postal sector, especially postal operators, is, of course, an important player in this regard, particularly in that, in many countries, it has been deemed an essential service in these times of lockdown and other social distancing restrictions. Despite the operational and commercial challenges posed by the pandemic, HayPost CJSC, the designated operator of Armenia, responded immediately to the pandemic by introducing new social and financial services to support communities and placing considerable emphasis on the digitalization of financial services, postal delivery and care for the vulnerable and elderly. All the measures introduced were aimed at excluding physical human contact as much as possible, thereby contributing to a sharp reduction in the risk of the infection spreading.

PREVENTIVE MEASURES

As a first response to the pandemic, certain rules of conduct were tightened both within the company and in its customer service. All the company's premises, including its post offices, are regularly disinfected by a specialized company, and all shipments and parcels received are disinfected with special materials before being processed and delivered to customers.

SOCIAL AND DIGITAL SERVICES

Within the framework of the Armenian government's programme for minimizing the negative economic effects caused to the socially vulnerable by COVID-19, the HayPost network is used for the distribution of government social payouts, which are delivered by the company's employees.

The hybrid mail service has been widely used in cooperation with the state authorities, with the possibility of private sector involvement in the future. Hybrid mail enables the delivery of digitalized letter post, and allows customers to track and trace their mail online, resulting in a reduction in physical contact and greater efficiency of the operator. Even if the service is

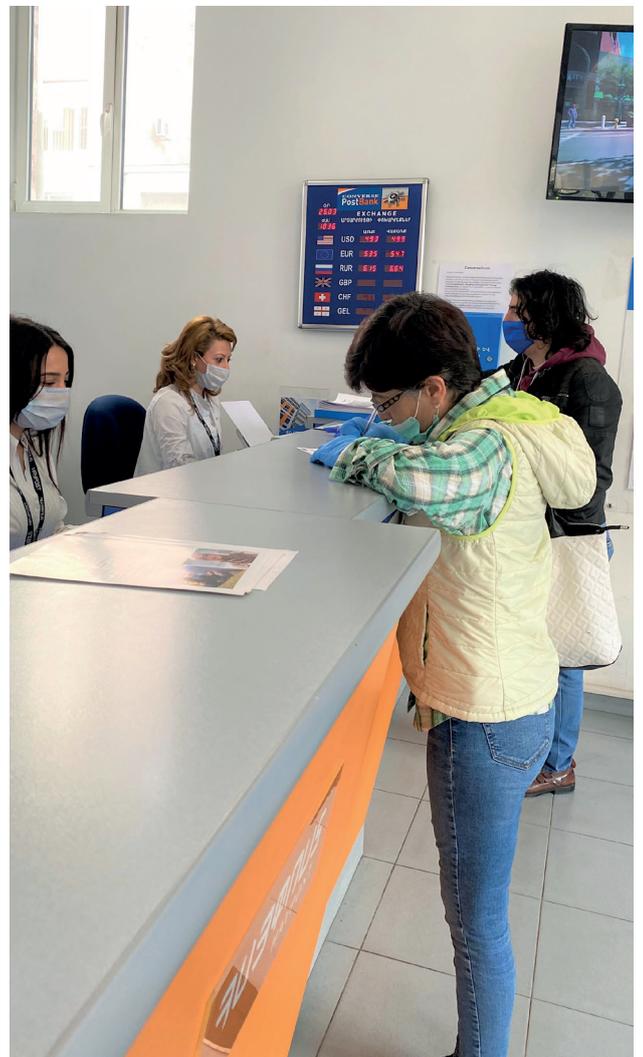


not innovative itself, the pandemic has brought about a renewed focus on it. Hybrid mail helps to improve efficiency and reduce costs. Moreover, in the current situation, it is crucially important to keep costs down and respond immediately to customers' changing behavior.

HayPost has also introduced certain changes to its e-commerce service. The pandemic has provided an opportunity to look for different ways of satisfying customers and reducing costs – certain measures have been taken to establish a "Postomat" network, accessible 24/7 in easily reachable locations, and the first lockers are expected to be opened in the coming months. This clearly shows the shift towards "contactless" delivery of parcels in response to the ongoing pandemic. The use of lockers will significantly reduce the time spent by customers at post offices (closed areas) when receiving their postal items, and will eliminate unnecessary contact between counter staff and customers.

FINANCIAL SERVICES

Following the announcement of the pandemic in the country, an immediate decision was taken to provide home delivery for senior citizens' pensions, around 50% of whom are served by HayPost. Thanks to this initiative, HayPost has reduced crowding in its branches and the risk of contamination through close contact. For beneficiaries who, for a number of reasons, have been unable to receive their pensions at their place of residence, HayPost has provided an opportunity to go in person to the nearest post office. In this connection, special days have been introduced to reduce customer numbers and queuing. In April/May 2020, almost 90% of vulnerable people's pensions were delivered at home.



HayPost is the national postal operator and its services are used by almost the entire population. The World Health Organization's recommendations to go cashless in order to help control the spread of the virus were observed in Armenia. In collaboration with the Armenian government, HayPost is currently implementing a cashless (account-to-account) payments system providing for the use of e-wallets, but without excluding cashless payments via bank accounts. As part of this joint programme, HayPost will build a cashless ecosystem at the government's request, ensuring the availability of infrastructure in rural areas and allowing payments to be made through mobile devices and "cash-out" via the operator's network. A package of documents has been developed and submitted to enable the launch of this system. All of this goes hand in hand with authorities' recommendations to use electronic payments to avoid close interaction with people.

A huge infrastructure project involving the digitalization of post offices has been developed, the implementation of which will result in the provision of broadband Internet connection at the country's main post offices. Once the necessary infrastructure is in place, post offices in rural areas will be able to support digital financial services, which will not only reduce physical human contact, but will also promote the economic development of communities and of small and medium enterprises (SMEs).



CONCLUSIONS

Strong support from the government and immediate measures taken by HayPost have helped in a practical way to address the financial and digital service needs of the Post's customers, while safeguarding their health. This joint action shows how efficient the Post can be in delivering social services to the population. Although not all projects have yet been launched, the Post and its customers will benefit from the digitalization of services once the crisis is over, and at an affordable price. Key success factors appear to be:

- The immediate response to the rapidly changing situation and ability to mitigate the consequences of the pandemic;
- An innovative and motivated team;
- Support from the government and understanding of the role of the Post as a single window for provision of the government's social and financial services;
- The launch of forward-looking projects in order to serve customers – even beyond the crisis.