



## **CONCEPT NOTE**

### **PAPU DIGITAL FINANCIAL SERVICES WORKSHOP**

**11<sup>th</sup> -13<sup>th</sup> DECEMBER 2024, ARUSHA, TANZANIA**

**THEME: “FOSTERING FINANCIAL INCLUSION THROUGH DIGITAL SOLUTIONS”**

#### **1. BACKGROUND**

Providing essential postal financial services contributes significantly to global economic and social development and plays a vital role in improving citizens' living standards. The postal sector plays a crucial role in remittances and payments as part of the financial inclusion of populations. In this regard, the postal sector can diminish consumer risk related to using informal networks.

According to a study by the UPU, postal operators provide some 1.5 billion people worldwide with access to basic financial services, such as money transfers, payments, and savings.

Exploring the UN SDGs and AU Agenda 2063 shows that social and economic inclusion and innovation are the key focus areas for governments' development agenda. Within these frameworks, Financial Inclusion is important because, according to a report by the World Bank Group (2015), it enables individuals and businesses to have access to quality, secure, reliable, and affordable financial products and services that meet their needs in the form of transactions such as payments, savings, credit, and insurance, delivered responsibly and sustainably.

Financial access facilitates day-to-day sustenance and helps families and businesses plan for and achieve long-term goals and unexpected emergencies. People with savings accounts are more likely to use other financial services, such as credit and insurance, to start and/or expand their businesses, invest in education or health, manage risk, and withstand financial shocks. All these elements can improve the overall quality of their lives. In essence, this entails that the more vulnerable communities are included in the formal banking sector, the more the rate of socio-economic development is accelerated.

Access to a transaction account is a first step towards broader financial inclusion since it allows people to retain (store) money and send and receive payments. A transaction account can also serve as a gateway to other financial services, so ensuring that people worldwide and in Africa are facilitated access to a transaction account is the focus of the World Bank Group's ongoing Universal Financial Access 2020 initiative.

The postal network, through its worldwide coverage and the combination of electronic, financial, and physical dimensions, ensures that all citizens have access to efficient, reliable, secure, and affordable electronic payment services.

The postal network in Africa comprises about 25,000 postal outlets that offer remittances. Postal payment services (PPS) are traditionally more affordable formal financial services channels than private money transfer operators, banks, etc.

In pursuit of achieving financial inclusion, **Resolution No. L12** on Postal Financial Services was adopted by the joint AU/ UNECA Ministers of Finance in 2014 in Abuja, Nigeria, affirming the need for postal networks to use broadband and deploy advanced information and communication technology to provide adequate access to essential financial and other digital services. The Ministers also confirmed their commitment to prioritizing the transformation of the existing postal assets and resources, to increase access to essential services and thereby promoting financial inclusion, and, among others, encouraged development partners, in particular the African Development Bank, the Economic Commission for Africa, the Universal Postal Union, the European Union, the International Fund for Agricultural Development, the World Bank, the Bill and Melinda Gates Foundation and others, to support the implementation of the resolution.

Furthermore, by **Resolution No.04/PAPU/AC/XXXVIII/2019** on the implementation of Financial Inclusion Projects, the Administrative Council of the Pan African Postal Union (PAPU), in June 2019, recalled in part that Financial Inclusion is in line with the United Nations Sustainable Development Goal 6 as well as Aspiration 1 of the African Union Agenda 2063. In addition, the Council also recalled **Resolution No.09/PAPU/AC/XXXVI/2017 and 04/PAPU/AC/XXXVII/2018** on the implementation of Digitization and Financial Inclusion Projects to ensure the improvement of financial services and resolved that Member states should exhaust all possible funding sources to facilitate financial inclusion initiatives. By extension, the resolution urged Member States to implement Financial Inclusion Projects, including digitization, by using available solutions to facilitate efficient and cost-effective financial services.

Digital solutions are vital in ensuring the continuity of socio-economic activities, among others. It is, thus, prudent for the global citizenry to embrace the uptake of digital solutions in the provision of goods and services going forward. With the enhancement of intra-Africa trade at the core of the African Continental Free Trade Area's (AfCFTA) objectives, where e-commerce plays a significant role in its actualization, ultimately, postal services are essential in the fulfillment of cross-border e-commerce in Africa as not only participate on the logistics of the physical movement of goods but also facilitate money transfer services for payment for online orders.

Moreover, the post serves the diaspora community, which remits funds back home for various undertakings, thereby contributing to the GDP of African Countries.

## **2. THE AFRICAN POSTAL FINANCIAL SERVICES WORKSHOP OBJECTIVES**

The overarching objective of this workshop is to ensure that all key stakeholders, namely Governments, Regulatory Authorities, and Designated Operators, gain a common and comprehensive understanding of the role of the Post in the provision of postal financial services and the contributions that these services make to uplift the citizens' standard of living.

The specific objectives of the Workshop are to equip participants with knowledge on:

- (i) Improving access to financial services by the marginalized, vulnerable, and rural communities to ensure inclusive national socio-economic development and to reduce their exposure;
- (ii) Fostering financial inclusion by use of digital solutions to better serve the citizenry and connect them to the diaspora community;
- (iii) Establish mechanisms for how Financial Inclusion can contribute to Regional Integration by identifying services and remittance corridors.
- (iv) Exploring Funding Mechanisms for the implementation of financial inclusion strategies;
- (v) Sharing of experience and benchmarking on best practices;
- (vi) Enhancing and building capacity in the area of postal financial services;
- (vii) Linking the Post to the African Union Agenda 2063 as well as UN SDGs and establishing the framework for Stakeholder interaction;
- (viii) Appreciating the extent to which Stakeholders have assisted members in the implementation of financial inclusion projects on the continent;

## **3. TARGET GROUP**

The main Stakeholders exploring the theme will include policymakers, financial services experts from designated operators, and postal regulators.

## **4. WORKSHOP METHODOLOGY**

### **4.1. Date and Venue**

The workshop will be held in Arusha, Tanzania, from December 11<sup>th</sup> to 13<sup>th</sup>, 2024. It will be held in a hybrid format, with the link available to facilitators and remote participants a day before the Workshop.

### **4.2. Workshop Programme**

The final Workshop Programme will be shared once it is ready

### **4.3. Facilitation**

The workshop facilitation will be done by experts from the following organizations:

- i. Universal Postal Union (UPU) International Bureau;
- ii. International Fund for Agricultural Development (IFAD);
- iii. Africa Institute for Remittances (AIR);

- iv. International Organization for Migration (IOM);
- v. Eurogiro;
- vi. Mastercard;
- vii. Visa;
- viii. Central Bank of Tanzania.
- ix. Designated Operators to share experience

#### **4.4. Interpretation**

Simultaneous interpretation in French and English will be provided.

#### **5. OPENING AND CLOSING**

A brief Opening and Closing ceremony will be held at the beginning and the end of the Workshop.