Good afternoon, your Excellencies, Ladies and Gentlemen. I am honored to be addressing the 25th Congress. As UN Special Advocate, I am especially pleased that the Universal Postal Union is so actively investigating how postal systems can contribute to financial and social inclusion.

In recent years, global discourse has evolved from "microcredit" to "microfinance," and now to "financial inclusion". With inclusion, comes more attention to the ecosystem that enables the provision of diverse and responsible financial services, and to the resulting impact on lives, welfare and development.

When it comes to financial inclusion, it is unlikely that a single type of institution can provide all the financial products that poor people and small enterprises need. Good products require knowledge of local needs and context—whether it be a mother saving for education or finance to increase a farmer's crops. Or government payment of social welfare support. And different products present different risks and delivery challenges. So, because we want diverse financial products, we will then most likely have diverse providers.

One of the most important roles for government is creating the connected ecosystem that encourages a vibrant market, with diverse providers. This involves infrastructure, regulation and supervision, as well as efficiency, competition and consumer protection. And, of course, it requires coordination across many sectors. To this end, I congratulate my fellow panel members. Brazil, Kenya, India and Tanzania are among a growing number of countries committed to putting financial inclusion to the service of the poor.

In all this, the communications sector plays a big role. Mobile phones are transforming how we do business, interact with social networks, share information and solve urgent problems. And also how we pay for things. Innovations like agent and mobile phone banking are overcoming long-standing challenges in financial services.

Postal networks have a lot to offer too. Around the world, posts frequently offer remittances, money transfers and bill payments. Some provide savings accounts or even full banking services. And at least one post office offers a mobile wallet. Posts can also offer accessibility and affordability, in part by using their nation-wide infrastructure to maximum advantage. Low-costs and high-volumes is a common model. Also the criteria to open a post account are typically less than for a normal bank account. And in many places, post offices are at the center of community life. All these factors can encourage poor people to use formal financial services. As a result, an estimated 1 billion people in more than 50 countries are banked through postal systems.

Where post offices are strong this is very positive. But it is incumbent on all of us to be realistic. For example, client trust is very important in financial services. In the case of the post, trust will be influenced by other core functions, such as mail and package delivery. We have unfortunately seen examples of what can happen without proper management and supervision. Or when credit is promoted too heavily or at exorbitant rates. In all aspects, a postal bank must be independent, sustainable and responsible. This also extends to how deposits are used and reinvested. So, I am glad to hear of examples of posts creating legally independent financial service entities.

With the rise of digital communications, posts can find it costly to maintain extensive infrastructure and staff. Many posts are developing additional products to replace lost revenue from letters.

For these reasons, I would like to emphasize the potential of working in partnership with financial institutions. This recognizes the comparative advantage of the post. It provides potential revenue through agent banking or
hall rental fees. It removes some big challenges like regulation, management capacity, and separating operations. It allows the post to concentrate on what it does well, while partners bring financial expertise. It also can promote competition in the financial sector. And competition, we know, drives innovation and lowers prices. It is, however, up to the postal networks to become the partners of choice for financial service and mobile money operators. This scenario could be transformative in many countries.

Finally, I would like to point out how posts could work even better for the poor by combining financial with needs-related services. In Botswana, the Kitsong communication centers provide access to government forms and agricultural information. Other countries use posts to send school equipment. Brazil has even used them to raise awareness on HIV/AIDS.

How can we build on this? Perhaps this will mean partnering with pharmacies to deliver medicines. Or with agricultural companies to send a farmer’s crop directly to the buyer. The payment could be deposited directly into a savings account. The next season, this account could be automatically debited and the post deliver new seeds and fertilizer. I really encourage you to work with others to develop more of these opportunities. They are endless.

In closing, there are exciting examples where the post has built on its presence to provide payments, savings and many other financial services. By offering access and affordability, these services are available to poor people, and can make a huge difference in lives and livelihoods. But this is not going to be right for all posts in all countries. In some instances, serving as a retail partner for financial service providers and mobile phone companies may make more sense.

Everywhere, communications technology is at the forefront of innovation for financial and social inclusion. The leadership of communications ministries — and your active coordination across government and with the financial sector — is so welcome and so important.

I would also like to acknowledge the very good work the team at UPU has been doing on financial inclusion. UPU is helping to advance the financial inclusion agenda by sharing knowledge, lessons learned and best practices. And also by bringing stakeholders together, such as in this event and a forthcoming landscape study. UPU also has some support projects in different countries. In all these efforts, it is equally valuable to consider what has worked and also what has not worked. And how successes can be adapted to local contexts, and taken to scale sustainably. Here, I really encourage countries such as Morocco that are farther along in the process and have strong post banks to document and share your experiences widely. The UPU can also help by working closely with other UN agencies in specific countries. The opportunity is to identify how the post can partner with others to deliver financial services that meet specific client needs and context, while also advancing development goals. I encourage your attention especially to countries where there are national planning processes and commitments to financial inclusion.

I am sorry I cannot be with you today. It has been a pleasure working with the UPU. I wish you and all the countries good success with your continued efforts.

Thank you.