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# **\$12 Mln To Be Invested In Modernization Of Armenian Postal Sector By 2012**

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Exclusive interview of Haypost company's trustee manager Hans Boon with ARKA News Agency

"ARKA": Mr. Boon, what impact has the transfer of Haypost Company to the trust management of the Dutch "Haypost Trust Management" had on the activity of Haypost Company?

Mr. Boon: The transfer of Haypost to the trust management has led to the company's being more commercial. Its activity's transparency level has increased, particularly the company's financial accountability.

Naturally, these are positive changes. We are trying to raise our standards, to increase their quality, change the company's mentality that will impact the cultural level of the Haypost service.

"ARKA": How much does the Dutch experience encourages the company's entry to the world market?

Mr. Boon: Netherlands has big experience in the sphere of commercialization of postal services, and that is the fundament for the Postfinance International Company (developer of the Armenian Haypost Company transfer to the trust management of the Dutch Haypost Trust Management - ARKA) that has been exporting its business concepts for over 20 years. The company's employees have working experience in over 50 countries, including Central Europe, South Asia, South America, and Africa. They specialize in sharing their experience in provision of postal services, and this experience demonstrated through postal banking.

"ARKA": How much investments in modernization of Armenia's postal system are expected and what activities are planned to implement under the modernization program? Are there any priority directions in this reform?

Mr. Boon: According to the trust management program, the investment in Armenia's postal system modernization will total approximately \$12mln for the following five years. We believe, the investments will have an impact of the company's performance and progress of postal services in general.

The priorities in the reform will be improvement of postal services quality. It means both collection of mail and correspondence, and provision of delivery in time. Also, we intend to introduce new technologies due to which the postal system will be fully modernized and meet the international standards.

We are going to modernize post offices. About four to ten post offices will be fully reconstructed during this year. The post office will become a comfortable store where a customer can come with full assurance to get quality service. In addition, we are thinking about expanding the scope of our services.

Post is now associated with letters, packages, or packets, and we

are going to change this stereotype by introducing new services, such as direct mail, designed for business clients to send out their products and information to multiple potential clients.

Also, such services as delivery of clients' letters through their provision of electronic files for printing and resending them to addressees will be included. At the same time, Haypost will be fulfill the function of feedback support, for instance by sending information to clients with the receipt saying "we would like to receive information from this organization henceforth".

However, our priority objective remains improvement of services quality.

"ARKA": Will the modernization of the postal system lead to redundancy in the company.

Mr. Boon: Of course, changes in the company will tell on the number of its staff. Today, about 4000 people are employed at the company, and it makes Haypost one of the largest employers of Armenia. However, we will have rather considerable changes that will have an impact on the number and the quality aspect of the staff. However, all the measures will be taken with a careful approach.

The company will work with such employees who can and want to accept changes in Haypost in order to increase its performance. For these people we plan to provide training programs to the end of their adjustment to changes. We also plan a very careful and farsighted reorganization of Haypost. We do not pursue the goal to fire many people. Conversely, we want our employees to meet our requirements. We will try to find a socially appropriate model and use it for proper organization.

"ARKA": What stage is the creation of the specialized Post Bank in Armenia currently in? When is the bank to open, how much will be the bank's authorized capital, and what services will the bank provide to its clients?

Mr. Boon: The creation of the specialized Post Bank is a very interesting and important question. Much work on the bank's preparation, particularly elaboration of marketing policy and definition of areas of activity, procedural issues, and information processing has been done in this direction.

Big practical work related to Haypost Company has been done. We want Post Bank to be a very reliable organization, so that every citizen can trust this bank. However, that means that Haypost in its turn has to meet the high requirements with the streamlined cycle of work.

All of that requires introduction of the best technologies and procedures. In order for us not to have problems with clients, we want to make sure that we will provide high-quality service, meeting the services provided by international banks. The development of Post Bank is currently at the initial stage. However, it is hard to call the exact date of its creation. As for the bank's capital, it will total no less than AMD 5bln under the Armenian law.

The post bank will really become a bank for all. It will work with post offices, initially providing minor services, but of higher quality and reliability.

Post Bank will also process money transfers and attract deposits. With

plastic cards it will be possible to make different financial operations in the bank, for instance, public utilities payment. All these services will be provided at any post office that will considerably save clients' time. Our package will be especially alluring for those without a bank account.

One more important part of the bank's work will be provision of corporate services to companies and firms, dealing particularly with electric energy and water supply. They can also benefit from our services, because they will be able to receive payments for their services quicker. This package for them will include bills, deposit and lending services, and the whole service related to payment of bills.

We believe that Post Bank will be an effective instrument for companies.

The third aspect of the bank's activity will be provision of consumer credits through which we will play a definitive role in the microfinancing sector.

"ARKA": Will foreign investments participate in the bank's authorized capital?

Mr. Boon: Foreign investments will participate in the bank's capital.

These will be basically funds of foreign firms. However, local companies will also have an opportunity to invest in the bank.

Management of Post Bank will also be implemented by foreign specialists, and we do everything to make our activity meet the international standards of quality. We want people to trust our bank and use its services.

It is not improbable that Armenian resident organizations will also be able to make investments, but that will be partial investment, likely from the funds of an investment fund to be created in future.

Also, we plan to create mutual funds and make other types of investments, particularly, due to emission of our shares including bond shares that everyone can buy and sell at the stock exchange. It will create more competition in the market and stimulate demand.

"ARKA": When signing the agreement on transferring Haypost Company to the Dutch Haypost Trust Management, the chairman of the Central Bank of Armenia did not rule out a possibility to privatize Haypost. Is it planned to privatize the company before the trust management agreement expires?

Mr. Boon: Our actions today do not imply privatization. The world experience demonstrates that post is a public organization, part of the public service. It can become a commercial organization within the government's ownership. Only after that, according to the world experience, post can be privatized.

Privatization of post is the most complicated process, because it is very hard to provide a definite answer to the question whether is necessary to privatize at all. We believe that all steps in that direction should be made very carefully. As for the Haypost privatization, it is still early to speak about it. Besides, a decision on privatization should come from the government.

Today it is necessary to think about the near future of the post,

which consists in creation of a powerful postal sector and development of cooperation with the private sector. For instance, in the sector of book publishing: man can visit a post office and purchase a book that will be delivered to him later. However, it does not mean that will be a private business, but cooperation with a specific private sector.

The same will be with creation of Post Bank. It will be a private enterprise, but will be created in cooperation with the public post.

It is worth mentioning that we are forming a powerful private-public sector, and we believe that at this stage streamlining of its productive work, not privatization, is our priority goal.

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