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Inclusive Finance of China: The Practice of Postal Savings Bank of China

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ABSTRACT

This article reveals the nature and economic essence of a bank within the system of financial relations with the state and society. The bank is considered as an intermediary in the conduct of entrepreneurial activities from the perspective of fulfilling a social mission, which is reflected in the transformation of attracted savings into investment resources. The **object** of the study is China's postal savings system. The **subject** is the Lushi financial model and the program of the Postal Savings Bank of China (PSBC). The **purpose** of the study is to develop an author's position regarding the concept of inclusive finance in the context of postal banking. In the article, the **task** is analysis of the concepts of postal banking and inclusive finance; study of the evolution and current state of postal banking in BRICS countries, analysis of the Lushi model and PSBC. The following **methods** were used: systemic, historical, theoretical cognition, scientific abstraction, and logical approach. The author hypothesizes that the development of inclusive finance largely depends on the bank's strategy. The social strategy of PSBC China was analyzed, using the example of the Lushi financial model and the PSBC of Self-Commitment program. An assessment of the current state of postal banking and the role of PSBC China in the issues of inclusive finance has been provided. The **conclusions** include: the author's position on the interpretation of the concept of financial inclusion, which differs from existing ones in that it is based on the analysis and study of the postal bank's activities, defining it as an integral part of the bank's strategy; the postal service can be a link between the government and society; China has achieved the best results among BRICS countries; postal banking is distinct from classical banking business and is a resource for developing inclusive finance. Recommendations for the development of postal banking are proposed: to develop a socially oriented bank strategy, ensure quadrilateral interaction, form a sustainable postal banking ecosystem, and use a system of indicators when evaluating inclusive finance. The **scientific novelty** lies in the justification of the effectiveness of postal banking and its connection with inclusive finance. The results of the study can be used to build a scientific rationale for the accessibility of financial services.

Keywords: inclusive finance; postal banking; savings; bank strategy; postal bank; availability of financial services; China

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INTRODUCTION

In 2013¹ the World Bank defined the concept of inclusive finance as a state in which all parties and stakeholders have access to necessary and useful financial products and services that meet their needs. The key role of inclusive finance is reflected in the scientific works of Russian and foreign researchers. It lies in reducing poverty levels [1], improving macroeconomic indicators [2], stability, and economic development. That is why inclusive finance in the bank's strategy [3] is considered a solution to the internal issues of a given state. Finance has always been the foundation of the economy, and inclusive finance is the foundation of integrated economic development.

The author notes not only the benefits of financial instruments, whether it be an account, deposit, or loan in the form of direct economic advantages, but also the high degree of effective economic activity. Financial services are infrastructure comparable to communication networks or roads in the transportation sector.

In this article, the author sets a multifaceted goal — to develop an original position regarding the concept of “inclusive finance” in the context of postal banking, analyzing the experience of China and the possibility of its application in Russia. Interpreting postal banking as one of the tools for achieving financial inclusivity, the author systematically accumulates information about the postal savings system in different countries, then examines several PSBC projects and concludes on the feasibility of using postal banking as a resource for achieving financial inclusivity.

The author sees the achievement of the set goal in solving complex tasks: to clarify the concepts of “postal banking” and “inclusive finance”, analyze their evolution and current state, and assess their effectiveness within a group of countries. A detailed study of the models chosen by the author will yield results

that reveal the interconnection between these two concepts. At the same time, while analyzing the system, the author notes problems related to the development of postal banking: additional investments in the sector, the share of public sector participation in the form of support, an undeveloped regulatory framework, and many others. In turn, the prospects in the form of real results, namely access to financial services, are reflected by the author in the analysis of the current state of the postal savings system in several countries. Effective resource allocation and a reduction in the number of “unofficial” sources of lending are the advantages for the country's economy that ensure financial accessibility for all segments of society.

Not only economic but also inclusive growth contributes to the resilience of the state. Scientists, politicians, researchers, and many stakeholders in business currently prioritize financial inclusion with the aim of achieving sustainable inclusive growth [4]. Services such as savings, payments, and risk management are necessary for everyone at all times, and an inclusive financial system ensures broad access to financial services without restrictions. Inclusive finance is potentially beneficial for all population groups without exception. A special category consists of socially vulnerable individuals: those with low income, living in remote areas, that is, all those who, due to lack of access to financial services, are forced to rely on their often limited savings and income [5].

In his scientific works, G. Yu. Meshcheryakov noted that “the global market for postal banking services is characterized by high capacity and is actively developing. Moreover, the degree of universalization of postal banks is not the same: some are close to classical credit organizations, while others emphasize their specific advantages...” [6].

S.S. Evdokimova, in her research, characterizes models of international experience in the integration of postal services and banks, delving into the legal aspects of the issue [7].

The idea of linking post offices and banks first originated with the English. William Gladstone

¹ Financial inclusion beyond accessibility. Moscow School of Management Skolkovo. 2018. URL: <https://finance.skolkovo.ru/ru/sfice/research-reports/1810-2018-11-15/> (accessed on 05.01.2023).

(for this idea he was knighted), who was a member of the government at the time (1809–1899), established the Post Office Savings Bank in 1861. The aim of this bank was to provide nationwide access to financial services through the network of post offices. What truly lay at the heart of the bank's creation — whether it was the possibility of reducing the national debt through internal financial mobilization or other tasks related to the accumulation of funds — remains unknown. However, the developed system of post offices throughout England became the foundation for the establishment of savings banks across its territory. By the end of 1862, over 178 000 clients and approximately 1.7 million pounds had been attracted through the network of post offices, posing significant competition to the banks existing at that time. An interesting fact is that this system remained unchanged until 1969, when it was granted the status of a national bank.

From 1911 to 1966, the postal savings system operated in the United States, during which all post offices turned into small banks with a limited number of operations, mainly focused on attracting funds and earning on deposits. The system, created after the panic of the 1907 crisis, became an alternative for many poor Americans to safeguard their money as opposed to the classical banking system. Indeed, before the establishment of the Federal Reserve System and the Federal Deposit Insurance Corporation, the U.S. financial banking system was more unstable than it is today, which inevitably led to recessions. A transparent and understandable financial system would have had to exist for a long time, but with the emergence of the Federal Reserve System, the classical banking system received centralized power, and the Great Depression period was marked by the creation of the Federal Deposit Insurance Corporation. That is, an alternative emerged that many advocated. For example, the New Jersey Bankers Association and the Bankers Association in 1939 issued statements that the classical banking system was now reliably protected. President Lyndon Johnson was the first to attempt to

abolish the federal government and USPS banking, and his attempt was successful. In 2014, interest in postal banking re-emerged in the United States, thanks to a white paper from the Office of Inspector General of the United States Postal Service. In the Senate, Democrats have revived interest in developing postal banking in the U.S. and advanced a pilot program in 2022. Since 2020, Senators Kirsten Gillibrand, D-N.Y., Bernie Sanders, I-Vt., and Jeff Merkley, D-Ore, have drafted and proposed the “Postal Banking” bill² (S. 3891).³ Thus, they operated on the necessity of additional funding for the post office itself. President Biden signed this bill. It was precisely based on one of the biggest problems in the banking world — “financial deserts” and the constant increase in the unbanked population (that is, people without access to financial services), who are forced to turn to expensive creditors — that this bill initiated the revival of postal banking in the USA.⁴

Exploring the reasons for the formation and integrated changes in postal banking in BRICS member countries at the beginning of the 21st century, the author notes common trends in its development not only in the studied countries but also in North African and Middle Eastern countries [9].⁵

It is considered that the history of the postal service in South Africa spans over five hundred

² Migration Policy Institute. (2021). U.S. Immigrant Population and Share over Time, 1850-Present. URL: <https://www.migrationpolicy.org/programs/data-hub/charts/immigrant-population-over-time> (accessed on 05.01.2023).

³ S.3891 Postal Banking Act 117th Congress (2021–2022). URL: <https://www.congress.gov/bill/117th-congress/senate-bill/3891> (accessed on 05.01.2023).

⁴ University of Michigan. (2021). Postal Banking: How The United States Postal Service Can Partner On Public Options. URL: <https://poverty.umich.edu/files/2021/05/PovertySolutions-Postal-Banking-PolicyBrief.pdf> (accessed on 05.01.2023).

⁵ Middle East and North Africa — the role of postal networks in expanding access to financial services: worldwide landscape of postal financial services. The World Bank *ibrd*ida*. URL: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/213151468278680992/middle-east-and-north-africa-the-role-of-postal-networks-in-expanding-access-to-financial-services-worldwide-landscape-of-postal-financial-services> (accessed on 05.01.2023).

years, with the first savings bank appearing there in 1875, and the first branch of the postal savings bank opening in 1974. Since 2014, the transition of the institution to Postbank as a licensed institution with VISA member status has been completed. The official registration took place in 2017 as South African Postbank SOC Limited, and it was at that time that an application for a full banking license was submitted.⁶

In India, there is confusion in understanding the postal savings system. India Post Payments Bank and the Post Office Savings Bank (POSB) are two parallel systems. In 2015, India Post Payments Bank received a license, its goal being to provide financial services and their accessibility to the country's population. You can open a deposit account, issue a debit card, and connect to mobile banking; a mandatory condition is the presence in rural areas (25 percent of all branches) and a restriction on credit operations.⁷

The distinguishing feature of India's postal banking system is its recent emergence; it is only now being formed and modernized. In 2008, at the Congress of the Universal Postal Union, a concept for the development of the postal sector until 2014 was adopted as a crucial component of the global economy in three dimensions: physical, electronic, and financial. This document served as the basis for clarifying how the needs and expectations of customers will be met while maintaining trust and service quality.⁸

The author notes that in recent years, issues of financial well-being have become particularly relevant in India. Recent studies published in the paper "Factors of Financial Literacy and Their Impact on Financial Well-Being — A

Study of the Youth Population of Haryana, India" reflect a high degree of elaboration and the necessity of bringing these issues to the attention of the government, policymakers, and educational institutions [10].

The Brazilian Banco Postal is the most well-known and successful model of postal financial inclusion in terms of people who do not use banking services but ultimately end up in the formal financial system. From 2002 to 2011, 10 million accounts were opened in partnership with Bradesco — a private bank that needed a wide network to offer its services in increasingly affluent rural areas. However, after 10 years, some aspects of its operations are being questioned, particularly the tender process at the end of each contract, which can lead to a change of partner, as happened on 1 January 2012.

In Russia, in 2016, "Pochta Bank" began operations — a new retail bank created by the Federal State Unitary Enterprise "Russian Post" and the VTB group based on the existing PJSC Leto Bank. The placement of customer service centers directly within the postal network allowed for the creation of the largest banking network in the country, which affected the accessibility of services for Russians. According to official data, by 2023, the number of clients of this bank reached 15 million.⁹

In the research of Russian scientists, issues related to postal banks and postal savings systems began to be actively discussed in the early 21st century [11]. Even before the concept of inclusive finance emerged in 2004, Russian scholar M. S. Ivshin noted the importance of developing an original classification of postal bank development concepts based on global trends. The pricing methodologies and profit optimization models he proposed reflected the connection between infrastructure payments and the services offered for attracting funds long before the official establishment of the current Post Bank [12].

⁶ Annual report LTD 2021–22. South African Postbank SOC LTD. URL: https://static.pmg.org.za/Postbank_Annual_Report_2022_26_Oct_2022_22_Final_1.pdf (accessed on 03.12.2022).

⁷ Department of Posts Ministry of Communications Government of India. India Post. URL: <https://www.indiapost.gov.in/vas/Pages/IndiaPostHome.aspx> (accessed on 03.12.2022).

⁸ Strategic Plan — Department of Posts. 2018. India Post. URL: https://www.indiapost.gov.in/VAS/DOP_PDFFiles/Strategic_Plan.pdf (accessed on 18.12.2022).

⁹ Website of the Pochta Bank. URL: https://www.pochtabank.ru/o_sozdanii_pochtabanka (accessed on 05.01.2023).

A.V. Chavtur, in his research, noted the importance of the reliability of the postal partner in terms of sufficient capital and the need to develop the postal network for the purpose of implementing banking services [13].

A significant subsequent contribution to the research on the issue of financial accessibility through postal banking was made by G. Yu. Meshcherekov. His research on the topic “Cooperation between banks and postal services in the retail banking market” [14] and V.V. Moganov’s research “Simultaneous creation and development of postal savings systems within the framework of the Union State of the Republic of Belarus and the Russian Federation” [15] were more in-depth in terms of operational details and addressed issues of international cooperation, primarily focused on the relevant topic of that time — money transfers.

During the formation of the modern Postal Bank in our country, V.V. Moganov made a significant contribution to research reflecting the need for state participation in the formation of the postal savings system. The essence of his work highlighted the necessity of establishing a national postal savings system in the Russian Federation, and the theoretical justification of the state paradigm for the development of the savings infrastructure of the banking system laid the foundation for subsequent research by Russian scholars [16].

The formation of the concept of the synergy effect from the integration of various business structures [17] became a continuation of the research and analysis of the national postal savings system. Radical changes in the perceptions of the postal savings system and postal banking were associated with the formation of current issues in inclusive finance [18, 19]. Subsequently, postal banking was considered by many researchers as a tool for solving the problem of accessibility of financial services [20]. Many Western scholars drew a parallel between inclusive finance and postal banking [21, 22].

More detailed information about the operations of the modern Post Bank, its products,

and services is reflected in the studies of I.I. Bychkova [23]. She considers the accessibility of services to clients through digitalization to be a new stage in the development of postal banking. At the same time, I.I. Bychkova notes that issues of digitalization in postal banking have also been raised by foreign researchers. For example, in 2015, M.A. Crew and co-authors detailed the necessity of digital changes in postal banking [21].

The issue of digitalization, not only in the context of postal banking but also in terms of financial accessibility in general, is being examined by Russian scholars. Recent studies by O.S. Miroshnichenko reflect the need to focus on specific financial services, certain types of financial organizations, and groups of counterparties [24]. In the course of postal banking research, the author concludes that the formation of a strong ecosystem is necessary for the existence of a sustainable and productive system, which in itself is not possible without an adequate level of digitalization.

The basis of this study was the analysis and review, as well as the generalization of scientific works by domestic and foreign specialists, regulatory and legislative acts on financial issues. Methods such as systemic and logical approaches, theoretical cognition, scientific abstraction, and historical were used.

RESULTS

The modern history of the Postal Savings Bank of China begins in 1986, when, with the approval of the People’s Council, savings operations were once again made possible at post offices. Since 1990, the postal savings business became an independent business unit. Since 2003, all postal savings deposits have been transferred to the Postal Service, while all previously opened ones remain with the People’s Bank of China. In 2005, preparations began for the establishment of the China Postal Savings Bank. The China Banking Regulatory Commission approved its establishment in 2006. It was expected to become a full-fledged state commercial bank. And as early as 2007, the head office of the

Postal Savings Bank of China was established in Beijing. According to the law, the bank provided a full range of services as a universal bank, with the aim of improving financing for urban and rural populations through a wide network of branches and the accessibility of financial services. The tasks were set as follows:

- development of retail financial services;
- attracting small and medium-sized enterprises (SMEs) to cash settlement services (CSS) and deposit services;
- the development of the investment business and providing support to the government and other financial organizations through attracting deposits;
- placement of bonds and investments in sectoral funds [22].

The philosophy of the Postal Savings Bank of China¹⁰ (PSBC) is not about maximizing profits for its owners, but about stability. It is this principle that the bank has adhered to for over a century, since its establishment. Focused on serving urban and rural residents, as well as small and medium-sized enterprises, PSBC, according to its strategy, is a defender, pioneer, and leader of inclusive financing. Inclusiveness and consistency are at the core of corporate values, while differentiation and uniqueness set it apart from the rest of the financial sector and enable it to pursue a path of sustainable development.

A large state bank,¹¹ providing services to clients “responsibly, reliably, and considerately”¹¹, focuses on six areas of activity and strives to protect them from potential risks. Areas: use of technology, detailed interaction with clients, planned growth of commission income, high level of risk management, coordinated development of the bank, working with talented employees

as an integral element of a strong bank. By betting on digital transformation, thereby accelerating the intelligent transformation of retail points, it ensures the optimization of the electronic channels system, namely mobile banking and online banking. The enhancement of the convenience of these channels has comprehensively updated inclusive financial services. The use of postal and retail point infrastructure, as well as the agency network, has allowed the utilization of its resources in strategic areas, such as “banking deserts”, that is, those characterized by a lack of financial services and where financial intermediation prevails. By gradually implementing technologies, the bank improved service capabilities for both urban and rural residents and supported the development of inclusive financing. This gradually led to the enhancement of financial services in impoverished areas and ensured the revival of rural regions and the reduction of poverty.

At the end of 2022, the share of loans to micro and small enterprises with credit lines of up to 10 million yuan (the exchange rate of the Central Bank of the Russian Federation on 02.15.2024 is 14.7233,¹² totaling 147 233 000.00 rubles) held a leading position among all major banks in China in the aggregate balance. At the same time, the bank's balance increased by 148 062 million yuan (2 179 961 244.6 rubles) compared to the end of 2021. In total, loans for poverty alleviation increased by 18 065 million (265 976 414.5 rubles). According to information from the National Bank of China, this led to a change in statistical standards for financial target loans for poverty alleviation. On the one hand, this manifested in loans for transport infrastructure, and on the other hand, in loans to those who have already crossed the poverty line.

The PSBC Lushi Model is named after one of the provinces in China, located in the western part of Henan Province. Lushi County is the largest county in the province, but it has the

¹⁰ Results Announcement for the Year Ended December. 31, 2020. Postal Savings Bank of China Co., Ltd. URL: https://www.psbc.com/en/investor_relations/announcement/202103/P020210329741955699768.pdf (accessed on 25.12.2022).

¹¹ Annual Report. 2021. Postal Savings Bank of China Co. Ltd. URL: https://www.psbc.com/en/investor_relations/finance/financial_reports/202204/P020220426371074627241.pdf (accessed on 25.12.2022).

¹² Website of Central bank. URL: https://www.cbr.ru/currency_base/daily/ (accessed on 02.12.2024).

lowest population density. The average altitude above sea level here is the highest, and this area is in a mountainous region with extremely harsh living conditions. As of early 2016, out of 63 100 local households, 19 700 were poor, with a poverty rate of 18.9%. There were 118 villages in extreme poverty. Thus, not only geographical difficulties but also the level of poverty created challenges in reducing poverty on schedule — by 2021.

Since 2017, PSBC has provided the district with loans amounting to 1 381 billion yuan (20 332 877.3 rubles) and Lushi model loans totaling 172 million yuan (2 532 407 600.00 rubles), which contributed to lifting all 63,100 registered households out of poverty. The poverty rate decreased from 18.9% to 0.98% by the end of 2019, a reduction of 17.92%. On 26 February 2020, Lushi County was officially declared free from poverty.

In this model, the Bank officially collaborated with the local administration, and an agreement was reached to provide financial assistance to the “Lushi Experimental Zone for Poverty Alleviation”. The principle was based on cooperation between the bank and the government, taking into account risk-sharing and mutual benefits. The bank’s favorable policies and resources, combined with innovations in services and products, laid the foundation for the creation of four systems. These included:

- credit scores;
- industry support;
- prevention and control of risks;
- financial services.

This laid the foundation for defining the role of financial services in the fight against poverty. It was the bank that identified the key industries in the area. For example, shiitake mushroom cultivation became a key industry for the local population. Thus, the bank expanded its financial services in the area and precisely met the needs in the fight against poverty. This model involved the interaction of several parties: bank management, government, local government bodies, provincial agricultural

credit guarantee companies, and the poverty alleviation office. Systematic optimization of the process and improvement of risk management and compensation mechanisms led to the achieved results.

Main results of the Lushi model:

- assistance in the development of large-scale production. The priority direction — growing shiitake mushrooms — has allowed this province to increase production, resulting in family incomes rising from 20 000 to 80 000–90 000 yuan per year (1 325 097.00 rubles);
- the replication effect of the practice has formed, and currently, the Lushi model is being used in 53 poor districts, which inevitably leads to a reduction in the poverty level;
- valuable experience has been gained: the bank has found a concept for an effective development model that offers microcrediting within a quadrilateral interaction framework: the state, the bank, guarantee companies, and district residents.
- As a result of applying this model, the following documents were generated:
- PSBC’s work plan for further development and enhancement of conditions to combat financial poverty in three regions;
- the PSBC’s opinion on the key areas of activity for optimizing the construction of the middle class, as planned, in which the priorities and goals of combating poverty through financial services are clearly formulated.

Targeted poverty alleviation is the result of a strategy, a priority of PSBC, whose goal is to ensure that “rural poor do not worry about food, clothing, education, medical services, and housing”.¹³

The bank’s choice to favor socially vulnerable households living below the poverty line as the target segment for microcrediting has made it possible to provide loans of up to 50 000 yuan (736 165.00 rubles) for a term of up to 36 months at acceptable rates. This program is intended for

¹³ Results Announcement for the Year Ended December. 31, 2020. Postal Savings Bank of China Co., Ltd. URL: https://www.psbcb.com/en/investor_relations/announcement/202103/P020210329741955699768.pdf (accessed on 25.12.2022).

Table 1

Key Financial Indicators for Targeted Poverty Reduction in 2020, PSBC

The amount of targeted loans issued for poverty alleviation	100 520 979 200 yuan
Cost of deliveries	27 mln yuan
The number of people who benefited from the poverty alleviation bank	8 548 361
The number of loans for industrial development	4090
Loans issued for industrial development	30 940 958 100 yuan
The number of people who have taken loans for industrial development	17 637
The amount of loans issued for the resettlement of people	99.0 mln yuan
Donations to poor students	405.5543 mln yuan
The number of supported students	59 880
The amount of funds allocated to combat poverty in certain regions	Various loans amounting to 1 205.66 million yuan, provided for poverty alleviation in the Shangzhou District and Luonan County in Shaanxi Province
The number of loans for targeted poverty reduction by projects	10
The amount of loans issued for targeted poverty reduction under the projects	13 331 856 400 yuan
The number of people who have taken loans for targeted poverty reduction projects	8 175 425

Source: Compiled by the author from Postal Savings Bank of China. URL: https://www.psbc.com/en/investor_relations/announcement/202103/P020210329741955699768.pdf (accessed on 25.12. 2022).

those who have risen above the poverty line but can still benefit from subsidies

As of 2020, microloans for poverty alleviation amounting to 16 400 million yuan (241 462 120.00 rubles) were issued. Innovations and a professional team helped launch services in priority areas of China to support local industries. Attention was focused on family farms, micro-enterprises, and all households that could demonstrate positive results in the fight against poverty. A separate area of work was transactions to encourage joint production with individuals — families in need of support. The bank provided financial support for infrastructure construction and livelihood projects to reduce the gap in living standards.

By the end of 2020, the total amount of loans issued reached 100 521 million yuan

(1 480 000 839.3 rubles), which is 18 065 million yuan more compared to the previous year. *Table 1* presents the main achievements in targeted poverty alleviation in China in 2020.

Active participation in enhancing public welfare and combating poverty reflects the bank's corporate social responsibility. The established charitable fund "PSBC Love", in collaboration with the China Poverty Alleviation Foundation, launched the "PSBC Love Class of Self-Commitment" program. As part of this program, support is provided to impoverished high school students in terms of education. In 2020, 1 650 students from 33 classes in 18 provinces passed the entrance exams to the National College with the support of the PSBC Love Class of Self-Commitment. The second program has already been

Table 2

**Average Market Values of the Total Cost of Consumer Loans (Loans) As a Percentage Per Annum,
for the Period from 01.07.2024–30.09.2024**

Line number	Categories of consumer loans (credits)	Average market values of the total cost of consumer loans (credits) (in annual percentages)	Limit values of the total cost of consumer loans (in annual percentage rates)
1	2	3	4
2	Using an electronic payment method		
2.1	up to 100 000 rubles when used in a cashless manner	26 809	35 743
2.2	up to 100 000 rubles when using cash withdrawal	27 893	37 191
2.3	over 100 000 rubles when used in a cashless manner	25 23	33 64
2.4	over 100 000 rubles when using cash withdrawal	26 014	34 685
3	Others without collateral		
3.1	up to 100 000 rubles	43 685	58 247
3.2	over 100 000 rubles	28 509	38 012
4	For borrowers receiving regular payments to their account		
4.1	up to 300 000 rubles	33 806	45 075
4.2	over 300 000 rubles	26 749	35 663

Source: Central Bank of the Russian Federation. URL: https://cbr.ru/statistics/bank_sector/psk/ (accessed on 02.12.2024).

Note: Data for the Q3 of 2024.

implemented in 38 schools in impoverished areas. It is planned that 1900 high school students will receive education subsidies. This funding is aimed at supporting and developing students over the course of three years of study. It is worth noting that by the end of 2020, the total amount raised by the PSBC Love Charitable Foundation was 32 222 900 yuan (474427423.57 rubles).

It should be noted that in Russia, in the second quarter of 2024, interest rates are significantly higher compared to PSBC. The rates presented in Table 2 of average market values do not include commissions and

insurance, meaning they do not fully disclose the real cost of borrowed funds.

In the analytical review of the Central Bank of the Russian Federation “Results of the Banking Sector for 2024”, it is noted that the growth of consumer loans has slowed down to 11.2% compared to 15.7% in 2023. Unsecured consumer loans showed lower growth rates compared to credit cards, which experienced growth due to the possibility of using a grace period. The total portfolio volume in 2024 amounted to 14.1 trillion rubles, while in 2023 it was 13.6 trillion rubles. At the same time, the increase in macroprudential regulation led to

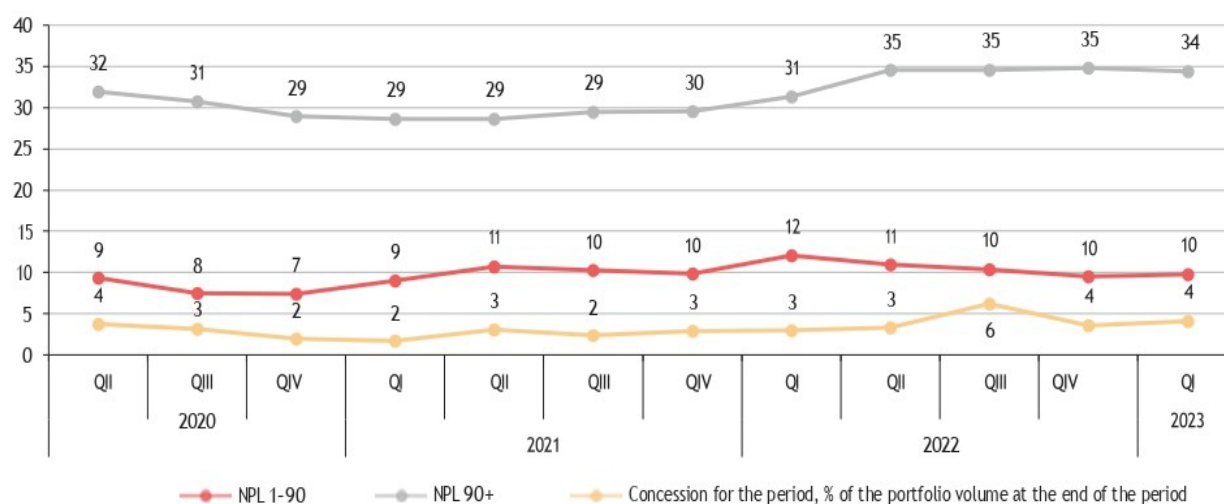


Fig. Dynamics of the share of overdue and assigned debts of MFIs (5)

Source: Central Bank of the Russian Federation. URL: https://cbr.ru/Collection/Collection/File/45107/review_mfi_23Q1.pdf (accessed on 25.12.2023).

an improvement in the standards for issuing consumer loans. In 2024, other issuances excluding JAD (all categories) accounted for 69%, while in 2023, the percentage was 45.¹⁴ The increase in macroprudential regulation was justified by the share of non-performing loans over 90 days (NPL 90+) based on the results of 2023 due to the risk appetite of banks and the increased demand from citizens related to rising incomes.¹⁵ As of 1 January 2025, the share of problematic consumer loans covered by reserves up to 90% amounted to 8.9%, in 2024 it was 7.8%, in 2023 it was 8.7%, and in 2021 it was 8.8%. The Central Bank maintains the position that this level is acceptable.

In China, as part of rural outreach to revive and provide sustainable financial services, the PSBC interest rate on new personal microloans in 2020 was 5.88%, and the delinquency rate was 2.00%. In the same PSBC, small and micro enterprises were provided with microloans at an interest rate of 5.46%, and the overdue debt ratio was 2.01%.

¹⁴ Website of Central Bank. URL: https://cbr.ru/Collection/Collection/File/55059/presentation_20250130.pdf (accessed on 10.01.2025).

¹⁵ Website of Central Bank. URL: https://cbr.ru/Collection/Collection/File/46317/analytical_review_bs-2023-2.pdf (accessed on 10.01.2025).

In Russia, the average market values of the total cost of consumer loans (credits) from microfinance organizations for the period from September 1 to September 30, 2020, according to data from the Central Bank of the Russian Federation, ranged from the average to the maximum with collateral (pledge) from 67.075% to 89.433%. For terms up to 365 days — from 96.724% to 128.965%, over 365 days — from 48.159% to 64.212%. Without collateral up to 30,000 rubles — from 348.441% to 365.000%.¹⁶ At the same time, the share of overdue loans, as shown in the *Figure*, significantly exceeded the 2 percent benchmark of the Chinese bank from 2020 to 2023.

For the period from 1 July to 30 September 2024, the average market values of the total cost of credit, determined for microfinance organizations, for unsecured loans excluding POS up to 30 days, up to 30 000 rubles, amounted to 286.179%. For amounts over 30 000 rubles, it was 130.305%. For amounts over 30 000 rubles for a period from 31 to 60 days, it was 65.463%.¹⁵

The lower overdue debt ratio at PSBC, according to the author, is related to the more

¹⁶ Website of Central Bank. URL: https://cbr.ru/statistics/bank_sector/psk/?utm_source=w&utm_content=page (accessed on 10.01.2025).

detailed involvement of the state apparatus in the bank's operations, as in the Lush model. This conclusion is supported by studies conducted by Russian scientists [25].

CONCLUSION

Having studied the evolution of postal banking and its current state in the BRICS countries, the author concluded that China has achieved the best results among these countries. In China, postal banking as a system resilient to external shocks has been the foundation of financial accessibility for all segments of the population, regardless of their status and geographical location.

The fine line separating the concepts of “financial inclusion” and “postal banking” has been highlighted by the author through the analysis of the programs of the China Postal Savings Bank.

The Lushi model, one of the first inclusive financial models of PSBC in China, initiated the development of accessible finance. The subsequent model of the PSBC Kaichuan Bank has been included in the course developed by the UN to combat poverty in developing countries.¹⁷ The Lushi model, like the charity program, is chosen by the author as an example of excellent organization and the commitment of China's banking sector to inclusive finance and poverty alleviation. PSBC establishes branches in prefectures and districts with the aim of making financial services accessible in impoverished areas and “banking deserts”, and also makes every effort to assist in the fight against poverty. According to Financial News, this is the best bank of the year in the fight against poverty.¹⁰

Historical analysis of the postal savings system has led to the conclusion that the post, as a link between the government and the public, has diversified its business into the sustainable provision of financial services in recent decades. Postal banking has become a natural partner for

the government, providing financial services to various segments of the population, and this brings results to all participants: the government, citizens, service providers, and creates an economic platform of obvious benefits.

For over a hundred years, discussions about postal banking as a social element have taken place in the financial field, forming the basis for deliberations on the unity of theory and practice. Exploring the issues of applying theory and practice, the author highlights China and concludes that PSBC is effective due to its commitment to its strategy and mission. Postal banking has its own distinct features, which set it apart from the classical financial sector and provide grounds for considering it as a separate economic category.

This article presents the author's position on the interpretation of the concept of “financial inclusion”, which differs from existing ones in that it is based on the analysis and study of the bank's activities, defining this process as an integral part of the bank's strategy. Postal banking is considered a means to achieve financial accessibility. By structuring the evolution, current state, and global experience, the author gradually concludes that the development of postal financial business can lead to the promotion of financial inclusivity in the country. Thus, postal banking itself is a resource for achieving financial accessibility.

China's experience can be used in Russia. It is necessary to develop a bank strategy, ensure four-way interaction, form a sustainable postal banking ecosystem, and use a system of indicators to assess inclusive finance.

Firstly, it is necessary to define the bank's strategy aimed at ensuring the accessibility of financial services to the population..

Secondly, PSBC programs generally involve at least four-party relationships: between the bank, the client, and the intermediaries— the government and microfinance organizations.

Thirdly, the bank examined by the author exists within a strong ecosystem, which allows it to offer services that meet consumer expectations and rates that, with government

¹⁷ 17 goals to transform our world, United Nations Organization. URL: <https://www.un.org/sustainabledevelopment/ru/poverty/> (accessed on 25.12.2023).

support, are minimal. Thus, the involvement of government apparatus, new partners, changes in the legal framework, and functioning within a competitive ecosystem, provided a clear strategy is formed, are tasks that will require significant resources and expenditures, but, as we see in the case of China, are feasible.

The assessment of the bank's inclusive finance includes a system of indicators: strategic and tactical, reflecting its development, attitude towards service quality, and management systems, which in turn characterize the economic interpretation of postal banking and trends influencing the dynamics of its

development. The effect of such work is reflected in inclusive finance through the implementation of banking management strategies and tactics.

In the context of economic relations between the bank, the state, and the citizen, inclusive finance has served as a connecting category in recent years. At the same time, there is no scientific definition of postal banking, and many countries are only now conducting an analysis of this system. The results of this study can be used in building a universal model of postal banking in Russia, which is why a deeper analysis of the bank's strategy is necessary.

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