



Title: ENPO Driving Digital Transformation
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In this interview, Essam Mohamed El Saghir explains how Egypt Post is driving the country's digital transformation through Fintech and e-commerce.

One of the current necessities that you hear across countries, is a complete national database. How do you see the evolution moving forward in Egypt and what are the challenges in terms of regulations and mindset change for different stakeholders?

This is a very important key question actually. To go to E-services without a citizen profile or digital identity, you will at some time have to call your customer. Yes, we can automate the service at the counter, have a mobile app and a website to provide all the services, and integration with all other stakeholders. If I don't however have a digital identity for that customer, he'll have to come to identify himself. We don't have a citizen profile, which is one of the main reasons as to why we don't have a digital identity. We have national IDs, but it has very basic details. You have to bring it and come to the counter. Last year's theme in Cairo ICT was digital identity. All our ATMs now is biometrics. We have around 30 million profiles. We'll take a step back, build a digital identity, and have a proper citizen profile for our 30 million customers, which is almost a third of the population. So, all our equipment now is with biometrics.

Biometrics definitely saves up so much time now. It takes just a couple of minutes to do a transaction. What we have been doing since last year is building our citizen profiles to be able to provide a full E-service. We launched our prepaid credit card, Easy Pay. It's used by most of the people now as you don't need an account. You can get the credit card by just using your National ID and a fee of 25 EGP. It is linked to your mobile. Through it, you can settle all your bills, transfer money, and everything else. You only have to step in the post office once to register and enroll yourself, and then you are all set. From technology and platform point of view, I think Egypt Post is now one of the readiest public authorities.

Digital financial services are currently evolving with the impact from the technology implementation. I believe you've paid a lot of attention to blockchain payments. Can you tell us how you incorporate this new technology and how this will be shaping the future of digital financial services in Egypt?

Everything from the technological point of view is moving very fast. If you hadn't planned this 3-4 years, you'd be completely out of the market. That's why I mentioned that we paid 3 billion EGP in the last 3 years just to be ready for that, and that's why I believe that we are one of the successful government identity moving with the digital transformations. Again, we have a huge move to the blockchain and I'm not sure we stopped opening any new branches. Maybe in 3-4 years, we'll not be needing branches any more. We started shifting our services to E-services and digital services. We are currently studying the visibility of this and where it's going. We did not take immediate actions yet, but we have consultant companies that are just trying to see where Egypt and the world is going. They're checking whether everyone and the stakeholders are ready for that or not, and what the government direction will be as well. We are not a private company, so we are not able to just isolate ourselves and move towards our own direction.

We have to comply with the strategic decision and the direction of the government. I think everyone is still studying. There aren't any actual movement or decisions, but I 100% understand the importance of this. That's why we are just trying to build a strategic plan as to where we are going in the next 3 years.

What is the potential of E-commerce in Egypt, and how is Egypt becoming an enabler of E-commerce in the region?

If we look at the pure postal services, letters are going down by 15% every year. Parcels, which we call small package and express mail, which is mostly used for E-commerce is going up by 20%. If you won't be able to enable E-commerce services, then you'll lose around 40-50% of the market share in the next 3 years. What we did was sign with 2 big companies, one in the U.S and the other in China, for a consolidation hub. With the average income of Egyptian families, you could order a mobile cover from amazon for \$5 but ship it for \$60. This was a real challenge.

With this consolidation hub, you can order from five different suppliers. Currently you have to create an airway bill for each one and pay \$40-60 for each one. What the consolidation hub will do is that all your orders will come to a box that will later go to a container which leaves twice a week. So, instead of paying \$60 dollars to 5 different suppliers, you'll now pay \$20 dollars only for your entire order. Once the container is full, it'll be shipped by DHL to Egypt. We're now sharing the cost of the container with the customer, which is dropping the cost by 85%.

We then saw how well this was going. We thought that by international shipments, it'll also be twice a week. This is however coming directly by DHL, meaning it'll be in Cairo the next day. Second, we did a huge hub at the airport for E-commerce. From the customs point of view, if you order a new phone for example, you'll probably pay 1,000 EGP, and the next day you pay 1,100 EGP. We had a very good deal that this will be used as the world's SD code, standard. Once you order the phone, I'll be able to tell you how much customs you'll be paying up front and how much it'll cost you for the mail delivery. We then thought why don't we enable E-commerce for African countries as well?

I am the vice president of the UPU, the Postal Union of Africa. So what we did was we came up with an initiative called E-com Africa. A big number of African countries signed with us and are now using this facility, from the U.S to Cairo to Uganda to Kenya. The containers used to take a few days to fill up; now it only takes a few hours. So, we started to increase it 3 times a week. We now became the E-com gateway for Africa.

Egypt is positioning itself as a gateway for Africa in many ways not just in E-commerce. In terms of logistics and E-commerce, how competitive do you feel today in Egypt to maintain or fortify that hub status in the region in comparison to other countries that wish to do the same?

Firstly, from the logistics point of view, we are in the middle. We have several sea and airports. We have good relationships. I'm talking from the postal communities. They see that Egypt Post now is one of the leaders. We have protocols in the same building, ground floor. We opened last August by the UPU Digi and the head of the UPU, the biggest E-commerce training center in the world.

We have around 50 Africans from the postal and digital trainings every month here, so it became the hub of training and digital training for all Africans. We signed a protocol with most of the African countries to support them with the GIS. GIS license and platform costs a lot, so we are hosting their system in our GIS system here. So, E-commerce, training, GIS, post code, and addressing structure are all happening in Egypt for most of the African countries. This is what they need: supporting digital transformation, training, and enabling E-commerce. Egypt is starting to become one of the leaders in this again.

Let me ask you about the E-commerce on the other side because you have the domestic and regional infrastructure in place, but you also need to engage more, like you mentioned, with the U.S and China. I know you signed an agreement with the U.S. How are you collaborating with American stakeholders in order to create an ecosystem that makes it easy for them to sell their products without having a physical presence in Egypt?

I think they don't need to be present. Now we're signing with most of the E-commerce platforms and marketplaces to be able to send their goods. We signed a protocol with Amazon to start providing Amazon orders through Egypt Post. If you don't make a profit, you'll never be able to maintain your stability or transformation. You need to make profit and proper income to be able to sustain this.

What do you believe is the most important information that international stakeholders need to know about the new reality in Egypt?

If I am outside Egypt and want to have a long-term investment in Egypt, I first have to know that this partnership is sustainable with no sudden external changes or impact.

I also will want to maintain the same policy I'm applying in any other country, with the same services. Otherwise, if I'm Amazon and come here to investigate operations and security and I find a gap, I will never sign an agreement and put Amazon's name on Egypt's post. Therefore, we need to prove that we'll be able to provide the service, quality, audit, automation, and be completely transparent in terms of security and cash. They will then be able to provide the same services as they do in any country. We need to assure that we are ready to comply with all the regulations, policies, and services, and that there aren't sudden changes in policy or regulations, or any sudden change. I think Egypt is now in the position to prove that. We signed a lot of agreements in the last few months with the biggest names like IPM, SAP, SESCO, and Amazon.