With Posts worldwide experiencing many changes and facing new challenges such as falling letter-mail volumes, diversification of business is becoming paramount. Many Posts are choosing the development of postal financial services and in particular, postal money orders, as a way to increase their business and revenue. Growing resistance from customers to traditional paper-based money orders and increased competition from banks and other payment systems were the driving force behind the development of electronic money transfer solutions for Posts. Russian Post, like many other postal operators, provides a wide range of services, including financial services. The income from postal financial services, including revenues generated by the payment of pensions and money orders, contributes 33% of the total income of Russian Post. In Russia, the average monthly money order volume exceeds five million items to the value of more than 160 million US Dollars.

The need to improve the quality of the money order service and increase the speed of transmissions led to the development of a national electronic money order system about two years ago. The system has a centralized structure. Information on money orders is transmitted via protected e-mail. The system network includes 1887 service points at post office counters, connected electronically to a central unit. In addition, there are 1318 back office intermediary points at which the money order information is converted from paper and other formats to an electronic format. The central unit monitors the system.

At the same time, a need was identified for an efficient and affordable cross-border payment solution in the Commonwealth of Independent States (CIS) region because of the historical close relationship between former Soviet republics. The UPU’s Postal Technology Centre (PTC) offered that solution. In the beginning of 2001, several countries in the CIS familiarized themselves with IFS and afterwards four countries; Belarus, Kazakhstan, Ukraine and Russia joined the network. Responding to the needs of those countries that already had domestic systems in place, the PTC created the STEFI gateway, connecting the countries to the IFS network without adopting the actual application.

The national segment of STEFI allows users to convert amounts sent in national currencies, store money order data, track-and-trace, process cancellations and returns, perform international accounting, manually process non-standard money orders and convert files into XML format. Data on money orders initiated within the national system are sent using the transportation module of the STEFI Network by means of the FTP protocol via the Internet to the server in Bern. The partner country also has access to this information. Exchanges with other national electronic systems are done on the same basis. Each month, an average of about 135,000 money order items with a total value of more than 6.5 million US Dollars are sent from Russia to other CIS countries.

A number of countries in the CIS and other regions are currently considering joining the IFS network. The work done by the UPU to improve the technology should promote the process. In view of the system's huge potential, it will be important to set prerequisites for the further expansion of the IFS/STEFI network. This should include the creation of favourable conditions for countries with low traffic, the modification of the software in order to improve the quality of the system and integration with other financial systems.