

07 APR, 2026

Pos Malaysia and its social obligation



The Star, Malaysia

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POS Malaysia has been in existence for over 200 years as a quiet infrastructure of nationhood – binding cities to villages, commerce to households, and government to citizens.

Its origins go back to the early 1800s during the British colonial period when postal services were first set up in the Straits Settlements.

The institution is older than the country although the current corporate structure is relatively modern but never before have the challenges become so untenable.

Pos Malaysia is navigating a near-perfect business storm: shrinking traditional revenues, rising operating costs, fierce private-sector competition, and an unrelenting obligation to serve every corner of the country.

Trying times

The numbers are not good with persistent losses. For the year 2025, it suffered a net loss of RM209mil with cumulative losses approaching RM1bil after eight years of losses.

Pos Malaysia is not a conventional commercial entity. It is a national utility operating under a Universal Service Obligation (USO) – a mandate to provide affordable postal services to all Malaysians, regardless of profitability.

In an era when letters are disappearing and logistics economics favour urban density, that mandate has become both its purpose and its burden.

To put it simply, it is mandatory for Pos Malaysia to continue serving on behalf of the government, amid the rising costs, stagnant tariff rate, and serving far-flung areas where other couriers refuse to deliver as it comes with high cost.

For example, it is a must for Pos Malaysia to send a mail to Pulau Malawali, Sabah, even after sorting it at the hub in Shah Alam.

It is then sent to the airport, fly the goods with huge cost of air transport and subsequently rent a boat to arrive at the island; all these with a meager charge of only 70 sen for mail or RM2 for a parcel of 500g.

As a comparison, even the highway toll within the city is already at RM2; even for a quick 4km ride. As a senior citizen, I merely have to pay RM2 for a one-way trip from Surian in PJ to Pavillion in the city by MRT.

As long as there are more and more addresses being created through residential, industrial and office building developments, it is mandatory for Pos Malaysia to service all these addresses and areas.

This means that more employees need to be recruited, losing the opportunity for postal companies to reduce cost of operations.

As of now, Pos Malaysia serves 11 million addresses on a daily basis and is also required to serve delivery to and from 236 countries. But there is also the human capital factor.

The front-line staff takes great pride and

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honour to wear the Pos Malaysia badge but 90% of Pos Malaysia's 13,000 employees, with an estimated 70,000 households, are under the B40 category with some of them forced to undertake two jobs.

Pos Malaysia employees became one of the front-liners in the country, tasked to supply Covid-19 health kits to about 2.6 million people; especially to B40 households, delivering hazmat suits, face masks and vaccines to hospitals; amongst other essential goods.

And, part of the frontline's responsibilities also includes playing the important role of handling the postal ballots during every general election; as commissioned by the Election Commission.

Certainly, the staff deserve performance rewards as they did their job the best they can. But due to the unaddressed regulatory imbalance affecting the postal sector, excluding token ex-gratia payment which was stopped two years ago, the last time bonus was paid to them was in 2018. Their company's affordability to pay rewards has been significantly affected.

Current progression

Over the years, Pos Malaysia has progressed from a traditional postal service into a dynamic mail and parcel delivery services, postal counters service and supply chain solutions; with the largest touchpoint footprint in Malaysia.

But it is clearly not enough. Postal companies all over the world are facing challenges as they all carry the same obligation under the USO.

Even in advanced economies around the world, the postal companies are granted a Postal Service Fund irrespective of whether they are publicly listed, privately owned or government owned; because postal is deemed as a service to the country first before it is taken as a business.

The list includes the luminaries such as Deutsche Post, Poste Italiane, Royal Mail of UK, Japan Post, La Poste (France) to name a few and all these entities are privately owned or partly private.

In the United States, lawmakers debated over the extent of assistance to be granted to the United States Postal Service. The outcome in 2022 was a US\$107bil financial assistance as lawmakers agreed that postal is first deemed as a "service" to the country rather than a "business" concern.

Last year, Canada Post received C\$1.034bil as funding from the Canadian government.

Understandably, Pos Malaysia is also appealing to the government, pointing out the obligation for the government to set up a Postal Service Fund is enshrined in the Postal Services Act 2012; which the Dewan Rakyat approved 14 years ago.

Amongst others, the purpose of the fund is to expand and to facilitate USO activities throughout Malaysia.

Pos Malaysia has been arguing its case, pointing out that compensation for essential services have been in practice such as rural air services fund for MAS Wings to ensure connectivity to remote areas in Sabah and Sarawak, a function now transitioning from MASwings to the new state-owned Air Borneo as of January 2026, with federal funding committed to continue supporting these vital, often unprofitable, routes.

Then, there is the Universal Service Provision or USP for telecommunications companies (telcos) to ensure that telecommunication services including accessible and affordable Internet connectivity are accessible to as wide a population as possible; even though these telcos record high profits (in billions).

CESS fund is also allocated for Tenaga Nasional Bhd (TNB) fund where the government has provided financial assistance to TNB's activities to ensure that electricity lines are accessible in rural areas, even though TNB records high profits.

The reality, however, is that the traditional postal model relied on high volumes of stamped mail to subsidise the cost of nationwide delivery.

That model has collapsed worldwide. Digital communication – email, messaging apps, e-billing, and e-government portals

– has permanently reduced letter volumes. This is not a cyclical downturn; it is structural decline.

At the same time, while eCommerce has boosted parcel deliveries, this segment is intensely competitive.

Private courier companies operate with flexible cost structures and concentrate on profitable routes.

They can price aggressively because they are not required to serve sparsely populated rural interiors, islands, or remote highlands.

Now, the three online-shopping players, are oligopoly in their own right, control about 75% of parcel volume in Malaysia; with 80% of that volume being delivered using their own courier subsidiary companies.

Pos Malaysia has responded by creating a new business called "Pos Shop" as a convenient store in post-offices, expand into warehousing and fulfilment business under "Pos Fulfill", create a freight-forwarding initiative mainly for global market called "redlyexpress", including rationalisation of cost reduction via streamlining of some activities.

It is now even selling freshly brewed coffee or ice-cream at Pos Shop.

Supporting USO does not mean preserving inefficiency. It means redesigning the model so that public service obligations are transparently funded while commercial operations are modernised.

Possible measures include explicit government compensation for rural routes, periodic review of service standards, leveraging post offices as multi-service community hubs, strategic partnerships in eCommerce logistics and investment in digital tracking and automation.

Can and should Pos Malaysia be rescued as it slides into financial distress if conditions worsen?

Pos Malaysia is in a serious but not terminal condition: It has a nationwide network monopoly advantage, owns valuable assets, has growing parcel volumes and remains systemically important. But it cannot be expected to perform national duties without clear compensation.

It must also be remembered that in the balance sheet of nation-building, connectivity may be one of the most valuable assets of all.

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