

SOUTH AFRICAN RESERVE BANK

NO. R. 1242

20 NOVEMBER 2020



SOUTH AFRICAN RESERVE BANK

DESIGNATION NOTICE

Designation by the Governor of the South African Reserve Bank in terms of section 6(3)(a) of the National Payment System Act 78 of 1998:

Designation of South African Postbank SOC Limited as a designated clearing system participant**1. Introduction**

- 1.1. The South African Reserve Bank (SARB) is empowered to designate a clearing system participant in terms of section 6(3)(a) of the National Payment System Act 78 of 1998, as amended (NPS Act). Such designation may be made if it is in the interest of the safety, integrity, effectiveness, efficiency or security of the national payment system (NPS).
- 1.2. The objective of this Designation Notice (Notice) is to designate the South African Postbank SOC Limited (Postbank) as a designated clearing system participant. The designation will enable the Postbank to clear in the manner contemplated in section 4 (2)(d)(i) of the NPS Act.

2. Background of the proposed designated clearing system participant

- 2.1. The SARB designated the South African Post Office Limited (SAPO) through its Postbank Division as a designated clearing system participant in terms of section 6(3)(a) of the NPS Act. The designation notice was published in the General Notice No. 315 of Government Gazette No. 34323 dated 7 May 2011 (Designation Notice), and became effective as from 01 June 2011.

- 2.2. Postbank has a special status in that it is involved in the business of a bank although it is excluded from the provisions of the Banks Act 94 of 1990 (Banks Act) by the Minister of Finance, as published in Government Notice No. 344 in the Government Gazette No. 13744 of 24 January 1992, and is not a fully-fledged bank.
- 2.3. Postbank has been operating as a division of SAPO since inception. The determination of the transfer date of the Postbank enterprise was published in the General Notice No. 151 of Government Gazette 42323 dated 22 March 2019. As per the determination and as of 1 April 2019, Postbank was incorporated as a separate legal entity in terms of section 6 of the South African Postbank Act 9 of 2010 (Postbank Act). Accordingly, Postbank ceased to be a division of SAPO and became a separate legal entity. Furthermore, section 7 of the Postbank Act provides that from 1 April 2019, anything done by or on behalf of the former Postbank (as a division of SAPO) must be regarded as having been done by Postbank.
- 2.4. Although SAPO's name was reflected on the Designation Notice, Postbank has, since the designation of SAPO and authorisation by the Payments Association of South Africa (PASA), provided the services of a designated clearing system participant. As such, Postbank was an issuer of payment instruments, and acquirer of payment instructions operating within SAPO. In accordance with section 7 of the Postbank Act, these services were duly transferred to Postbank on 1 April 2019, necessitating the designation of Postbank as a clearing participant.

3. Designation

- 3.1. The SARB has considered the provisions of the NPS Act and has deemed it to be in the interest of the safety, integrity, effectiveness, and efficiency of the NPS to designate Postbank as a clearing system participant;
- 3.2. Therefore, I, Mr E L Kganyago, Governor of the SARB, hereby, with effect from the date of publication in the Government Gazette:

- 3.2.1 designate Postbank as a clearing system participant in terms of section 6(3)(a) of the NPS Act, subject to the conditions listed under heading 4 below; and
- 3.2.2 have received confirmation, in terms of section 6(3)(a)(ii) of the NPS Act, that the Reserve Bank settlement system participant associated with the designated clearing system participant is the Standard Bank of South Africa Limited (Standard Bank).

4. Conditions

- 4.1. The aforementioned designation is subject to Postbank adhering to the following conditions within the time frames to be determined by the SARB:
 - 4.1.1. Be a member of Visa and/or MasterCard;
 - 4.1.2. Conclude service agreements with the relevant payment clearing house system operator/s (PCH SOs) through which clearing will be effected;
 - 4.1.3. Comply with the entrance and participation criteria to become a member of the payment system management body (PSMB), as referred to in section 3 of the NPS Act, and the relevant structures of the PSMB. Furthermore, comply with any other criteria set by the PSMB for clearing system participants;
 - 4.1.4. Enter into a sponsorship agreement with Standard Bank as well as comply with any other requirements set by Standard Bank for sponsorship;
 - 4.1.5. Participate in the automated teller machine (ATM) and self-service device (SSD), and electronic funds transfer (EFT credits and debits) PCHs, subject to the relevant payment clearing house (PCH) agreements and clearing rules. Furthermore, Postbank is subject to interchange rates applicable to cards and ATMs, as determined by the SARB. It may bi-laterally negotiate EFT credit and debit interchange fees until such time as the SARB determines such interchange fees;

- 4.1.6. Obtain written approval from Standard Bank, which written approval shall not be unreasonably withheld, prior to participating in a PCH that is not set out in paragraph 4.1.5 above. Provided that written approval is granted, Postbank may then follow the normal process for participation in a PCH;
- 4.1.7. Not sponsor any third parties in any PCH without the SARB and Standard Bank's prior written approval, which written approval shall not be unreasonably withheld;
- 4.1.8. Comply with applicable requirements and any other criteria agreed to between Postbank and Standard Bank, and as specified in the sponsorship agreement concluded between said parties; and
- 4.1.9. Terminate participation in a PCH subject to the process for termination determined by the PSMB, and written notice given to Standard Bank and the SARB.
- 4.2. The conditions listed under paragraph 4 apply exclusively to the designation of Postbank and may be varied or revoked, and new conditions may be imposed, by the SARB by way of a notice in the Government Gazette.

Signed at **Pretoria** on this **9th** day of **November 2020**



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EL Kganyago
Governor