

SOUTH AFRICAN RESERVE BANK

NO. R. 6549

29 August 2025



SOUTH AFRICAN RESERVE BANK

VARIATION NOTICE

Variation by the Governor of the South African Reserve Bank in terms of section 6(3)(b) of the National Payment System Act 78 of 1998, as amended:

Fourth variation of the conditions of the designation of the South African Postbank SOC Limited as a designated clearing system participant**1. Introduction**

1.1. The South African Reserve Bank (SARB) is empowered to vary or revoke any designation of a clearing system participant in terms of the National Payment System Act 78 of 1998, as amended (NPS Act). In accordance with section 6(3)(b) of the NPS Act, the SARB may vary or revoke any designation by:

- 1.1.1 amending or revoking any condition to which the designation is subject; or
- 1.1.2 making the designation subject to a new condition or new conditions.

1.2. Section 6(3)(c) of the NPS Act states that, in determining whether or not to vary or revoke a designation, the SARB may have regard to any or all of the following:

- 1.2.1 any failure to comply with any condition to which the designation is subject;
- 1.2.2 whether or not the designated clearing system participant (DCSP) has knowingly furnished information or documents which are false or misleading in any material respect to the SARB in connection with the designation;
- 1.2.3 whether it is in the public interest to revoke the designation; and
- 1.2.4 any other matters that the SARB considers appropriate.

2. **Background to the variation of the conditions of the designation**

- 2.1 Designation Notice: In November 2020, the SARB designated the South African Postbank SOC Limited (Postbank) as a DCSP in terms of section 6(3)(a) of the NPS Act. The designation was published in Regulation Gazette No.11200 of *Government Gazette* No. 43914 dated 20 November 2020 (Designation Notice).
- 2.2 Variation Notice: Following the designation, the SARB engaged with the Postbank regarding its non-compliance with the conditions set out in the Designation Notice. To remedy the non-compliance, the SARB issued a notice published in Regulation No. 1606 of *Government Gazette* No. 45645 dated 17 December 2021 to vary the conditions of the Designation Notice of the Postbank as a DCSP. As a result, additional conditions were imposed, which the Postbank was required to implement within 12 months from the gazetting of the Variation Notice (i.e. by 17 December 2022).
- 2.3 Second Variation Notice: On 14 October 2022, the Postbank wrote to the SARB requesting an extension of 15 months, commencing on 17 December 2022, to implement the conditions of the Variation Notice. The request was prompted by the challenges experienced by the Postbank in implementing the conditions of the Variation Notice due to the moratorium imposed by the Department of Communications and Digital Technologies on the Information Technology (IT) Modernisation/Refresh Project (project), which delayed the finalisation of the procurement and appointment of a service provider for the project. The lifting of the moratorium in June 2022 enabled the Postbank to finalise the procurement, appoint a service provider and initiate the project. The Postbank provided the SARB with a comprehensive progress update in respect of the implementation of the conditions imposed in the Variation Notice. However, due to the time that had lapsed between the gazetting of the Variation Notice and the lifting of the moratorium, the Postbank was not able to complete the project and be compliant with all the conditions outlined in the Variation Notice by the set deadline of 17 December 2022. As a result, the SARB issued the Second Variation Notice (Regulation No. 2883 of *Government Gazette* No. 47765

dated 23 December 2022), extending the compliance date of the Variation Notice by 12 months to 17 December 2023, to enable the Postbank to comply with the remaining conditions.

- 2.4 Third Variation Notice: On 10 November 2023, the Postbank wrote to the SARB requesting an extension of the Second Variation Notice deadline from 17 December 2023 to 31 March 2025. The letter included a progress/status update on compliance with the Second Variation Notice. The request to extend the deadline was due to the moratorium outlined in 2.3 above – regarding recruitment and the appointment of other critical suppliers within the IT environment, including the appointment of a card scheme, a compliant banking switch and core banking system, a compliant disaster recovery capability and card manufacturer – not being lifted until October 2022. As a result, the Postbank only commenced sourcing these other critical IT suppliers and recruiting resources for the project after October 2022. The sourcing of IT suppliers, appointment of a card scheme, upgrading of the banking switch to align with Europay, Mastercard and Visa practices and the Payment Card Industry Data Security Standard, and the core banking system was only concluded in March 2023. As a result, the SARB issued the Third Variation Notice (Notice 2253 of 2023 of *Government Gazette* No. 49891 dated 14 December 2023), extending the Variation Notice compliance date by 15 months to 31 March 2025, to enable the Postbank to comply with the remaining conditions of the Variation Notice and Second Variation Notice.

3. **Background to the Fourth Variation Notice**

- 3.1 Prior to the compliance deadline of 31 March 2025, the Postbank notified the SARB on 26 March 2025 that approximately one million South African Social Security Agency (SASSA) gold cards still needed to be replaced with the new Postbank black cards. Consequently, the Postbank indicated that it would not be able to meet the compliance deadline. The SARB engaged with the Postbank both prior to and following the compliance date to discuss and agree on the way forward. These engagements were aimed at ensuring that SASSA beneficiaries would continue to receive their social grants and at mitigating any potential disruptions to the national payment system (NPS).

- 3.2 On 22 May 2025, the Postbank wrote to the SARB requesting an extension of 15 months to meet the conditions of the Designation Notice, the Variation Notice as well as the Second and Third Variation Notices.

4. **Variation**

- 4.1 The SARB, as the regulator of the NPS, hereby grants the Postbank an extension to comply with the conditions of the Designation Notice, Variation Notice, Second Variation Notice and Third Variation Notice on the following basis:
- 4.1.1 The SARB notes the efforts and progress that the Postbank has made in implementing the conditions of the Designation Notice, Variation Notice, Second Variation Notice and Third Variation Notice.
- 4.1.2 The engagement between the Postbank and the SARB on progress and developments is ongoing.
- 4.1.3 A failure to grant the extension could negatively impact SASSA gold cardholders and/or Postbank black cardholders.
- 4.2 In view of the above, the extension would be in the best interest of the safety, integrity, effectiveness and efficiency of the NPS, as well as public interest.
- 4.3 Therefore, I, Mr E L Kganyago, Governor of the SARB, hereby, with effect from the date of publication in the *Government Gazette*:
- 4.3.1 vary the conditions for the Postbank as a DCSP in terms of section 6(3)(b) of the NPS Act, by adding the conditions listed under 5.1 below.

5. **Variation conditions**

- 5.1 The following additional conditions must be implemented within 15 months of the publication of this Fourth Variation Notice in the *Government Gazette*, wherein the Postbank must:

5.1.1 Key management processes for future Postbank cards and bank identification numbers

- 5.1.1.1 Implement necessary measures to achieve and maintain compliance with the relevant Payment Card Industry Data Security Standard (PCI DSS) requirements.
- 5.1.1.2 Appoint an independent and qualified auditor as a witness to all key ceremonies.
- 5.1.1.3 Provide the auditor's credentials to the SARB for approval prior to the appointment of the said auditor.
- 5.1.1.4 Ensure that the approved auditor provides written assurance to the SARB on Postbank's key management processes every two weeks and until such time that the SARB is comfortable with the evidence provided.
- 5.1.1.5 Appoint any SARB-nominated representative as an observer to attend all key ceremonies and related meetings.
- 5.1.1.6 Confirm and provide evidence in accordance with the PCI DSS requirements applicable to the Payments Association of South Africa (PASA) Card Payment Clearing House Participant Group that the relevant key management processes are fully embedded into Postbank's key management procedures.

5.1.2 Generation of new secure card keys for the replacement of the remaining SASSA gold cards with the Postbank black card 2

- 5.1.2.1 Generate a new security key in a secure environment while strictly following the relevant card security standards in line with the PCI DSS requirements.
- 5.1.2.2 Load the new security key onto all relevant hardware that is used for the reissuance of cards.
- 5.1.2.3 Create and use a new bank identification number (BIN) for issuing the new Postbank black card 2.
- 5.1.2.4 Replace the remaining SASSA gold cards with the Postbank black card 2.

5.1.3 Ringfencing existing Postbank black cards

- 5.1.3.1 Keep the current Postbank black card BIN (40233700) open until all ringfenced cards (remaining SASSA gold cards) have either expired or have been migrated to the new Postbank black card 2 BIN.
- 5.1.3.2 Decommission the Postbank black card BIN in line with industry best practice and subject to approval by the relevant PASA Card Payment Clearing House Participant Group and the SARB.
- 5.1.3.3 Use the current Postbank black cards in stock only for the replacement of lost or stolen Postbank black cards and for the purpose set out in 5.1.4.3 below. The Postbank must implement sufficient measures to verify that each replacement of a black card is due to either a lost or stolen card, and not for any other reason. Additionally, the Postbank is required to submit a consolidated detailed report on these replacements to the SARB on a weekly basis. The replacement of lost or stolen Postbank black cards with other Postbank black cards in stock must immediately cease when the Postbank black card 2 is available for issuing.
- 5.1.3.4 Immediately replace the current Postbank black cards in circulation with the Postbank black card 2 in the event of any fraud committed and, upon investigation by a suitably qualified auditor or subject matter expert appointed by the SARB, the root cause of such fraud is identified as having stemmed from a key compromise.

5.1.4 Existing SASSA gold cards

- 5.1.4.1 Maintain and keep the SASSA gold card BIN open until such time that all ringfenced SASSA gold cardholders have been issued with the Postbank black card 2.
- 5.1.4.2 Ensure that there are sufficient card replacement sites available for the collection of the Postbank black card 2 and promptly implement extensive marketing and communications interventions across all provinces, with a specific focus on critical areas as identified by SASSA, to ensure that impacted SASSA beneficiaries are well informed about the ongoing card reissuance process.

5.1.4.3 Allow SASSA gold cardholders whose cards were lost or stolen before the availability of the Postbank black card 2, to replace the lost or stolen card with a Postbank black card to ensure access to their grant payouts. However, these cards must be replaced with the Postbank black card 2 once available.

5.1.4.4 Implement the necessary measures to ensure that the validity of the Postbank black card is shortened to accommodate for the migration of the Postbank black card to the Postbank black card 2.

5.1.5 New business offerings and new clients outside of the designated clearing system participant conditions

5.1.5.1 Offer any new business offerings subject to the conditions of the designation and variation notices. The Postbank may offer new business offerings to new and existing clients provided they are unrelated to its card business.

5.1.6 Monitoring of the designation and variation notices

5.1.6.1 Allow and provide the necessary information to the SARB to monitor the implementation of the designation and all variation notices, including this Variation Notice. If the SARB, as part of monitoring the progress relating to the compliance with the Designation Notice, determines that all the conditions set out in the Designation Notice and variation notices will not be met within 15 months from gazetting the Fourth Variation Notice, it will decide on the necessary mitigation actions, which may include the transfer of the DCSP business of Postbank to another clearing system participant.

5.1.7 Amend the conditions of the Third Variation Notice

5.1.7.1 The following paragraphs of the Third Variation Notice are amended as follows:

- a) Paragraph 3.3.1.b: is substituted with “by amending condition 4.1.11 in the Variation Notice as follows: submit monthly progress and status reports (reports) signed by the Postbank’s Chief Executive Officer, Chief Information Officer and Chief Audit Executive on the implementation of the Designation Notice and Variation Notice to the SARB within the first week of each month.

Meetings will be convened at the discretion of the SARB to discuss the progress reports as and when necessary.”

- b) Paragraph 3.3.1.d is substituted with: “The Postbank shall procure written undertakings from the Postbank Board of Directors (Board) and the Minister of Communications and Digital Technologies (Minister) in favour of the SARB within 90 calendar days after the publication of this notice to the effect that the Board and the Minister will support and facilitate the fulfilment of the abovementioned conditions.

5.2 Failure by Postbank to implement all the above conditions within the 15-month period following the date of publication of this Variation Notice in the *Government Gazette* may result in the revocation of Postbank’s designation as a DCSP in terms of section 6(3)(b) of the NPS Act.

5.3 The conditions listed in the Designation Notice, Variation Notice as well as the Second Variation Notice, Third Variation Notice and Fourth Variation Notice, including the extension deadline in 5.1 above, apply exclusively to the designation of the 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 ^{15th} day of **August 2025**.

Lesetja Kganyago

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E L Kganyago

Governor