

SOUTH AFRICAN RESERVE BANK

NO. 2199

24 June 2022



SOUTH AFRICAN RESERVE BANK

Designation of Paycorp Group (Pty) Limited as a clearing system participant**Designation Notice**

Designation as a clearing system participant by the Governor of the South African Reserve Bank (SARB) in terms of section 6(3)(a) of the National Payment System Act 78 of 1998, as amended (NPS Act).

1. Introduction

- 1.1 The SARB is empowered to designate a clearing system participant in terms of section 6(3)(a) of the NPS Act. Such designation may be made if the designation is in the interest of the integrity, effectiveness, efficiency or safety of the national payment system (NPS).
- 1.2 The objective of this Designation Notice is to designate Paycorp Group (Pty) Limited (Paycorp) as a designated clearing system participant in the NPS. The designation will enable Paycorp to clear in the manner as contemplated in section 4(2)(d)(i) of the NPS Act.

2. Background of the prospective designated clearing system participant

- 2.1 Paycorp was founded in 1999 and is majority owned by Actis, which is a leading global growth markets investor in private equity, energy, infrastructure, and real estate. Paycorp is registered with the Companies and Intellectual Property Commission of South Africa and has a footprint in other jurisdictions such as Namibia, Zambia, Hungary, Slovakia, Czech Republic, United Kingdom and Ireland.

- 2.2 ATM Solutions (Pty) Limited (ATM Solutions), a division of Paycorp, is currently registered with the Payments Association of South Africa (PASA) as a System Operator. ATM Solutions is a large provider of retail automated-teller machines (ATMs) in Southern Africa and over 6 500 ATMs are owned, operated and managed by ATM Solutions worldwide.
- 2.3 Paycorp currently operates one of the largest third-party financial transaction switches that connects to multiple Southern African banks and has direct links into BankservAfrica, Visa and Mastercard, through ATM Solutions.
- 2.4 Paycorp seeks to be a preferred payment service provider, accomplishing this through a detailed understanding of its customers' needs, combined with constant innovation, technical competence, entrepreneurial flair and operational excellence. Paycorp's business focus is to broaden and maintain financial inclusion as well as to promote competition, which supports the goals of the SARB's *National Payment System Framework and Strategy – Vision 2025*.

3. Designation

- 3.1 The SARB considered the provisions of the NPS Act and has deemed it to be in the interest of the safety, efficiency, integrity and effectiveness of the NPS to designate Paycorp as a clearing system participant.
- 3.2 Therefore, Mr E L Kganyago, the Governor of the SARB hereby with effect from the date of publication in the Government Gazette:
- 3.2.1 designates Paycorp as a designated clearing system participant in terms of section 6(3)(a) of the NPS Act, subject to the conditions listed in paragraph 4 below; and

- 3.2.2 confirms, in terms of section 6(3)(a)(ii) of the NPS Act, that the SARB settlement system participant associated with Paycorp is Sasfin Bank Limited (Sasfin).

4. Conditions

- 4.1 The aforementioned designation is subject to Paycorp and where specified, Sasfin, adhering to the following conditions, within the time frames to be determined by the SARB.

Paycorp shall:

- 4.1.1 be a member of Visa and/or MasterCard;
- 4.1.2 conclude service agreements with the relevant Payment Clearing House System Operators (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 mentorship agreement with Sasfin and also comply with any other requirements set by the PSMB and Sasfin for mentorship;
- 4.1.5 enter into sponsorship agreement with Sasfin as the SARB settlement system participant associated with Paycorp in terms of which Sasfin will settle payment obligations on behalf of Paycorp and comply with any other requirements set by the PSMB and/or Sasfin for sponsorship;
- 4.1.6 participate in the Debit Card, Credit Card and ATM Payment Clearing Houses (PCHs) as an acquirer, subject to the relevant PCH agreements and clearing rules as well as paragraph 4.1.7 below. Furthermore, Paycorp

is subject to interchange rates applicable to cards and ATMs as determined by the SARB;

- 4.1.7 obtain written approval from Sasfin and the SARB, which written approval shall not be unreasonably withheld, prior to participating in a PCH that is not set out in paragraph 4.1.6 above as an acquirer or originator. Provided that written approval is granted, Paycorp must follow the normal process for participation in a PCH;
- 4.1.8 not issue payment instruments, including the origination of credit card push instructions (CCPI) transactions nor sponsor any third parties in any PCH without the SARB and Sasfin's prior written approval, which written approval shall not be unreasonably withheld;
- 4.1.9 comply with applicable requirements and any other criteria agreed to between Paycorp and Sasfin, and as specified in the mentorship and sponsorship agreements concluded between said parties;
- 4.1.10 if and when applicable, terminate participation in a PCH subject to the process for termination determined by the PSMB, and written notice given to Sasfin and the SARB;
- 4.1.11 monitor Paycorp's settlement volumes and values, and submit monthly reports of such settlement values and volumes to the PSMB and SARB; and

Sasfin shall:

- 4.1.12 ensure successful User Acceptance Testing with the SARB settlement system operator and compliance with any other requirements to be imposed by the SARB settlement system operator, to ensure seamless settlement.

- 4.2 The conditions listed above apply exclusively for the designation of Paycorp as a designated clearing system participant. The conditions may be varied, revoked or new conditions may be imposed by the SARB by way of a notice in the Government Gazette.

Signed at Pretoria on this 17..... day of June 2022

Lesetja Kganyago

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Mr E L Kganyago
Governor
South African Reserve Bank