

SOUTH AFRICAN RESERVE BANK**NO. R. 2883****23 December 2022****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:

Second 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 and revoke any designation of a clearing system participant in terms of the National Payment System Act 78 of 1998, as amended (NPS Act). In terms of 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 provides 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 or not it is in the public interest to revoke the designation;

1.2.4 any other matters that the SARB considers appropriate.

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

- 2.1. 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. Following the designation, the SARB engaged the Postbank regarding its non-compliance with the conditions of the designation notice.
- 2.3. To remedy the non-compliance, the SARB issued a notice published in Regulation Gazette No. 1606 of *Government Gazette* No. 45645 dated 17 December 2021 (variation notice) to vary the conditions of the Designation Notice of the Postbank as a DCSP. As a result, additional conditions were imposed and the Postbank was required to implement the conditions within 12 months from the gazetting of the variation notice, i.e. by 17 December 2022.
- 2.4. On 14 October 2022, the Postbank wrote to the SARB to request an extension of 12 months commencing on 17 December 2022 to implement the conditions of the variation notice. The request was prompted by the challenges experienced by Postbank in implementing the conditions due to the moratorium imposed 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 and appointment of a service provider and to 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 will not be able to complete the project by the set deadline of 17 December 2022 to be compliant with all the conditions outlined in the variation notice.

3. Variation

- 3.1 The SARB as the regulator, overseer and supervisor of the national payment system (NPS) hereby grants the Postbank an extension to comply with the variation notice on the following basis:
- 3.1.1 The SARB notes the progress that the Postbank has made in implementing a number of the variation notice conditions, despite the restrictions imposed by the moratorium on the project.
- 3.1.2 The reasons for the delay to implement the full set of deliverables of the project are reasonable, as most conditions of the variation notice are IT-related and could not be effected with the moratorium in place.
- 3.1.3 The Postbank has cooperated and demonstrated its commitment to remedy the non-compliance, particularly through swift initiation of the project following the lifting of the moratorium on the project, and ongoing engagement with the SARB on the progress made in implementing the conditions of the variation notice.
- 3.1.4 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 in the public interest.
- 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 vary the conditions in the variation notice of the Postbank as a DCSP in terms of section 6(3)(b) of the NPS Act, by extending the variation notice compliance date with 12 months to 17 December 2023.
- 3.3 The conditions listed under paragraph 4 of the designation notice and paragraph 4 of the Variation Notice as well as the extension deadline in paragraph 3.2.1 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 9th day of **December 2022**

Lesetja Kganyago

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EL Kganyago

Governor