



South African Reserve Bank

National Payment System Department

25 August 2020

Media Release

Interchange Determination Project: review of the interchange determination process

1. Introduction

The purpose of this communiqué is to advise that the project to review the interchange determination process has been launched.

2. Background

The South African Reserve Bank (SARB) was mandated to facilitate the process of determining interchange in the South African market following Recommendation 8 of the Banking Enquiry Report issued by the Competition Commission of South Africa in June 2008.

The SARB embarked on the interchange determination process in 2011 and has since determined interchange rates for automated teller machine (ATM) transactions as well as card and cash-back at point-of-sale (POS) transactions. The interchange rates (rates) for ATM transactions were first implemented in April 2014, while the rates for card and cash-back at POS transactions were implemented in March 2015. These rates are reviewed annually by the SARB and adjusted as and when necessary. Both historically implemented and subsequently adjusted rates are published on the SARB's website and are accessible via the following link: [https://www.resbank.co.za/RegulationAndSupervision/NationalPaymentSystem\(NPS\)/IDP/Pages/Default.aspx](https://www.resbank.co.za/RegulationAndSupervision/NationalPaymentSystem(NPS)/IDP/Pages/Default.aspx).

3. Project to review the current interchange determination process

In line with the SARB's 'National Payment System Framework and Strategy: Vision 2025' and to remain relevant in the dynamic payments environment, the SARB has embarked on a project to review the entire interchange determination process. The SARB has procured the services of Deloitte Consulting (Pty) Limited (Deloitte) to assist with the review. The project focus includes the following:

- reviewing the current interchange determination process, taking into account international best practice, and recommending the enhanced or best suitable interchange process for the South African payments market; and
- investigating different interchange determination approaches and providing recommendations for a suitable approach to set rates for other payment streams and special rates for low-value payments, fuel and government payments, including social grants. The low-value payments include the usage of a Quick Response code and 'tap-and-go' facilities.

The project officially commenced on 31 July 2020 and is expected to be completed within 15 months. Deloitte will deliver a comprehensive report with recommendations for internal use by the SARB.

4. Guiding principles for the Project

The review of the interchange determination process is underpinned by the following overarching principles of the National Payment System Department:

- the promotion of the safety and efficiency of the national payment system (NPS); and
- serving the interest of the NPS as a whole rather than that of individual stakeholders or stakeholder groupings.

5. Conclusion

The SARB will engage with all the relevant stakeholders within the payments industry to ensure that the interchange determination process is enhanced to remain relevant, sustainable and in the interest of the South African payments market.

All queries in this regard may be forwarded to:

Mr Shaun Rayfield

Head: Oversight and Supervision Division, National Payment System Department

Email: Shaun.Rayfield@resbank.co.za

or

Mr Tim Masela

Head: National Payment System Department

Email: Tim.Masela@resbank.co.za