

SOUTH AFRICAN RESERVE BANK

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SOUTH AFRICAN RESERVE BANK

Designation of Efficacy Payments (Pty) Limited**Designation Notice**

Designation as a clearing system participant 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, as amended:

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 a designation may be made if the designation is in the interest of the integrity, effectiveness, efficiency and/or safety of the national payment system (NPS).
- 1.2 The objective of this Designation Notice (Notice) is to designate Efficacy Payments (Pty) Limited (Efficacy) as a designated clearing system participant in the NPS. The designation will enable Efficacy to clear in the manner contemplated in section 4(2)(d)(i) of the NPS Act.

2. Background of the prospective designated clearing system participant

- 2.1 Efficacy was established and registered with the Companies and Intellectual Property Commission of South Africa in 2016, and is a member of Crossfin Technology (Pty) Limited that offers services through the Adumo Group of companies, which includes iKhokha, Innervation and Sureswipe.

- 2.2 Efficacy undertakes to develop and provide payment solutions, aimed particularly at serving the underserved informal market by enabling accessibility to acquiring affordable card transactions through the introduction of low-cost acceptance models and a reduction in cash dependency. Efficacy's business focus supports financial inclusion, which is one of the SARB's *National Payment System Framework and Strategy Vision 2025* goals.

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 integrity, effectiveness, efficiency and safety of the NPS to designate Efficacy as a clearing system participant in the NPS.
- 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 Efficacy 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; and
- 3.2.2 CONFIRMS, in terms of section 6(3)(a)(ii) of the NPS Act, that the SARB's settlement system participant associated with Efficacy is Nedbank Limited (Nedbank).

4. Conditions

- 4.1 The aforementioned designation is subject to Efficacy adhering to the following conditions, within the time frames to be determined by the SARB:
- 4.1.1 Be a member of MasterCard and/or Visa.
- 4.1.2 Conclude service agreements with the relevant payment clearing house (PCH) system operator(s) through which the 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 mentorship and sponsorship agreements with Nedbank, and comply with any other requirements set by the PSMB and/or Nedbank for mentorship and sponsorship.
- 4.1.5 Participate in the debit card and credit card PCHs as an acquirer, subject to the relevant PCH agreements and clearing rules. Furthermore, Efficacy is subject to the interchange rates applicable to cards as determined by the SARB.
- 4.1.6 Obtain written approval from Nedbank, which written approval shall not be unreasonably withheld, and notify the SARB in writing prior to participating in a PCH that is not set out in paragraph 4.1.5 above. Provided that written approval is granted, Efficacy must follow the normal process for participation in a PCH.
- 4.1.7 Do not sponsor any third parties in any PCH without the SARB and Nedbank's prior written approval, which written approval shall not be unreasonably withheld.
- 4.1.8 Comply with all applicable requirements and any other criteria agreed to between Efficacy and Nedbank, and as specified in the mentorship and sponsorship agreements concluded between said parties.
- 4.1.9 Prior to commencing with any designated clearing system participant activity, register as a third-party payment provider for the purpose of providing beneficiary payment services in terms of the Directive for Conduct within the National Payment System in Respect of Payments to Third Persons (Directive 1 of 2007). Furthermore, Efficacy shall continue to be registered and provide services as a third-party payment provider whilst designated as a clearing system participant.

4.1.10 If and when applicable, terminate participation in a PCH subject to the process for termination determined by the PSMB, and provide prior written notice to Nedbank and the SARB.

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

Signed at Pretoria on this 02nd day of June 2021

Lesetja Kganyago

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Mr E L Kganyago

Governor

South African Reserve Bank