

SOUTH AFRICAN RESERVE BANK

NO. 1622

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SOUTH AFRICAN RESERVE BANK

Designation of Yoco Technologies (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 Yoco Technologies (Pty) Limited (Yoco) as a designated clearing system participant in the NPS. The designation will enable Yoco to clear in the manner contemplated in section 4(2)(d)(i) of the NPS Act.

2. Background

- 2.1 Yoco was established in 2015 and is registered with the Companies and Intellectual Property Commission of South Africa. Yoco is also currently registered with the Payments Association of South Africa (PASA) as a third party payment provider and a system operator.

- 2.2 Yoco undertakes to promote access to tools for acceptance of payments to the untapped and underserved small businesses in South Africa. Yoco's business focus supports financial inclusion, which is one of the SARB *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 Yoco 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 Yoco as a designated clearing system participant in terms of section 6(3)(a) of the NPS Act, subject to the conditions listed in 4 below; and

- 3.2.2 CONFIRMS, in terms of section 6(3)(a)(ii) of the NPS Act, that the Reserve Bank settlement system participant associated with Yoco is ABSA Bank Limited (Absa).

4. Conditions

- 4.1 The aforementioned designation is subject to Yoco 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 system operator(s) (PCH SOs) 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 agreement with Absa and comply with any other requirements set by the PSMB and/or Absa for mentorship.
- 4.1.5 Enter into sponsorship agreement with Absa as the Reserve Bank settlement system participant associated with Yoco in terms of which Absa will settle payment obligations on behalf of Yoco and comply with any other requirements set by the PSMB and/or Absa for sponsorship.
- 4.1.6 Participate in the debit cards, credit cards, American Express and Diners Club payment clearing houses (PCHs) as an acquirer, subject to the relevant PCH agreements and clearing rules. Furthermore, Yoco is subject to the interchange rates applicable to cards as determined by the SARB.
- 4.1.7 Obtain written approval from Absa, 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 4.1.6 above. Provided that written approval is granted, Yoco must follow the normal process for participation in a PCH.
- 4.1.8 Do not sponsor or clear on behalf of any third parties in any PCH without the SARB and Absa's prior written approval, which written approval shall not be unreasonably withheld.
- 4.1.9 Comply with all applicable requirements and any other criteria agreed to between Yoco and Absa, and as specified in the mentorship and sponsorship agreements concluded between said parties.
- 4.1.10 Continue to be registered and provide services 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) whilst designated as a clearing system participant.

4.1.11 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 Absa and the SARB.

4.2 The conditions listed above apply exclusively to the designation of Yoco as a designated clearing system participant. The conditions 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 29th..... day of November 2021

Lesetja Kganyago

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Mr E L Kganyago

Governor

South African Reserve Bank