



Are the R99 debit order scams with us for another year?

Recent reports around the moving of the Authenticated Collections (DebiCheck) Directive dates expressed a concern that the typical R99 fraudulent debit orders will haunt consumers for another year. Is this in fact true?

The South African Reserve Bank (SARB) recently announced a shift in DebiCheck implementation timelines, by moving two important dates out by a year. These are as follows:

- The current *May 2020* deadline where no new Authenticated Early Debit Orders (AEDO) and Non-Authenticated Debit Orders (NAEDO) will be permitted, has been shifted out to *May 2021*. This means that the period for using the older AEDO and NAEDO systems to process *new* debit order collections has been extended by 12 months.
- The current *October 2020* sunset date where both AEDOs and NAEDOs would terminate, has been moved out to the end of October 2021. This means the sunset date by which these older systems must be turned off, has also been moved by a year.

However, the shift in dates is not an indication that the DebiCheck system is not working, nor that PASA, banks and companies are doing nothing to address the R99 debit order scams. Quite the contrary.

DebiCheck, the system through which consumers are required to electronically confirm the details of their debit orders with their bank, went live in August 2018 already. This is significant because the mandate is confirmed by the consumer and digitally registered with their bank, making it possible for the bank to verify the details of the debit order before processing it and therefore stop fraudulent debit orders from being processed. "Despite several technical and business challenges over the last couple of months, on average 5.7 million DebiCheck debit order transactions are currently being processed through the system, with 366 companies onboarded thus far. We continue to see transaction growth as well as new companies joining the system" says Maurits Pretorius, Executive: Strategy and Communication at PASA.

The new Directives dates will assist several businesses impacted by the Covid-19 lockdown with their own onboarding timelines for DebiCheck, but it also gives the broader industry the opportunity to deal with the remaining stability and functionality challenges and helps smooth the transition from the old systems to DebiCheck further.

In addition to DebiCheck, PASA has made good progress towards introducing operational efficiencies to manage company behaviour in the debit order space. Measures have been implemented across all banks to manage companies, ranging from the time interest is shown to collect via the debit order system, to processes that facilitate companies being on-boarded, monitored and if required, exited for whatever reason. "The result of these efforts by the industry is evident in the fact that to date, 291 problematic companies have been exited from the system, representing a cumulative value of R3.39 billion." says Andre Strydom, Head, Debit Order Business at PASA.

To also help with DebiCheck onboarding, more than 1,500 companies wanting to make use of the DebiCheck system to collect, have already been put through some of these enhanced due diligence processes. This will ensure that only legitimate companies are allowed into DebiCheck. These companies are now in the process of testing the new DebiCheck system and updating their business processes.

Many of the R99 debit order scams have already seen the end of their road and for the remainder, the ropes are being pulled tighter by the day. Efforts to ensure a safe debit order system continue to receive the highest attention and priority from PASA and its members.

As with many other fraudulent schemes, there will probably always be attempts to defraud consumers through the debit order system, but it has already and will become increasingly more difficult for fraudsters to take what doesn't belong to them.

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Please direct all media queries to media@pasa.org.za

About PASA

PASA is the Payment System Management Body recognised by the South African Reserve Bank (SARB), in terms of the National Payment System Act of 1998, to organise, manage and regulate the participation of its members in the payment system. For more information, please visit www.pasa.org.za