

New Payments Industry Body

PIB Design Principles version 2.0

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Preamble

The NPS is made up of interoperable payment systems and the associated network effects. These, inter alia, promote the national policy objectives of safety, security, interoperability, efficiency, competition and financial inclusion.

To remain relevant and be sustainable it is recognised that the NPS management structures need to be inclusive of all payment participants and service providers, not only to prevent fragmentation of payment systems but also to leverage the power of payments digitisation and modernisation to better serve the needs of the economy and society in general.

An inclusive Payments Industry Body (PIB) needs to be designed to meet all these requirements.

It is further imperative that the envisaged PIB is endowed with the existing “know how”, well-functioning systems, rules, procedures and regulatory frameworks managing the operations of the NPS and that these assets are further developed over time through greater industry participation with appropriate regulatory recognition.

Balance of Rights and Obligations Principles



Design Principles

DP 1. Balance of Rights and Obligations

DP 1.1

Mandate must **support** inclusivity of all payment participants and equal and fair access and opportunity according to activity (level playing fields)

DP 1.2

The PIB should facilitate equitable outcomes (via equal access and opportunities) for participants

DP 1.3

Activity based participation: Seat at the table determined by the objectives of the table. Formal consultation with interested parties who do not have a seat

DP 1.4

Robust consultation to ensure the minority and dissenting voices are heard.

DP 1.5

Proportionate rights and obligations:
Funding is based on activity and risk, as are rights and obligations

DP 1.6

The PIB decision making process must have controls to ensure that a single category cannot dominate the others

DP 1.7

Activity based participation: 'Seat-at-the-table' rights change as the NPS Act changes and opens up access to clearing and / or settlement

DP 1.8

Decision-making process should be substantially and procedurally fair, consultative, with ability to escalate or appeal

DP 1.9

Decision making should be governed by a Delegation of Authority to appropriately capacitated forums

Mandate Design Principles



Design Principles

DP 2. Mandate

DP 2.1

Mandate anchored in supporting national policy goals but focused on payment interoperability of the NPS

DP 2.2

Hierarchical Mandate that first recognises national policy objectives and then member interest

DP 2.3

The PIB does not promote commercial interests and does not become involved in commercial negotiations or price setting

DP 2.4

Appropriately mandated/recognised to have the required powers. This includes mandatory membership for payment services providers and participants

DP 2.5

PIB mandate must authorise it to act in the interest of the greater good of the NPS (e.g. Capacity Building, Consumer education)

DP 2.6

The work and outputs of the PIB incorporate the contribution of the PIB as well as its members

DP 2.7

The PIB rules must be enforceable

DP 2.8

The PIB creates an environment to discuss future changes to Payment Systems; the future of Payment Systems is not part of the PIB design

DP 2.9

The PIB additionally has an advocacy and facilitation role to promote regional and international interoperability

DP 2.10

Legal certainty must underpin all activities where risk transfers from one party to another

Membership Design Principles

Design Principles



DP 3. Membership

DP 3.1

Associations and individual parties can hold membership

DP 3.2

Different categories of membership to facilitate equitable and proportionate participation, rights and obligations

DP 3.3

Members must see benefit for their membership fees and participation

DP 3.4

Mandatory membership should be subject to the SARB's NPS licensing requirements. Voluntary membership where licensing is not a requirement

DP 3.5

Single "house" for all interoperable payments participants in the market and for all service providers (not causing fragmentation)

Organisation Design Principles

Business and Operating Model Principles



DP 4. Business and Operating Model Principles

DP 4.1

Structures must add the right value by functioning on the right levels of work (right people, doing the right work at the right level)

DP 4.2

Executive Office
(encompassing full staffing complement) appropriately and efficiently capacitated to fulfil functions to desired level/standard

DP 4.3

The PIB's new operating model must drive efficiency, automate and digitise administrative and recurring operational functions

DP 4.4

The PIB must have the ability to adapt itself to remain relevant and to improve on decisions made in the PIB Design process

Transition Design Principles



Design Principles

DP 5. Transition

DP 5.1

Where there is doubt, functions are moved intact and then reviewed within the PIB. The PIB must have ability to review and reform as required

DP 5.2

Create a safe transitioning environment for people employed in industry capacity

DP 5.3

Major projects and initiatives to transition without loss of momentum

DP 5.4

Balance the need to provide continuity; preserve legal certainty; and maintain risk management; with the need to also encompass new capabilities and processes

DP 5.5

Continuity of existing legal constructs (e.g. PCHs) and supplier arrangement; re-use office and IT infrastructure as far as possible

DP 5.6

The transition brings risk and must be managed as a change programme

DP 5.7

Utilise existing resources, capacity, processes as far as possible, but build processes for change and reform into the PIB



DP 6. Governance

The principle of adherence to King IV still applies and is fleshed out in more detail below

General Principles

DP 6.1

Board/board members must act independently with unfettered discretion, due care, skill and diligence

DP 6.2

Activities, processes and decision-making must ensure transparency, legitimacy, fairness, accountability

DP 6.3

The board should have a membership inclusive approach that balances the legitimate needs, interests and expectations of all members (and stakeholders)

Board Mandate

DP 6.4

Fiduciary duty to act in best interest of NPS, and achieving national policy objectives, while representing the interests of its members

DP 6.5

Board members should lead ethically and effectively to ensure:

- Ethical culture
 - Good performance
 - Effective control
 - Legitimacy
- (i.e. to ensure effective outcomes)

Board Composition

DP 6.6

Reflective/representative of membership categories balanced with independence (i.e. independent board members)

DP 6.7

Balanced in knowledge, skill, experience, diversity and independence