

New Payments Industry Body

Design Principles





Preamble

The National Payment System (NPS) comprises 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 be sustainable and remain relevant the NPS management structures need to be inclusive of all payment participants and service providers. This inclusivity will prevent the fragmentation of payment systems as well as 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 imperative that the envisaged PIB is endowed with existing “know how” and well-functioning systems, rules, procedures, and regulatory frameworks managing the operations of the NPS.

These assets should be developed over time through inclusive industry participation with appropriate regulatory recognition.



Balance of Rights and Obligations

Design Principle 1

DP 1.1

Support inclusivity of all payment participants as well as equal and fair access and opportunity according to activity.

DP 1.2

Facilitate equitable outcomes for participants via equal access and opportunities.

DP 1.3

Determine seat at the table by the objectives of the table, and formally consult interested parties who do not have a seat.

DP 1.4

Ensure minority and dissenting voices are heard through robust consultation.

DP 1.5

Base funding as well as rights and obligations on activity and risk.

DP 1.6

Make decisions through a process that has controls to ensure that a single category cannot dominate others.

DP 1.7

Change 'seat-at-the-table' rights as the NPS Act changes and opens access to clearing and/or settlement.

DP 1.8

Make decisions through a consultative and substantially and procedurally fair process with the ability to escalate or appeal.

DP 1.9

Govern the decision-making process through delegation of authority to appropriately capacitated forums.



Design Principle 2

DP 2.1

Anchor the mandate in supporting national policy goals with focus on payment interoperability of the NPS.

DP 2.2

Recognise national policy objectives first and only then member interest.

DP 2.3

Do not promote commercial interests and/or become involved in commercial negotiations or price setting.

DP 2.4

Be appropriately recognised with required powers, including mandatory membership for payment services providers and participants.

DP 2.5

Act in the interest of the greater good of the NPS.

DP 2.6

Incorporate the contribution of the PIB as well as its members in PIB work and outputs.

DP 2.7

Ensure that PIB rules are enforceable.

DP 2.8

Create an environment to discuss future changes to payment systems.

DP 2.9

Play an advocacy and facilitation role to promote regional and international interoperability.

DP 2.10

Underpin with legal certainty all activities where risk transfers from one party to another.



Design Principle 3

DP 3.1

Ensure that membership can be held by associations as well as individual parties.

DP 3.2

Create different membership categories to facilitate equitable and proportionate participation, rights and obligations.

DP 3.3

Ensure that members see benefit for their membership fees and participation.

DP 3.4

Allow for mandatory membership that is subject to the SARB's NPS licensing requirements, and for voluntary membership where licensing is not a requirement.

DP 3.5

Prevent fragmentation by creating a single "house" for all interoperable payments participants as well as for all service providers.

Business and Operating Model



Design Principle 4

DP 4.1

Ensure that structures add the right value by having the right people doing the right work at the right level.

DP 4.2

Create an Executive Office that is appropriately and efficiently capacitated to fulfil functions to the desired level/standard.

DP 4.3

Ensure that the new PIB operating model drives efficiency by automating and digitising administrative and recurring operational functions.

DP 4.4

Ensure the ability to adapt, remain relevant, and improve on decisions made in the PIB Design process



Design Principle 5

DP 5.1
Move functions intact where there is doubt and then review and reform within the PIB as required.

DP 5.2
Create a safe transitioning environment for people employed in industry capacity.

DP 5.3
Transition major existing projects and initiatives without loss of momentum.

DP 5.4
Balance the need to encompass new capabilities and processes with the need to provide continuity, preserve legal certainty, and maintain risk management.

DP 5.5
Re-use office and IT infrastructure as far as possible, and ensure continuity of existing legal constructs (e.g. PCHs) and supplier arrangements.

DP 5.6
Manage the transition and risk that it brings as a change programme.

DP 5.7
Utilise existing resources, capacity, and processes as far as possible while building processes for change and reform into the PIB.



Design Principle 6

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

General Principles

DP 6.1

The 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, and accountability.

DP 6.3

The board must maintain a membership inclusive approach that balances the legitimate needs, interests and expectations of all members and stakeholders.

Board Mandate

DP 6.4

The board/board members will have the fiduciary duty to act in best interest of the NPS and achieving national policy objectives while representing the interests of PIB members.

DP 6.5

Board members must lead ethically and effectively to ensure:

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

Board Composition

DP 6.6

The board must be reflective/representative of membership categories balanced with independence.

DP 6.7

The board must be balanced in terms of knowledge, skill, experience, diversity and independence.

