

Terms of Use - Minimum Requirements to Use the Debit Order Services

1. Qualifying Criteria

In order for Netcash to be sponsored into the National Payment System by the NSB, it must be satisfied regarding the following:

- 1.1. The Client must not introduce any risk into the National Payment System. This risk includes but is not limited to, reputational, legal and/or financial risk.
- 1.2. The Client must submit Payment Instructions as per the specifications provided to them by Netcash.
- 1.3. The Client must comply with Netcash's pre-onboarding vetting which includes (without limitation) producing a sample of their Mandate for vetting to ensure compliance with the minimum requirements as set out in this Terms of Use.

2. General Payment Instruction Standards

- 2.1. Clients must ensure the accuracy and completeness of all of the information, including the branch and account numbers, contained in Payment Instructions submitted to Netcash.
- 2.2. A Client must not submit transactions unless properly mandated and Authorised to do so by the Payer. Any Payment Instruction made that is not properly mandated or Authorised will be treated as a disputed item.

3. Payment Instructions eligible for clearing

In order for a Payment Instruction to be eligible for processing, the Client must ensure that:

- 3.1. A valid Mandate is obtained prior to the submission of the Payment Instruction to Netcash;
- 3.2. The Payment Instruction has reached its action date as stipulated by the mandate;
- 3.3. The Payment Instruction is identifiable by a unique Abbreviated Short Name and the Contract/Agreement Reference between the Client and its Customer.
- 3.4. Payment Instructions must not be presented if there has been a Stop Payment placed against future debit Payment Instructions and/or the mandate and the related agreement has been cancelled.
- 3.5. No part of the mandate is unilaterally changed without consent being obtained from the Payer and/or notice given to the Payer where necessary.
- 3.6. The Client must obtain unequivocal and unambiguous acceptance by the Payer of understanding its obligations in the instances of voice recorded and electronic Mandates.

4. Payment Instructions not eligible for clearing

Payment Instructions are not eligible for clearing if:

- 4.1. The Payment Instruction is presented without having obtained a valid Mandate to do so or prior to obtaining a valid Mandate.
- 4.2. The Payment Instruction is presented prior to the mandated Action Date.
- 4.3. Unilateral changes have been made to any part of the Mandate. Authority/Authorisation must be obtained, and notice given where necessary especially in the instances of changes to account number or beneficiary details.

5. Mandate Initiation

- 5.1. A Mandate is valid when the format of the Mandate conforms to the minimum requirements for a Paper/Electronic and/or Voice Recorded Mandate, as provided to the Client by Netcash on the Help Centre.
- 5.2. The format of the Mandate must be approved by Netcash prior to being utilised by the Client, read with Clause 5.1 above.
- 5.3. The individual Payment Instructions so authorised must be issued and delivered on the date when the obligation in terms of the Contract/Agreement between the Client and its Customer, the Payer, is due and the amount of each individual Payment Instruction may not differ as agreed to in terms of the said Contract/Agreement.
- 5.4. In the instance of a written Mandate, the signed Mandate copy must be provided to the Payer prior to any Payment Instructions being processed in terms of that particular Mandate.
- 5.5. In the instance of a voice recorded Mandate, the Payer must be notified in writing within 30 (thirty) days of the voice-recorded Mandate being authorised and prior to any Payment Instructions being processed to the Bank Account of the Payer in terms of the Mandate. This written notification must conform to the requirements as specified below:

Minimum Requirements for Confirmation to Payer

- 5.5.1. Customer Name and Surname
 - 5.5.2. Contract / Agreement number / reference
 - 5.5.3. Commencement / Action date
 - 5.5.4. Amount (Specific to the agreement / contract OR variable amount)
 - 5.5.5. Abbreviated Name approved by Netcash (which must also appear on the Customer / Payer statement)
 - 5.5.6. Client Contact Details
 - 5.5.7. Date of Confirmation to the Customer / Payer
- 5.6. The Mandate must indicate the exact amount payable or clearly state that the premium payable will vary. The latter can only occur in instances where it is dependent on the type of service provided e.g. cellular phone contracts, etc.
 - 5.7. The Client carries the responsibility of verifying that the account details provided by the Payer on the mandate are valid and that the Payer has relevant signing authority on the account.

6. Mandate Amendment

- 6.1. If a Client amends the Mandate and in doing so changes the format from what is currently being used, read with clause 11.1 of the Debit Order Terms of Service above, the format must be approved by Netcash prior to being used.
- 6.2. When amending a Mandate, the Client must ensure that the applicable contractual and/or legislative obligations are met including but not limited to the Payer's authorisation.

7. Mandate Retention

- 7.1. When requested from Netcash, Clients are required to produce, at their own cost, a copy of any original Mandate that is requested inclusive of any applicable amendment/s.
- 7.2. Clients must keep a copy of the Mandate and Contract/Agreement entered into with its Customer (the Payer) in a form that enables the efficient resolution of disputes.
- 7.3. Clients must retain all Mandates and relating documentation for a minimum period of 7 (seven) years after the expiry of the Contract/Agreement or after the payments have ceased or from the date of the last Payment Instruction having been processed in terms of the Mandate.
- 7.4. The inability to produce a valid Mandate or authority will be deemed evidence that no valid Mandate or authority existed or exists.
- 7.5. Upon request Clients are required to produce, at their own cost, an auditor's certificate confirming the existence of valid Mandates.

8. Cancellation of Mandates

- 8.1. A Mandate or authority may be withdrawn at any time by the Payer via a written instruction given due notice as stipulated in the Mandate.
- 8.2. When a Payment Instruction is returned "Not Provided for" on 2 (two) consecutive mandated Action Dates, read with clause 9 below, the Client may not submit the Payment Instruction and must remove the Payment Instruction from the system unless the Client has received a new Mandate from the Payer to meet future payments.

9. Disputed Authority for Payment Instructions

- 9.1. The Payer has a right to declare a dispute against the authority in terms of which the Payment Instruction had been processed.
- 9.2. The authority will only be considered in dispute in the following instances:
 - 9.2.1. The Payer did not authorise the Payment Instruction/s; or
 - 9.2.2. The Payment Instruction is in contravention to the authorised Mandate; or
 - 9.2.3. The Client had been instructed by the Payer to cancel the Mandate; or
 - 9.2.4. The Payer had stopped the payment of the instruction at their Bank or with the Client.
- 9.3. No disputes for partial amounts will be processed.
- 9.4. The Bank and therefore Netcash will immediately reverse the disputed Payment Instruction/s in instances where a dispute declaration is submitted within 40 (forty) Calendar Days from Action Date of the Payment Instruction being processed.
- 9.5. In instances where the bank disputed Payment Instruction falls outside of the 40 (forty) Calendar Days window period, the following must occur:
 - 9.5.1. The Client must provide a copy of a valid written Mandate for the disputed Payment Instruction within 2 (two) calendar days of receiving the request for same from Netcash;
 - 9.5.2. Neither Netcash nor the NSB will become involved in a dispute between the Client and the Payer to prove the validity of the Mandate;
 - 9.5.3. In instances where the requested Mandate cannot be provided, the Client's Netcash Account will be debited by Netcash with the value of the disputed Payment Instruction;
 - 9.5.4. Voice recorded and electronic Mandates, while valid Mandates, will not be considered in the event of a dispute and the Client's Netcash Account will be debited with the value of the disputed Payment Instruction/s.
 - 9.5.5. Neither Netcash nor the NSB will become involved with any process to prove the existence of voice-recorded and/or electronic Mandates to Payers for the purpose of resolving the dispute.

10. Abbreviated Short Name

- 10.1. Abbreviated Short Names must be validated and approved by Netcash and the PASA prior to being included in any Payment Instructions.
- 10.2. Should an Abbreviated Short Name submitted by the Client be similar to or already in use by another Client (including Clients sponsored by other banks), Netcash will reject the Abbreviated Short Name submitted and the Client will have to resubmit a different Abbreviated Short Name.
- 10.3. The Abbreviated Short Name and Contract/Agreement Reference must remain the same for the duration of the contract between the Client and the Payer and must reflect on the Customer statement as specified on the authority and mandate regardless of where the transaction is submitted from.

11. Stop Payments

- 11.1. The Abbreviated Short Name and the Contract/Agreement Reference are the primary keys to be used in identifying a Stop Payment and Clients are prohibited from changing Abbreviated Short Names and/or Contract/Agreement References for any Payment Instruction in order to circumvent the Stop Payment system.
- 11.2. Upon receipt of a Stop Payment instruction from the Payer; the Paying Bank must return all future dated Payment Instructions in accordance with the Stop Payment instruction.
- 11.3. Where a Client receives a stop presentment message as a result of a Payer having placed a Stop Payment on the Payment Instruction, the Client may not resubmit future dated Payment Instructions unless a new Mandate has been obtained.

12. Returns and Unpaid

- 12.1. If for any reason a Payment Instruction cannot be processed as received by a Client, the NSB will return the Payment Instruction to Netcash for action by the Client, due to either being unpaid or disputed, together with a reason as per the response and reason codes set out below.

EFT Unpaid Response and Dispute Return Reason Codes:

UNPAID RESPONSE CODES		
Code	Description	Action to be Taken
02 Not provided for	There are insufficient funds in the bank account.	The Client must advise the Payer that the Payment Instruction has been returned. The Payment Instruction may only be re-presented subject to Sections 6 and 14. If not, the Client cannot re-present the Payment Instruction unless a new Mandate has been obtained from the Payer in terms of Sections 7, 8, 9 and 15.
03 No Debit / Credit transactions allowed against this account	No debit or credit Payment Instructions may be processed against this Bank Account.	The Client may not re-present Payment Instructions using the Bank Account details as outlined in the existing Mandate unless a new Mandate is obtained from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
04 Payment stopped	The Payer has instructed their bank to stop all future debit payments being processed on their Bank Account from the Client in terms of the debit order authority granted to the Client.	The Payment Instruction may not be represented unless a new Mandate is obtained from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
05 Dormant	The Bank Account that the Payment Instruction has been issued against is dormant.	The Client may not re-present Payment Instructions using the Bank Account details outlined in the existing Mandate unless a new Mandate is obtained from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
06 Account frozen	No Payment Instructions may take place on this Bank Account at all.	
08 Account in liquidation	The Bank Account is not accessible due to liquidation of Legal Entity that holds it.	
10 Account in sequestration	The Bank Account is not accessible due to sequestration of the Individual that holds it.	
12 Account closed	The Bank Account in question has been closed.	The Payment Instruction may not be re-presented unless a new Mandate is obtained from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
18 Payer deceased	The Payer is deceased.	The Payment Instruction may not be re-presented, and all future Payment Instructions removed from processing.

UNPAID RESPONSE CODES		
Code	Description	Action to be Taken
22 Account effects not cleared	The Payer's funds have not been cleared i.e., there may be a cheque awaiting clearance, therefore there are insufficient funds in the Bank Account to meet the obligation.	The Client must advise the Payer of this and may not re-represent the Payment Instruction unless the Payer has confirmed that the funds have been cleared or that the hold on the Bank Account has been removed.
26 No such account	The Bank Account does not exist at the specific Bank.	The Payment Instruction may not be re-presented, and all future Payment Instructions removed from processing.
56 Not FICA compliant	The Bank Account does not comply with the requirements as set out by FICA.	The Payment Instruction may only be re-presented once confirmation is received from the Payer that they are FICA compliant.
14 Account transferred (Internal)	The Bank Account to which the Payment Instruction must be processed has been transferred within the Bank.	The Client must ensure that the new Bank Account details are reflected when redirecting the Payment Instructions to the new account.
16 Account transferred (External)	The Bank Account to which the Payment Instruction must be processed has been transferred to another Bank.	The Payment Instruction must be removed from the processing and the Client must not resubmit Payment Instructions using the Bank Account details as outlined in the existing Mandate. The Client must obtain a new Mandate from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
60 Consecutive unpaid rejection	There have been consecutive unpaid transactions against this account number. Remove the transaction from all future batches.	<p>After 6 consecutive unsuccessful debits the system automatically places a code 60 block on that transaction.</p> <p>Blocking the account also assist the Client to manage their unpaid ratios.</p> <p>Unpaid codes that get the stop placed immediately (Code 60) is Code 3,12, 26.</p> <p>Client to request new mandate from their customer with an authorisation date which is after the Code 60 incident date.</p> <p>Client must load the new mandate details on their updated Masterfile.</p>

DISPUTE RETURN REASON CODES		
Code	Description	Action to be Taken
30 No authority to debit	The Payer has disputed the Client's authority to debit funds from their Bank Account.	The current Payment Instruction, as well as all future Payment Instructions, must be removed from processing. The Client must obtain a new Mandate from the Payer prior to submitting any new Payment Instructions in terms of Sections 7; 8; 9 and 15.
32 No authority to debit	The Payer has disputed the Payment Instruction based on the fact that the Client is debiting their Bank Account in contravention of their authority.	
34 Authorization cancelled	The Payer has disputed the Payment Instruction based on the fact that the authority given has been cancelled.	
36 Previously stopped via Stop Payment advice	The Payer is disputing the Payment Instruction based on the fact that they have previously issued a Stop Payment Instruction on their account.	

12.2. These codes each have an action attached to them to which the Client must comply with including:

- When a Payment Instruction is returned Unpaid the Client may not resubmit until the next mandated date.
- When a Payment Instruction is returned “Account Closed” or “Payment Stopped” the Client may not resubmit the Payment Instruction.

13. Presentment and Re-presentment

13.1. EFT Payment Instructions will be presented after the Early Window.

13.2. The Client must not:

- 13.2.1. Present the same Payment Instruction for processing more than once per day.
- 13.2.2. Present more than 2 (two) Payment Instructions in any particular Payment Cycle.
- 13.2.3. Present Payment Instructions where the amount due for payment exceeds the amount as stipulated by the Mandate.
- 13.2.4. Present Payment Instructions where the amount is an aggregate of multiple Payment Instructions in order to recover arrear amounts or if the mandated amount is changed outside the context of the Mandate.
- 13.2.5. A separate Mandate must be obtained in order to recover arrear amounts.
- 13.2.6. Present Payment Instructions if the Mandate has been stopped and/or the Mandate and Contract/Agreement has been cancelled.
- 13.2.7. Present Payment Instructions that have been cancelled by the Payer.

14. Item Limit

14.1. The Client may not circumvent the specified item limit by splitting Payment Instructions.

14.2. The Netcash default EFT Item limit for Debit Payment Instructions is R1,000 (One Thousand Rand) and reviewed based on the Client’s individual account requirements.

15. Cession and/or Assignment

15.1. In the event of cession or assignment of all or a portion of its book the Client must notify Netcash, since the NSB must be made aware of the intended cession and assignment.

15.2. A Client may not cede or assign any of its rights in terms of a Mandate held, to any third party unless:

- 15.2.1. the Contract/Agreement is also ceded or assigned to that third party;
- 15.2.2. written consent has been obtained from the Payer;
- 15.2.3. such cession or assignment is communicated to the Payer prior to any Payment Instructions being processed to the Bank Account of the Payer in terms of the ceded or assigned Mandate; and
- 15.2.4. the communication of the cession or assignment conforms to the requirements as specified below:

Minimum Requirements for Notification of Cession / Assignment

Date: _____

Full Names and Surname: _____

Contract / Agreement number: _____

Current User Abbreviated Short Name: _____

New User Abbreviated Short Name: _____

Commencement / Action date: _____

Amount: _____

Abbreviated Name: _____ (must appear on the Payer's statement)

Client contact details: _____

E-mail address: _____

- 15.3. In the event of cession or assignment the Client's Abbreviated Short Name and/or Contract / Agreement Reference may be changed.
- 15.4. Clients must provide one month's notice of the changed details prior to the processing of any future Debit Payment Instructions to the Payer. The notice must reflect the Client's new Abbreviated Short Name and/or Contract / Agreement Reference and must be kept as an addendum to the Mandate.

16. Management of Ratios

- 16.1. The Client is obligated to adhere to certain thresholds in relation to the total monthly Payment Instructions processed per Abbreviated Short Name as follows:
 - 16.1.1. 10% (ten per centum) for the Unpaid Ratio; and
 - 16.1.2. 0.5% (zero point five per centum) for the Dispute Ratio.
- 16.2. Should a Client exceed these thresholds, Netcash must conduct the necessary investigations to determine the reasons for the higher ratios and to implement the necessary action to positively manage the ratios of the Client within the acceptable threshold(s), or terminate an account should the threshold breaches be unacceptably high.
- 16.3. The NSB is obliged to report to any appropriate supervisory body on all Clients under investigation and/or in rehabilitation.
- 16.4. The NSB may transfer penalties against the Client to Netcash who will recover the penalties from the Client and/or terminate the sponsoring relationship with the Client.
- 16.5. During the investigation and remediation period, the Client will not be allowed to change to another Third Party Payment Provider. Only once the Client has successfully been remediated and fully compliant, will the Client be allowed to change from Netcash to another Third Party Payment Provider.

17. Fraud

- 17.1. All complaints of alleged Fraudulent Transactions received by Netcash or the NSB will be reported to the relevant fraud teams for investigation.
- 17.2. Where the Paying Bank is not the same as the NSB, it may engage with Netcash in an attempt to recover a refund for the Payer which will also be reported to the relevant bank's fraud team for further investigation.
- 17.3. When a Payer's Bank Account is debited as a result of an alleged Fraudulent Transaction, Netcash, upon instruction, must place a hold on the Client's Netcash Account in accordance with the Netcash agreements and internal policies.
- 17.4. Netcash must release or refund on receipt and instruction of a court order and on specific instruction by the NSB fraud team.
- 17.5. Where Fraudulent Transactions are proven in respect of any Client, Netcash may suspend and/or terminate the sponsoring relationship with such Client.