



Newsletter

User Debit Order Abuse (UDOA) & Mandate Compliance

We recently concluded our annual NAEDO and Debit Order mandate compliance audit and we would like to take this opportunity to thank you for your co-operation during the process. Your dedicated CRC will be in contact with you to discuss the outcome and, if required provide the assistance you may need to update your mandates.

We did note that the main reason for non-compliance was the absence of short names, or the changing of short names, without BDB's prior approval, resulting in the transaction not having the same short name as specified on the agreement.

Since our last communication, the Payments Association of South Africa ("PASA") implemented the User Debit Order Abuse Rules ("UDOA"), focusing on contravention of the Rules and imposing penalties on non-compliant beneficiaries. In terms of the Rules, your client, is deemed as a beneficiary. Emphasis is being placed on the following:

- Components of a Mandate
- Classification of a Mandate
- Penalties for non-compliance

We are aware of a number of instances where PASA already imposed penalties on beneficiary companies not adhering to the Rules. The process is receiving a lot of media attention as well, with some of the major banks improving their systems to make it easier for account holders to dispute debit orders collected from their bank accounts.

Should PASA determine continued non-compliance, it may result in your organisation being placed on the User Debit Order Abuse List, which effectively will prohibit you from processing any debit order or NAEDO transactions.

We urge you, our clients to comply with the criteria by ensuring that you have valid mandates in place that may be retrieved when requested.

For detailed information on the components and penalties relating to the UDOA process, please refer to the information overleaf.



Coming soon...

Authenticated Collections

The Authenticated Collections project is underway and NAEDO client engagements has commenced. At this stage the go live date is still 1 October 2016, however we are aware that a submission has been made by the Industry to the Reserve Bank, recommending an extension to early 2017. We will keep you posted!

What's New?

Saturday 2-Day Debits

Debit orders may now be actioned on a Saturday. You can now submit your file on a Thursday for Saturday and on Friday for Monday.

AVS-R

Account Verification System in Real Time (AVS-R) has successfully been implemented with some of our clients, with an average response time in under 60 seconds.

Discontinued

ReLoad & MPesa cards – unfortunately these products have been discontinued by the suppliers and BDB is no longer able to process transactions into these accounts.

VOTING DAY – 3 AUGUST 2016

**Should voting day be declared a public holiday,
it will be considered a non-banking / processing day.**

Mandatory Mandate Components

A valid mandate consists of 18 components, 5 of which are deemed as critical. If any of the critical components, listed below is absent from the mandate, your mandate will **immediately** be deemed as non-complaint. :

- ✓ **Bank account number.** The account holder, who may be different from the debtor, must give explicit authority prior to the first debit being processed.
- ✓ **Date** of the debit order – both the start date (first debit date) and the date of the future deductions. i.e. 25th of every month.
- ✓ **Amount** of debit order – if your company provides a service which results in debit orders having to change monthly according to usage or consumption, we will assist you to draft the appropriate wording for your mandate template.
- ✓ **Surname & Initial** of the bank account holder, which may not be the debtor, must be visible.
- ✓ **Short Name** of the collecting party so the account holder can identify who is deducting the money.

Penalties



Frequently Asked Questions

Q: *What are the EFT Clearing Rules?*

A: The Clearing Rules is a set of rules that govern the exchange of payment instructions within the Electronic Funds Transfer section of the National Payment System (“NPS”). These have been implemented in terms of the National Payment System Act of 1998 and are being enforced by PASA and the South African Reserve Bank. Please refer to the BDB EFT Clearing Rules Manual for summarized version of the rules. Should you require a copy of these, please feel free to request this from your CRC.

Q: *Why does BDB have such strict rules on processing debit orders?*

A: BDB is a registered Third Party Payment Provider (TPPP) and Systems Operator (SO) with PASA, which governs the rules around the facilitation of transactions through the NPS. Included in these agreements is an undertaking to adhere to ALL legislation, rules and regulations relating to electronic funds transfers. The rules that BDB follow are therefore rules enforced in terms of legislation and not unique to BDB.

Q: *Does the Clearing Rules apply to my business?*

A: Yes, it is compulsory for all entities (persons or companies), that participate in the NPS through the processing of electronic funds transfers, to adhere to the provisions of the Clearing Rules.

Q: *Why do I have to provide copies of my mandates to BDB?*

A: In terms of our Service Agreement, you are obliged to provide copies of mandates upon request.

Q: *What will happen if my company is identified to be investigated for debit order abuse?*

A: If your mandates are found to be non-compliant penalties of R1 000 per mandate, suspension from the NPS, or in severe cases, exclusion from the Payments System, i.e. you company and/or directors may not process **ANY** debit order type collections the NPS via any South African banks.

BDB Banking Details

Forgotten our bank account details? Here there are – remember, to avoid delays transfer funds into the same bank that you are transferring the funds from.			
ABSA – Rosebank	NEDBANK – Jorissen Street	STANDARD BANK – The Glen	FNB – Selby
Branch Code: 632005	Branch Code: 196505	Branch Code: 006005	Branch Code: 251605
Account Number: 4045984885	Account Number: 1965358691	Account Number: 0002840480	Account Number: 62035595571