

# Cash heists spur Sassa's move to phase out cash payments

South African Social Security Agency (Sassa) is planning to completely phase out cash grant payments in favour of electronic transactions, partly due to the increased risk of cash-in-transit heists.



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With recent spike in cash-in-transit heists around the country and the high cost of cash payment infrastructure, Sassa over the next five months implement a cash reduction strategy, Raphaahle Ramokgopa, SASSA's executive manager: strategy and business development, told parliament's portfolio committee on social development. She was giving an update on the migration of social grant payments from Cash Paymaster Services (CPS) to the SA Post Office.

"The end goal of Sassa is that in the long term, we want to do away with the cash payment component because it is not a safe and if you look at the [cash-in-transit] heists that are happening recently, you can see that it is not something that we can sustain over the long term," she said.

As part of the phase-in phase-out process, in March, the Constitutional Court granted an order for CPS to continue paying social grants to those who receive their social grants in cash for another six months.

"The guiding principle for the next five months for Sassa is such that, one, CPS will be eliminated fully by September 2018. Cash payments will be reduced drastically. So beneficiaries who stay in areas where there is developed payment infrastructure will be migrated to electronic forms of payments and those that would still like to use biometrics for withdrawal can get into the Post Office outlets for verification and payments. But in remote areas, we have developed an alternative strategy to address beneficiaries who are residing in areas where there is no payment infrastructure.

"Our new payment model is premised on Sapo as the dominant player but we also engaged with the commercial banks and retailers such as Boxer, Shoprite and all the big retailers in general and they have all agreed that they would like to participate and we are in engagements with them to sign agreements so that they can provide the services," she said.

## Card swaps

Ramokgopa also said that the critical driver for Sassa over the next five months is to do card swaps as a matter of urgency. As of 4 June 2018, there were approximately 10.8 million social grant beneficiaries who receive their grants through the agency's hybrid model.

Out of these, more than seven-million beneficiaries are currently using the old Sassa/ Grindrod payment card. This includes 1.9 million who get their payments using the biometric card verification method (CVM) at cash pay-points, merchants and ATMs and about 5.5 million who receive their grants using the old SASSA payment card using a pin.

Some 1.2-million beneficiaries receive their social grants directly into their own personal bank accounts.

Approximately 2.5-million beneficiaries receive their social grants at pay points around the country.

After the new Sassa/Sapocard was piloted on May 7, Ramokgopa said the plan was to ensure that the new card is rolled-out by the end of July 2018 through the card swap drive, whereby the old card is being replaced with the new one.

While 250,000 of the new Sassa/Sapocards were produced in April, in May, the 1.4 million out of a targeted 2.3-million cards have been produced and 63 248 have been given to beneficiaries as part of the swap programme by 25 May. The two entities aim to produce four-million cards in June with a target to swap 2.5-million cards, while it plans to swap 3.7-million cards of the further 4-million cards that it will produce in July.

In August, the two entities aim to swap about 1.4-million old cards with the new ones.

She also said that the plan was to ensure that the over 2-million beneficiaries who are collecting grants from 8,086 cash pay-points are reduced to 800,000.

“And because we have cancelled the cash payment tender, we have decided that our card swap [programme] will prioritise primarily those people at cash pay-points because if they have a new card, then we will be able to deposit money.”

She said that the alternative plan was to ensure that Sapoc, which is currently in the process of procuring mobile ATMs, roll them out to remote areas by August.

“However, for those pay points where there is a few people, what we are planning is that we will be looking at the possibility of contracting local players to transport the beneficiaries to the nearest pay points.

“We are also engaging with the South African National Defence Force and the South Africa police to assist us in terms of getting to transport money to those areas. Sapoc is also extending its cash-in-transit contract to accommodate this arrangement that we are working on,” she said.