

**SASSA Presentation of
Special Projects: SASSA Change Programme**



AGENDA

- Introduction
- Strategic Goals & Objectives
- Key ----
- Workstream Overview
- Technical Advise
- New Revised timelines
- Conclusion

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INTRODUCTION

- SASSA established in terms of SASSA Act; Act 9 of 2004, has the responsibility to administer, pay and manage social assistance.
- As part of the Social Reform Plan, the Minister through SASSA caused for the investigations and fact finding on the possible options for future payment model for SASSA.
- Currently the Agency's payment is outsourced to a third party, which contract / tender was declared unlawful and would be coming to an end the 31st March 2017.

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Constitutional Court Reports

- 1st Report: Initiation of the payment tender
- 2nd Report: Progress towards implementation of the tender
- 3rd Report: Outcome of the Tender process (non-award)
- 4th Report: Process implementation of the institutionalisation of the payment system
- Final Court Order: Discharge of the Concourt supervisory role (25 November 2015)

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Highlights of Constitutional Court commitments

- Progressive realisation – phased-in process
- Building internal capacity and development of ICT systems
- Centralisation and cleaning of payment data
- Consultations with key stakeholders
- 7 deliverables

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Highlights of Constitutional Court commitments – (cont...)

- 7 deliverables include
 - Integration of Systems
 - Biometric verification and authentication
 - Payment processing – control account
 - Payment Infrastructure
 - Cash Distribution and security
 - Card issuance and special accounts

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STRATEGIG GOALS & OBJECTIVES FOR THE NEW SYSTEM

- Critical objectives for the social reform plan are informed the NDP:
 - **Revitalisation of rural and semi-rural economic activity** ensure social assistance granted to beneficiaries is spent in the areas in which they reside
 - **Empowerment of SMMEs** – the programme focuses on the creation of sustainability of small and medium enterprise (SMMEs)
 - **Responsible and focused spending of Social Assistance** - ensuring that the grant recipients manage their Social Assistance in the most accountable and responsible manner

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KEY PRINCIPLES - FOR THE NEW SYSTEM

- **Principles that underpping SASSA's reform have a working plan:**
 - Improved compliance
 - Improved Efficiency & Effectiveness
 - Better Risk Management, Security & Fraud (Biometric utilisation)
 - Improved (chesive) Customer Experience
 - Broader Payment Options Available to SASSA & Beneficiaries
 - Full SASSA DATA Ownership *of both e paymest & dat of e beneficiaries*

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PROCESS

- Appointment of work-streams
- **Review Existing SASSA Environment:**
 - Grant Administration
 - Beneficiary Management
 - Payment Service
- Due diligence
- Payment Option selection
- Development of phase –in and phase-out process

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Key Milestones Planned

Change Programme Transition & Integration Roadmap

- **SASSA Pre-requisite Readiness / Change:**
 - 1. New Payment Infrastructure Programme < Critical
 - 2. Data Service Integration Programme
 - 3. Identity & Access Management Programme
 - 4. Fraud, Risk & Cyber Assurance Programme
 - 5. Web Enabled Platform Programme
 - 6. Biometric Enrolment Programme
 - 7. Integrated Customer Care & Support Programme
 - 8. New Improved Process Programme
 - 9. Alternative PayPoint Programme
 - 10. Supply Chain Management Readiness Programme

Strategic SASSA enablers

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What Will be Different?

- Post April 17 – Will NOT be Business As Usual
 - SASSA Controlled 26a Compliance (Deductions)
 - SASSA Biometric Ownership & Control
 - SASSA Data Ownership & Control
 - SASSA Customer Relationship & Communication Control
 - SASSA Card Issuance & Account Management
 - SASSA Controlled Merchants (Performance, Compliance & Risk Management)
 - Special Dispensation Account Capability
 - Social Grant Dispensation Account – NOT a bank account with credit and deductions!
 - Special Viewing & Transaction Rights Reserved by SASSA
 - Rules Based Payment Control (e.g. Food Only Wallet and NO Bottle Stores)
 - Corporate Account Properties

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Options Review

- 3 Options Were Reviewed
- Only 1 Option Was Viable / Possible
- Key Issues:
 - Business Continuity Risk Mitigation (Late Payment of Beneficiaries)
 - Unacceptable Significant Trade-offs
 - Risk management
 - Compliance
 - Performance (Service Delivery & Beneficiary Experience)

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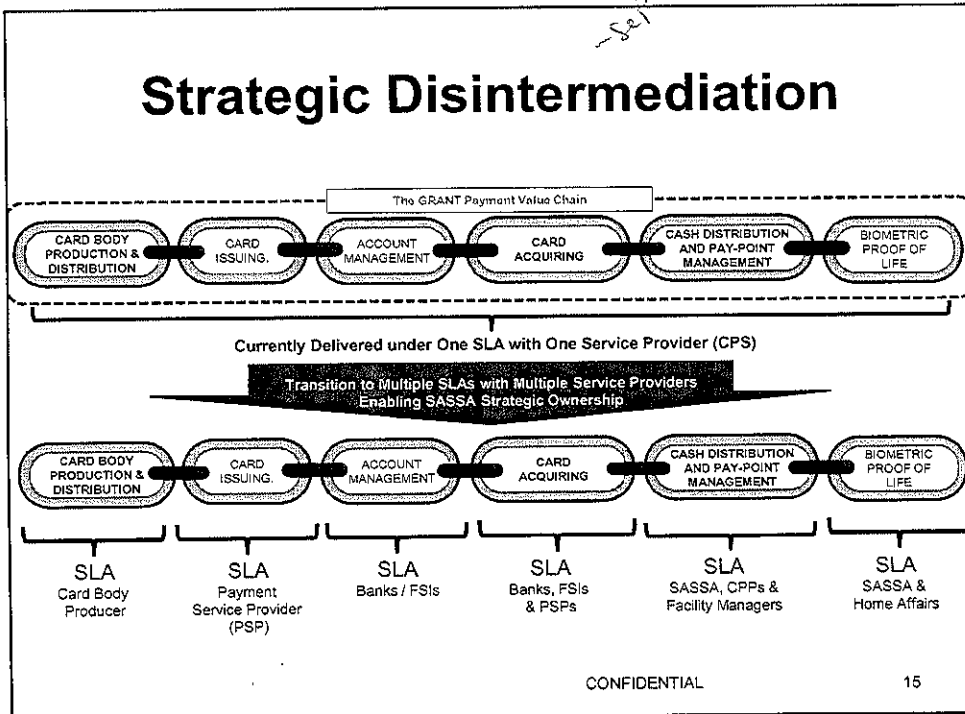
Options Review

- **OPTION 1 - Open Architecture**
 - Specific SASSA accounts requirements (expression of interest)
 - Specialised Accounts – limited facility
 - Open to all NPS participants who are willing to meet SASSA requirements.
 - Accounts fully accessible and allow for direct reconciliations with the transaction accounts
 - Biometrics key factor
 - Need separate system for cash beneficiary
 - **OPTION 2 (Combination of closed and open loop system)**
 - New SASSA card that operates in both systems
 - Integrated system – flexible card that can operate in both system
 - Allow for cash disbursements for beneficiaries in remote areas
 - Biometrics key
- Both options require the following:
- SASSA to develop internal ICT system
 - Recruitment of relevant capacity
 - Phase-in phase-out transition

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- ## The Optimal Model v1
- ### SASSA Account Management
- PNIC 2 cons*
- New Banking Partner(s)
 - New Bank Accounts
 - Special SASSA product (Social Grant Dispensation Account)
 - No Unauthorised deductions or Loans
 - Special Viewing & Transaction Rights Reserved by SASSA
 - Banking Account Migration from existing account holder
 - Reconciliation
 - Cash Distribution and Pay-point Management separated from Electronic Payment
 - Beneficiaries with existing Bank Accounts are allowed to exercise their choice –complying with SASSA requirements
 - SASSA to have the relationship with a Card Bureau to ensure:
 - Optimal Pricing
 - Card Stock Management and Control
 - Co-branded cards
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The Optimal Model v1

Utilize Banks for Programme

- Benefit of Utilizing Bank(s)
 - No vendor lock-in
 - Special SASSA product (Social Grant Dispensation Account)
 - No Unauthorised deductions or Loans
 - Special Viewing & Transaction Rights Reserved by SASSA
 - Competitive offering(s), multiple issuers, multiple acquires
 - Gradual shift from cash delivery to pay out at existing ATM's, POS & payouts at nearest retailers
- Cash Distribution and Pay-point Management separated from Electronic Payment
- Beneficiaries with Bank Accounts allowed to exercise their choice
- co-branded cards
- Optimal pricing

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The Optimal Model v1

Utilize Banks for Programme

- ^(costs) Challenges of Utilizing Bank(s)
 - Loss of Local Economic Development Opportunities and flexibility to launch important Alternative PayPoints;
 - Higher Cost to Beneficiary (Transaction Fees) – costs beyond the subsidy adds to total cost of disbursement as it is passed to beneficiary;
- Reduced Biometric authentication capability – SASSA can't do it again
- Reduced Risk & Fraud Mitigation Controls & Reporting again, due to data ownership and control issues and time constraints
 - Planned Strategic insourcing transition not possible, e.g. integrated contact centre and customer care not possible – back to the supplier saying "this is a bank, you can't see 'our' customer's data that is private and protected by industry regulation and law..."
- Total Cost of Card Issuance to SASSA will be significantly higher while providing less control and integration into the SASSA 'value chain' and reducing the quality of service and diversified reach required
- Limited control for channelling the use of card (e.g. use at bottle store)

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The Optimal Model v2 Combination of Close & Open Loop System

- Provisioning of a new SASSA payment card *linked a corporate acc-*
- SASSA toll free number at the back of the card
- Corporate Account(s)
 - Strategic multiple partnership with PSP
 - Special SASSA product (Social Grant Dispensation Account)
 - No Unauthorised deductions or Loans
 - Special Viewing & Transaction Rights Reserved by SASSA
 - Banking Account Migration from existing account holder
 - Reconciliation
- New Cash Distribution and Pay-point Management
- New Card Bureau (Card Body Production and Distribution)
 - SASSA to have the relationship with a Card Bureau to ensure:
 - Optimal Pricing
 - Card Stock Management and Control
- New Acquiring Infrastructure *in-house*

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The Optimal Model v2 Combination of Close & Open Loop System

- New/Changed Payment Service Provider
- New Banking Partner Financial Account Setup and Management
- Extended Cash Distribution and Pay-point Management
- New Card Bureau (Card Body Production and Distribution)
- Enhanced SASSA Acquiring Infrastructure
- Continuation of the Biometric Proof of Life System
- Advanced SASSA Card Lab for Testing and Certification Services

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Transition Phase

- **Phase 1 : As-Is Phase Out**
 - Value Chain Phase Out Broken Into Multiple Parts
 - Card
 - Account Management
 - Acquiring Services (ATM/POS Merchants)
 - Cash Disbursement & PayPoint Management
 - Key Milestone for New Card Roll-out (CPS Phase Out) include new SLA to Manage Effective Phase-Out
- **Phase 2 : Transitional Banking & Payments Programme**
 - New PSP Card Rollout
 - New Banking Partner
 - **Biometric Proof of Life**

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Work in Progress

- Final Alignment & Harmonisation with Key Stakeholders
- Final Budget & APP Review *for the programme*
- Gearing up ICT & SCM Support to meet eminent procurement
- Strategic Stakeholder Communication Underway
- Human Resource & OD consideration - *look up at key positions needed*
- Specification & Procurement Readiness

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THANK YOU

