

# TENET TECHNOLOGY

NSFAS DIRECT PAYMENTS PROGRAM  
RE: PORTFOLIO COMMITTEE ON HIGHER EDUCATION,  
SCIENCE AND INNOVATION.

# NSFAS DIRECT PAYMENTS PROGRAM

 Background & profile

 NSFAS CONTRACT

 DISBURSEMENT OF ALLOWANCES TO STUDENTS

 FEES JOURNEY

 PROJECT CHALLENGES

 SOLUTIONS



# Background and profile

- Tenet Technology and its affiliates have had business centered around payment services, providing comprehensive consultation and support services to clients both in the public and private sector since 2013.
- Tenet Technology provides banking services and solutions to a vast variety of clients in South Africa.
- Tenet Technology is a licensed Financial Services Provider (K2016527054 (SOUTH AFRICA) (PTY) LTD).
- Tenet holds a PASA (Payment Association of South Africa) license.
- Tenet has a sponsored banking license with a commercial bank.
- Tenet has an affiliate banking license.



# NSFAS contract

- 5-year contract that commenced on the 12 July 2022.
- Provision of Direct Payment of Allowances to an allocation of 225 000 NSFAS beneficiaries per annum.
- Enable students to transact in a financially inclusive environment with immediate accessibility to all retailers nationally and internationally.
- The following 13 TVET colleges are allocated to Tenet:

College of Johannesburg, College of Cape Town, Elangeni TVET College, Letaba TVET College, Lovedale TVET College, Mopani TVET College, Northern Cape TVET College, Orbit TVET College, Sedibeng TVET College, Taletso TVET College, Waterberg TVET College and Western TVET College.

- The following 6 universities are allocated to Tenet:

Cape Peninsula University of Technology, University of Kwa-Zulu Natal, University of Pretoria, University of Venda, University of Walter Sisulu and University of Witwaterstrand.



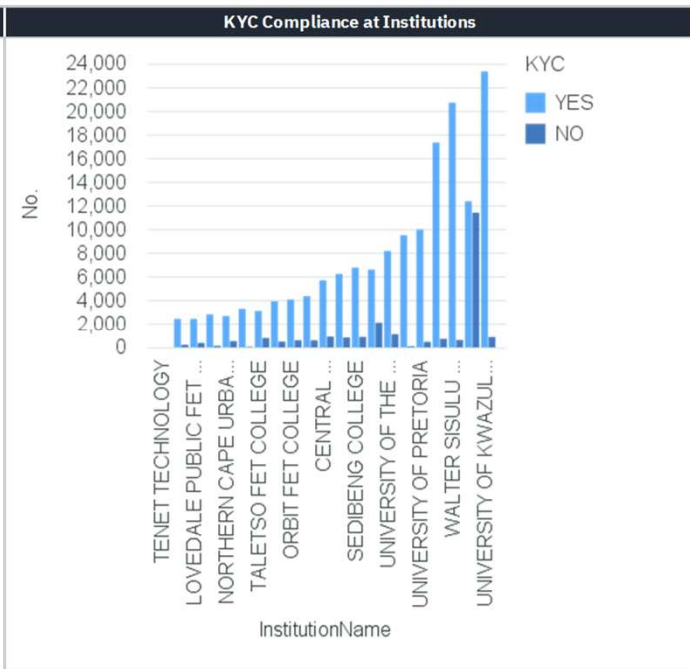
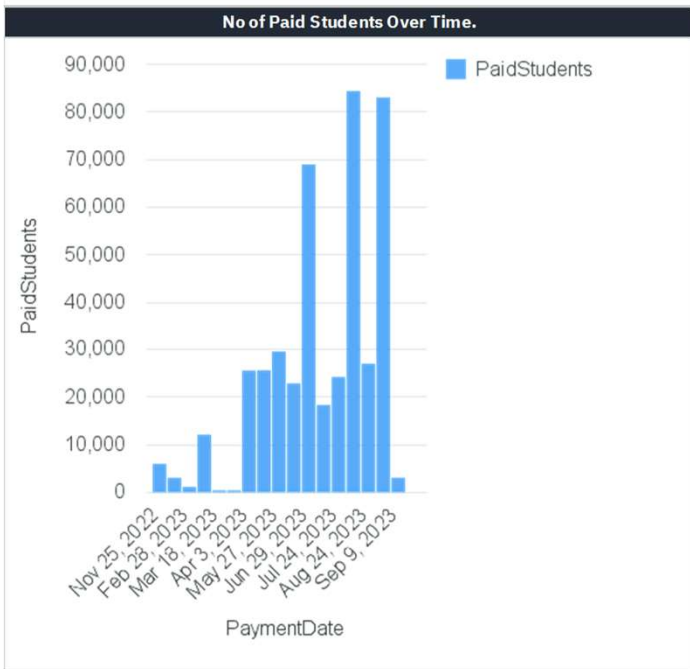
## Disbursement of allowances to students

- R1,4 billion disbursed to students through Tenet Technology.
- 57 615 NSFAS (Mastercard) physical bank cards distributed.
- 181 054 students onboarded onto the banking platform.
- 144 396 students have been disbursed allowances.
- 131 754/144 396 (91%) have authenticated themselves and are transacting.
- Students must authenticate that they are who they say they are before unlocking their account through a “Know Your Customer” (KYC) security process.

# Paid Registered Users Dashboard

7:38:16 AM - Sep 18, 2023

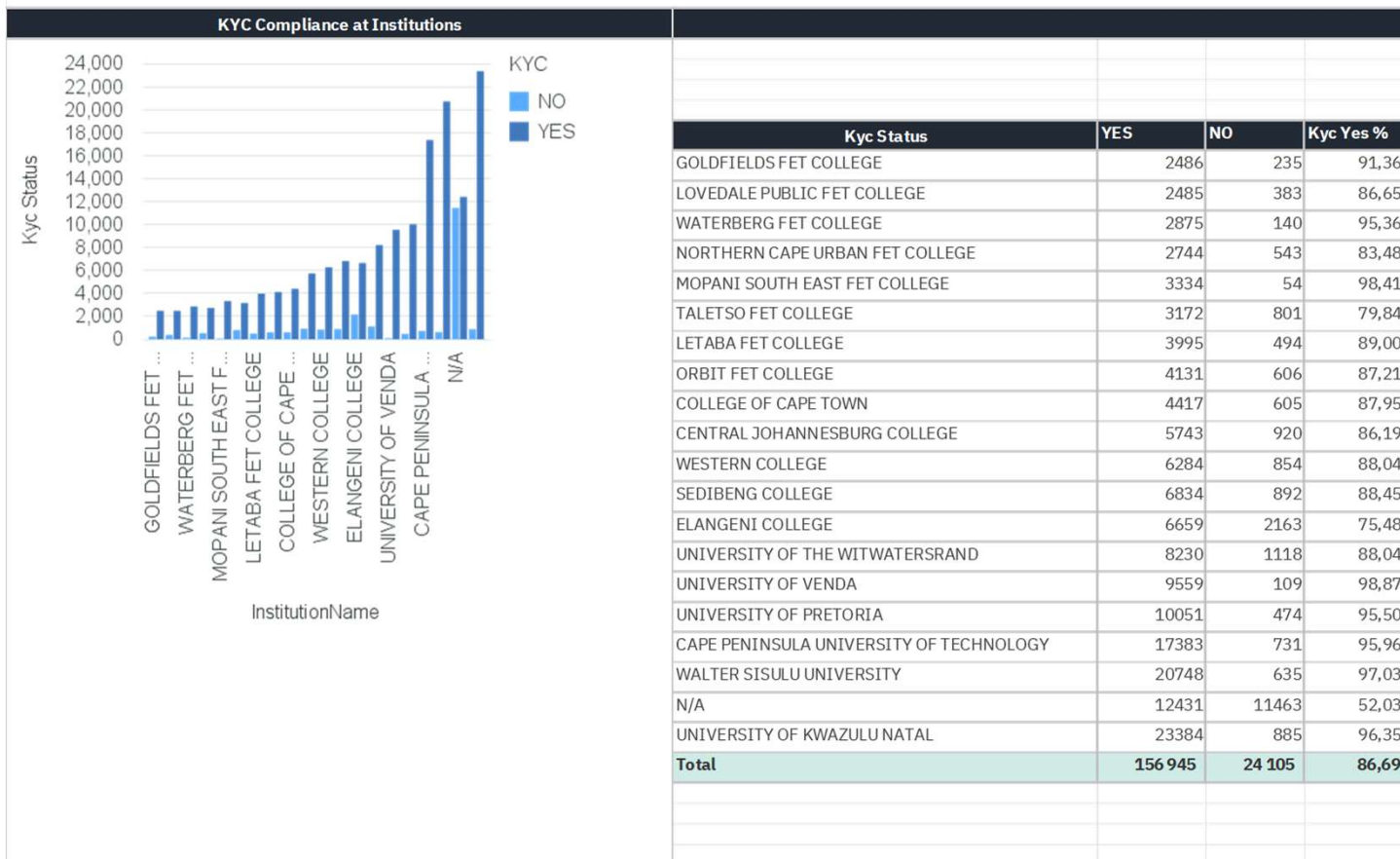
Number of Students	Paid Students		KYC?	
	YES	NO	YES	NO
181 054	144 396	36 658	156 949	24 105



## Registered Users by KYC Dashboard

4:52:05 AM - Sep 18, 2023

Number of Students	KYC?	
	YES	NO
181 050	156 945	24 105





# Fees journey

- The program initially introduced an R89-00 fees bundle that included in excess over 30 free transactions.
- In October 2022, a R29-00 fees bundle was introduced with 12 free transactions.
- All stakeholders within the sector were consulted to ensure the NSFAS beneficiaries transacted with the best suited fees model.
- June 2023 adopted the implementation of the R12-00 account and “pay as you transact” fees model.
- All fees out of bundle being transparent and agreed upon.



## Contract scope

- Direct Payments Program scoped a closed loop solution (Clause 7.1.2).
- A closed loop solution operates similar to a transport or club card whereby an operator (Tenet) allows for students to transact within an environment that hosts a wide variety of service providers including supermarkets, food chains, bookstores, transport providers and any other providers designated by NSFAS.
- The challenge exists with fees - a closed loop program is easier to manage fees because it involves an operator, service providers and the client (student). Therefore, it is easier to negotiate fees and reduce the cost of transacting.
- An open loop involves bank and transactional costs that are non-negotiable.
- A card sponsor is welcomed to the Direct Payments program because of the quick and seamless integration nationally and internally with all merchants and service providers.
- An open loop system does allow for full financial inclusion for students.

## Challenges

## Timeous onboarding and payment files



48-hour turnaround time for Tenet to disburse allowances is unfortunately not given due to late payment files from NSFAS.



Tenet unfortunately does not wish to delay allowances to students and therefore speeds up a reconciliation and governance process.



Delayed payments to students result in students transacting in a certain behaviour.



More than 75% of students choose an immediate EFT over a normal EFT as a result of receiving allowances later than expected.



Students incur a higher transaction fee cost as a result, and this is standard across all banking platforms that there is a penalty for moving funds immediately.

# Challenges

# NSFAS ICT ISSUES

- Delayed NSFAS beneficiary funding approval place a strain on Tenet's support centre and operational teams. The reason for the strain on resources is because students call and visit Tenet for updates on their funding statuses.

# Media and political interference

- Political interference has unfortunately impeded on the student's rights to allow for Tenet Technology to offer support in registering their bank account and to receive their NSFAS Bank Card.
- Media interference and incorrect information sharing discredits Tenet Technology as a service provider and created confusion for the NSFAS beneficiary in the Direct Payment's program.

## Transactional fees

- R29-00 fee bundle with several free transactions included is proposed.
- Students are spending more than R29-00 on transaction costs.
- A R29-00 fee bundle is very competitive against all banks.

## Value added services and cash back rewards

- Monetary cashback rewards given to all students transacting with selected service providers.
- Value added service products in the telecommunications, healthcare and retail sectors.

## ICT issues

- All parties should integrate onto one software platform (Institution, payment service provider, NSFAS and the student).
- A loan management system needs to assist with a better platform to help NSFAS with the facilitation of disbursements and keep track of loans.

# Solutions