

## **All systems ready – phasing out of cross-border cheques and ZAR (Rand) Drafts within the Common Monetary Area (CMA) and SADC countries**

On 22 July 2013, an era comes to an end. From that date cheques and drafts issued in one country in the Common Monetary Area (CMA) and Southern Africa Development Community (SADC) - will no longer be accepted as payment in another CMA country.

The change is being implemented because of the low usage and high risk of paper instruments such as cheques and drafts, and because of the increasing popularity and availability of electronic payment alternatives.

“Individuals and companies who wish to make payments from one country to another will have to use electronic transfer channels from 22 July,” said Walter Volker, CEO of the Payments Association of South Africa (PASA).

“Electronic payments are quicker and safer, and their increasing use shows that they have become the preferred payment channel.”

With less than two months to go, the process of phasing out of cross border Cheques and ZAR (Rand) Drafts is almost completed.

In January 2013, the Payments Association of South Africa (PASA) announced that from 22 July 2013 no cross border Cheques or ZAR (Rand) Drafts will be accepted as a means of payment across countries in the CMA. This has since been extended to include all Countries in SADC.

“The banks’ system enhancements and customer communication processes are nearing completion. This means that with effect from 22 July 2013, customers in these countries will not be able to use paper based instruments like Cheques and ZAR Drafts issued by a bank in any one of these countries, when paying for goods and services purchased from another of the CMA countries”, explained Walter Volker, Chief Executive Officer of PASA.

“To re-iterate, the main drivers for the decision are a relatively low usage of such paper instruments, the high inherent risk, the inefficiency of such instruments and the availability of suitable electronic alternatives for cross-border payments and money transfers”, says Volker. The available alternative methods of payment include the use of credit cards, Banks’ electronic platforms and electronic transfers made by Banks on behalf of their clients”.

Volker re-affirmed that this is an important and significant event in the deployment of a SADC-wide regional payment infrastructure. The continued cooperation of all banks and people in the CMA and SADC will ensure the continued transition from paper-based payment instruments to electronic means of payment.

Any queries by customers related to this notice can be addressed directly with customers’ banks. Any media related queries can be directed to:

Walter Volker

Chief Executive Officer - PASA

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**Description of PASA**

PASA is the association responsible for managing certain payment systems in South Africa. PASA is recognised by the South African Reserve Bank (SARB), in terms of the National Payment System Act of 1998, as having responsibility to organise, manage and regulate the participation of its members in the payment system.

Note 1: CMA Member Countries are: Lesotho, Namibia South Africa and Swaziland

Note 2: SADC Member Countries are: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe