

Court orders SASSA to pay grants into accounts chosen by beneficiaries

The Pretoria High Court on Wednesday, 28 November 2018, handed down an interim order requiring the South African Social Security Agency (SASSA) to pay social grants into accounts chosen by grant beneficiaries. This comes after complaints that SASSA had implemented a programme to pay beneficiaries through the Post Office against beneficiaries' instructions.



The Pretoria High Court has handed down an interim order requiring the South Africa Social Security Agency to pay social grants into accounts specified by grant beneficiaries. Photo: Wikipedia user Ovanrooyen (CC BY-SA 3.0)

Net1 subsidiary Moneyline Financial Services and 14 grant beneficiaries brought an urgent application against SASSA and the Minister of Social Development, Susan Shabangu. The grant recipients' payments had been redirected to Postbank accounts which were opened on their behalf and against their will. The applicants asked the court to respect the wishes of beneficiaries who elected to receive grant payments through EasyPay Everywhere (EPE) accounts held at Grindrod Bank and administered by Moneyline.

Judge Hans Fabricius ordered SASSA to process the consent forms of the 14 applicants by 1 December 2018 so as to allow them to receive grant payments into an account of their choosing. He also ordered SASSA to process all other consent forms within two weeks of submission. Those beneficiaries who provided biometric as opposed to written consent are also to be paid their grants into EPE accounts, unless they specifically instruct otherwise.

The case stems from a change in regulations requiring beneficiaries to complete consent forms directing the agency to pay grants into accounts of their choosing, failing which payment would be made through the Postbank accounts opened on their behalf at the Post Office. The consent forms had to be personally delivered to SASSA.

Moneyline director Nunthakumarin Pillay said in an affidavit that hundreds of thousands of grant beneficiaries experienced delays in receiving grants as a result of SASSA officials failing to process consent forms directing the agency where to pay the funds. Instead, grant beneficiaries were being migrated without their consent to Post Office accounts.

Of the three million EasyPasy Everywhere (EPE) accounts operated by Moneyline and belonging to social grant beneficiaries, only 1.4 million received payment from SASSA in October this year. Pillay's affidavit says payments into EPE accounts had been dropping each month since July 2018.

SASSA acting CEO Abraham Mahlangu argued in his reply that there was no urgency, and that Moneyline's motive in bringing the application was commercial self-interest. The alleged drop in the number of payments by SASSA into EPE accounts would negatively impact its profitability.

Mahlangu says SASSA is constitutionally mandated to pay social grants without interruption, and its compliance with this obligation is being supervised by the Constitutional Court.

SASSA has been mired in legal and operational difficulties for years. Cash Paymaster Services (CPS), which like Moneyline is a subsidiary of Net1, was awarded the tender to administer SASSA payments from 2012 to 2017. The award of the tender to CPS was declared invalid by the Constitutional Court in 2013, but the court suspended the order of invalidity to allow payments to continue uninterrupted. The order was twice more suspended until September 2018, again to allow payments to be made. Since October this year, CPS no longer plays any role in the payment of social grants, which are now paid directly into a bank account of the beneficiary's choice or into a Postbank account.

Moneyline says it fulfilled a key objective of the original tender by providing millions of poor beneficiaries with low-cost electronic banking services. They now enjoy the same banking rights and privileges enjoyed by other banking clients, including the ability to transact using debit orders, transfer funds between accounts, and purchase electricity and airtime.

In her affidavit, Shabangu questioned the legality of Moneyline mandates to pay benefits into EPE accounts, and further questioned the claim that the biometric information provided by Moneyline on behalf of beneficiaries constituted consent (to effect payment into a designated bank account).

Herman Kotze, CEO of Net1 EUPS Technologies Inc., says the interim order confirms the validity of EPE bank accounts for the receipt of social grants. "We welcome this order as it reverses SASSA's unilateral decision to redirect the social grant payments of those beneficiaries who had lawfully elected to open EPE accounts with full biometric verification. While it is unfortunately too late to give effect to this order for the December payment cycle, we look forward to providing our full suite of transacting services to our entire EPE account holder base from the January payment cycle. This order again affirms the right that grant recipients have to receive their grants, and transact freely with any service provider utilising the full functionality of their bank accounts, including our EPE account."

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