

NuPay Debit Order Abuse Terms and Conditions

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APPLICABLE LAWS AND REGULATORY BODIES

- 1.1. Merchants shall at all times be aware of the importance of Mandates and the consequences of debit order abuse, including the triggers for investigation and the penalties that may be imposed as set out in clauses 3 and 4 of these Terms and Conditions.
- 1.2. By signing and accepting the General Terms and Conditions, Merchants have agreed, inter alia, to:
 - 1.2.1. clause 19 of the General Terms and Conditions; and
 - 1.2.2. the Applicable Laws including, but not limited to:
 - 1.2.3. the rules as set out by the National Payment Systems Act 78 of 1998 ("the NPSA"), the Payment Clearing Rules (including, but not limited to, the EFT (i.e MPS) Payment Clearing Rules, Registered Mandate Clearing Rules, and the Authenticated Collections (i.e DebiCheck) Payment Clearing Rules issued thereunder), and the respective directives and determinations made thereunder;
 - 1.2.4. all regulatory requirements of the prescribed debit order mandate requirements as set out in the NPSA and the Payment Clearing Rules; and
 - 1.2.5. the rules and regulations of the relevant Industry regulatory bodies, in addition to any and all other applicable laws, rules and regulations governing, or applicable to, the Products/Services (including, without limitation and to the extent applicable, the Consumer Protection Act, 68 of 2008 and the Protection of Personal Information Act, 4 of 2013).
- 1.3. Merchants shall ensure that they are registered with any relevant regulatory body applicable to the Merchant's business and shall provide NuPay with proof of such registration if requested.
 - 1.3.1. If a Merchant is registered with the National Credit Regulator ("the NCR"), the Merchant shall be required to provide NuPay with its annual certificate confirming its membership and/or registration with the NCR.

MANDATORY MANDATE REQUIREMENTS

- 2.1. Merchants are reminded of the importance of Mandates and the consequences of debit order abuse, including the investigation triggers and penalties set out in clauses 3 and 4 below. In particular, a Mandate:
 - 2.1.1. is a paper, voice or electronic authorisation which contains specific information pertaining to the Merchant, including the relevant debit order details and consumer details; and
 - 2.2.1. must, for EFT, Registered Mandate and Authenticated Collections, contain all the requirements specified in the table below to constitute a valid payment Mandate.
- 2.2. The following table sets out the elements required for each Mandate:

Mandate Requirement	Authenticated Collections (AC) & Registered Mandate (RM)	EFT
Abbreviated Name (ABSN) as allocated to Beneficiary	Yes	Yes
Registered / Entity Name of Beneficiary	Yes	Yes
Trading Name of Beneficiary	Yes	Yes
Instalment Value	Yes	Yes
Maximum Value	Yes	Not applicable
Date of First Instalment	Yes	Yes
Recurring Collection Date	Yes	Yes
Payment Frequency	Yes	Yes
Initials and Surname of Bank Account Holder	Yes	Yes
Bank Name at which bank account is held	Yes	Yes
Bank Account Number	Yes	Yes

Explicit Authority from Bank Account Holder that their bank account may be debited	Yes	Yes
Address of the Bank Account Holder	Recommended	Yes
Address of the Beneficiary	Recommended	Yes
Contract Reference	Yes	Yes
Acceptance of Date Adjustment Rule	Yes	Yes
Identity Number of Bank Account Holder	Yes	Recommended
Disclosure of use of Tracking	Yes	Not applicable
Consent / Authorisation of the Bank Account Holder	Yes	Yes
Date of Consent / Authorisation of the Bank Account Holder	Yes	Yes

- 2.3. The Mandate may form part of the credit agreement; however, it is still required to contain all the relevant information as requested by the Payments Association of South Africa ("PASA").
- 2.4. Mandates are required for all EFT, Registered Mandate and Authenticated Collections transactions, and the Merchant shall ensure it has obtained Mandates for all such Transactions.
- 2.5. Merchants are required to store Mandates for a minimum period of 7 (seven) years, for the duration of the Services and for the period after termination of the Services or uninstallation. Merchants must provide Mandates to NuPay upon request, even after termination of the Services or uninstallation.
- 2.6. Merchants shall be required to provide NuPay with any Mandate requested from time to time within two (2) business days of any such request from NuPay, unless stated otherwise in these Terms and Conditions.
- 2.7. Before a Merchant collects a payment instruction, a consumer must issue the Merchant with a Mandate authorising it to collect a payment instruction against the consumer's account.
- 2.8. If EFT Merchants use voice Mandates, they are required to reduce voice Mandates to written Mandates within 21 (twenty-one) days of the voice Mandate being recorded and obtained. If such written Mandates are requested by NuPay, Merchants are required to supply them within 2 (two) business days of the request.
- 2.9. To ensure that Merchants remain compliant with the requirements set forth, Merchants may be subject to NuPay's Debit Order Abuse Investigation process as set out in clause 3 below.

DEBIT ORDER ABUSE INVESTIGATION

- 3.1. Merchants shall be subject to an investigation into the Merchant's conduct to determine whether there is evidence of debit order abuse if, within NuPay's sole discretion, NuPay suspects, has reason to suspect, or has evidence of any of the following:
 - 3.1.1. **High Ratios:** The Merchant exceeds any of the thresholds set out in the EFT and/or Authenticated Collections Clearing Rules, including but not limited to: failure rates greater than 25%; dispute rates greater than 5%; suspended rates greater than 10%; or high ratios of non-authenticated transactions. Please note that these thresholds are subject to change as directed by the applicable Payment Clearing Rules and regulatory bodies;
 - 3.1.2. **Complaints:** Any complaint is raised against a Merchant for possible debit order abuse;
 - 3.1.3. **Site Visit Observation:** If it is observed that possible debit order abuse might be present upon site visits performed by NuPay Account Managers or any other authorised person;
 - 3.1.4. **Regulatory Body:** Upon request, notice or publication from any relevant Regulatory Body, including but not limited to PASA, the South African Reserve Bank, and the Financial Services Board; and
 - 3.1.5. **Financial Institution / Bank:** Upon request, notice or publication from any relevant financial institution or bank.
- 3.2. Should a Merchant be subject to an investigation, the Merchant shall be required to supply authorised Mandates in respect of the specific Transaction(s) or conduct under investigation and, in addition, potentially further randomly selected Mandates as NuPay may reasonably request.

PENALTIES

4.1 Financial Penalties

- 4.1.1. If a Merchant is found not to have adhered to the Mandatory Mandate Requirements as set out in clause 2 above, a fine of R1 000.00 (one thousand rand) shall be levied for each non-compliant Mandate; and
- 4.1.2. Each fine shall be billed against, or Nett Settled from, the Merchant's nominated bank account.

4.2 Retention of Funds and Suspension of Services

- 4.2.1. NuPay reserves the right to retain 100% of the Merchant's funds as a retainer pending the outcome of any investigation into debit order abuse and/or the resolution of such matter;
- 4.2.2. NuPay reserves the right to suspend Services and/or terminate Services in accordance with the General Terms and Conditions; and
- 4.2.3. Any retained funds shall be released once NuPay is satisfied that the Merchant has rectified the relevant non-compliance or upon termination of the investigation, subject to the deduction of any applicable fines or amounts owing.

4.3 Debit Order Abuse Monitoring List

- 4.3.1. If a Merchant fails to produce valid Mandates as requested by NuPay, NuPay and / or the banks reserves the right to request PASA to list the Merchant, including but not limited to the Merchant's Directors and/or Members, on PASA's Debit Order Abuse Monitoring List;
- 4.3.2. To be removed from PASA's Debit Order Abuse Monitoring List, the Merchant shall be required to furnish NuPay with proof that the requirements are being adhered to, which in turn may be submitted by NuPay to banks and/or PASA for verification and investigation purposes; and
- 4.3.3. If a Merchant fails to rectify its processes and continues to process Transactions in contravention of the above requirements, those Merchants, including but not limited to the Merchant's Directors and/or Members, shall be blocked from processing any debits going forward within the EFT, Registered Mandate and Authenticated Collections payment systems through NuPay, and shall be flagged by PASA as a Risk User.

ACCEPTANCE

By accepting the NuPay General Terms and Conditions, the Merchant acknowledges that it has read, understood, and agrees to be bound by these Debit Order Abuse Terms and Conditions.