



Authenticated Collections

July 2016



What is Authenticated Collections (AC)?

The Authenticated Collections Project is aimed at enhancing the safety and efficiency of the payments system by reducing the number of unauthorised debit orders. Whilst 18% of Non-Authenticated Early Debit Orders (NAEDO) transactions are unpaid due to a lack of funds, the focus at this point is to resolve the disputed transactions which are currently reported at 7% - 8%.

AC is the process whereby consumers are required to authorise any future debits on their account by approving the debit order mandate, through an electronic authentication process, ensuring that all debits are legally authorised. As a result consumers will know who is debiting their bank account, when they will debit and how much will be debited. At the same time, it is expected that this new system will also protect companies in that authenticated mandates will remove the ability for consumers to unreasonably dispute their debit orders.



When is AC effective?

Through the directive issued by the South African Reserve Bank ("SARB"), participants involved in the collection of payments in the Electronic Debit Order ("EDO") environment are instructed to:

- Design, develop and fully implement the payment system infrastructure by 31st October, 2019;
- Minimise operational risk throughout the migration period to Authenticated Collections (AC);
- Implement AC in a phased approach and report progress as requested by SARB;
- Fully Implement AC by 31st January, 2019.



Contact us

KPMG's multi-disciplinary team of specialists are well positioned to guide you through the new Authenticated Collections model. We can provide you with valuable insight and pragmatic client centric solutions which enable you to implement Authenticated Collections without compromising your strategic agenda.



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