



Media statement by the Payments Association of South Africa (PASA)

Reduction in maximum cheque value

After careful consideration and consultation with key stakeholders, PASA will be reducing the maximum value for writing a cheque from the current value of R500 000 to R50 000, effective 01 May 2020.

Walter Volker, Chief Executive Officer of PASA believes that this limit reduction stems from the need for better risk management and the ongoing decline in the use of cheques as a payment method.

“Although less than 10% of signed cheques are for values above R50 000, the inherent risk of transactions above R50 000 is higher, based on potential fraud. A reduced cheque limit will thus reduce the risks associated with fraud losses and system failures,” says Volker

Volker adds: “The use of cheques has been declining at a rapid rate of approximately 30% year on year, driven by the shift in consumer habits, with South Africans opting for the convenience and safety of digital payments.”

There are a variety of interoperable digital alternatives for consumers ranging from Debit and Credit Card based payment solutions to Electronic Funds Transfer (EFT) and Real-Time Clearing (RTC) payments with future developments being designed to enable new offerings. Card, EFT and RTC payments have experienced significant growth as consumers and businesses adopt these payment mechanisms over Cash and Cheque based payments. Digital payments are not only more efficient than Cheques, but are also safer and more convenient for consumers.

The South African Reserve Bank has also endorsed the reduction decision, which was informed by an extensive consultation process. The SARB supported the decision to reduce the item limit on the basis that it supports the National Payment System Framework and Strategy – Vision 2025 objective of promoting safer, cost-effective and efficient electronic payments in the National Payment System (NPS).

Volker also stressed that there would be no immediate changes.

“There will be sufficient preparation within the banks to effect the system changes, and firms will have sufficient time to adapt to the new rules before 1 May 2020,” Volker concludes.

Ends

Please direct all media queries to media@pasa.org.za

About PASA

PASA is the payment system management body recognised by the South African Reserve Bank (SARB), in terms of the National Payment System Act of 1998, to organise, manage and regulate the participation of its members in the payment system. For more information, please visit www.pasa.org.za