



# Net 1 Applied Technologies South Africa (Pty) Ltd

## **Factual Findings Report on Agreed Upon Procedures**

21 April 2017

This report contains 37 pages



## Contents

1	Procedures and findings	2
1.1	Marketing “opt-in”	2
1.2	Access to data	3
1.3	Funeral policy deductions	6
1.4	EPE accounts and Moneyline loans	8
1.5	SASSA-branded Grindrod Bank account fees	9
1.6	EFT debits / debit orders	11
1.7	EFT debit / debit order randomisation	13
1.8	Moneyline loan application process	15
1.9	Moneyline cost of credit	17
1.10	Contractual service fee charged to SASSA	21
1.11	Prepaid electricity and prepaid airtime	22
1.12	Call Centre	23
1.13	Donations to political parties	25
1.14	Smart Life governance structure	27
1.15	Smart Life statutory manager	28
1.16	Smart Life premium collections	29
1.17	Smart Life FSP registration	30
1.18	Smart Life key individuals	31
1.19	Smart Life representatives (training and FAIS registration)	32
1.20	Smart Life product pricing	34



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

The Chief Financial Officer  
Net 1 Applied Technologies South Africa (Pty) Ltd  
P O Box 2424  
Parklands  
2121

Dear Mr. Kotze

**Factual findings report on agreed upon procedures**

This report is produced in accordance with the terms of our engagement letter dated 4 April 2017.

Our engagement was undertaken in accordance with the International Standards on Related Services (ISRS) 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. The procedures were performed to assist the Board of Net 1 UEPS Technologies, Inc. in addressing certain frequently asked questions received from various stakeholders.

Our detailed procedures and findings are detailed in Section 1 of this report.

Because the procedures do not constitute an audit of financial information, a review of financial information or other assurance engagement conducted in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagement other Audits or Reviews of Historical Financial Information, we do not express any assurance thereon.

Had we performed additional procedures or had we performed an audit or review; or other assurance engagement in respect of the statements made, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures as detailed herein and do not extend to any financial statements of the company taken as a whole.

Our report is intended solely for the Directors of Net 1 UEPS Technologies, Inc. and should not be used by any other parties. To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the Directors of Net 1 UEPS Technologies, Inc., for our work or for this report. We agree to the publication of our report on the Net 1 UEPS Technologies, Inc. website, provided it is clearly understood by users, other than Net 1 Applied Technologies South Africa (Pty) Ltd, that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

No part of this work may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopying and recording, or by information storage or retrieval system except as permitted, in writing by KPMG.

Yours faithfully  
KPMG Services (Pty) Ltd

per Marlene Pappas  
Chartered Accountant (SA)  
Director



## **1 Procedures and findings**

The procedures performed by us and the corresponding findings thereon are set out below:

### **1.1 Marketing “opt-in”**

#### ***Procedures***

Through a review of the SASSA-branded Grindrod Bank account Terms and Conditions and observation of an account enrollment/opening determine whether SASSA-branded Grindrod Bank Limited card accountholders are provided with an option to “opt-in” to receiving marketing information from Net1 companies when enrolling/opening their account with Grindrod Bank.

#### ***Findings***

In terms of section 6.1.2 of the original Grindrod Bank Limited (Grindrod Bank) *Terms and Conditions for the use of the SASSA card and account* (T&Cs) the accountholder “consents to us using your personal information, as defined in the Protection of Personal Information Act 3 of 2014, to render the banking services set out in these Terms and Conditions, and to send marketing material from us and our affiliates to you, if you elected to receive same during enrollment”, with “us” being defined as “the Bank and CPS and their authorized agents”.

We observed the SASSA registration and enrollment process and system capturing and noted that there is no system prompt or verbal request from the CPS enrollment operator that requests the SASSA accountholder whether they would like to “opt-in” to receiving marketing materials from CPS or any of its affiliated companies.

Therefore, as the SASSA accountholder does not get given the option to “opt-in” during the enrollment stage, they are by default considered not to have given permission to receive marketing materials from CPS or any of its affiliated companies.

The revised T&Cs published on 15 March 2017 for the SASSA-branded Grindrod Bank card accounts section 6.1.2 has been updated to read as follows: “You consent to us using your personal information, as defined in the Protection of Personal Information Act 3 of 2014 including biometric data, to render banking services to you”.

## 1.2 Access to data

### *Preamble*

Beneficiary personal information is stored on Stratus and Datawarehouse. Stratus is the mainframe used by Net1 to process and authorise transactions. Datawarehouse is a database repository containing all client and transactional information.

The Stratus and Datawarehouse user interfaces i.e. XOMS, OMS and Datawarehouse web are integrated directly to the databases and therefore data cannot be accessed directly by end-users.

### *Procedures*

Perform the following procedures to determine whether users are able to access SASSA grant beneficiary personal information and perform bulk-download of such information:

- Perform a comparison of Stratus and Datawarehouse users against the Human Resources (HR) list and determine which employees other than CPS have access to SASSA beneficiary information through:
  - Extract the HR list that contains current employees and the respective NET1 entity names where they are employed at as at 1 April 2016 (Data Extract A1) and 30 March 2017 (Data Extract A2);
  - Extract the HR list that contains employees who were added, deleted or transferred between companies for the period 1 April 2016 and 30 March 2017 (“Data Extract B”);
  - Extract the user lists on Stratus (XOMS and OMS) as at 1 April 2016 and 30 March 2017 (“Data Extract C”);
  - Extract the user list for all active, added and deleted users on the Datawarehouse application since its inception (“Data Extract D”);
  - Compare Data Extract A2 with Data Extract C to identify any users that have access to Stratus and are employed by entities other than CPS;
  - Compare Data Extract A2 with Data Extract D to identify any users that have access to Datawarehouse and are employed by entities other than CPS;
  - Utilising Data Extract B, identify whether any employees had been added and deleted within the period and – if any matches – inspect new / modified user access forms to determine whether these users had been given approval to access Stratus or Datawarehouse; and
  - Utilising results from the preceding procedure, identify whether any of these users had been employed (at the time) by entities other than CPS.
- Determine whether there are Application Programming Interfaces (APIs) and connectors to Stratus and Datawarehouse from Moneyline, Smart Life or EPE, that allow for bulk-extracts of SASSA grant beneficiary personal information.

## **Findings**

The users that have access to **Stratus** were compared to the Net1 HR records. KPMG observed the following:

- There are 144 users that have access to Stratus but are not employed by Cash Paymaster Services (CPS).
- Of the 144 users 53 users were assigned the Call Centre role (this role allow users to access client and transaction information). These employees are employed by Net1 Applied Technologies SA (Pty) Ltd.
- The remaining 91 users were assigned different roles other than Call Centre, with each user being assigned to their own individual access. Through review of roles of the 91 users that are not Call Centre roles, it was noted that there are 58 different job titles that have a combination of access rights. Each job title has its own access rights.

KPMG was granted access as an “audit 1” user which has access to all Stratus menu screens except the “finance” access screen and performed a verification to determine whether the user roles that have access to Stratus allow users to perform bulk-extract of personal information (ID number, contact details, name, biometric details, etc.).

The “finance” access screen is used to process movement of funds from bank accounts to external third party bank accounts.

It was noted that users assigned to any of the user roles on Stratus are not able to bulk-export personal information. The system only allows for a search of one beneficiary per session and only if the ID number is known.

KPMG performed a comparison of users that have access to **Datawarehouse** with the Net1 HR records and observed the following:

- There are 196 users that have access to Datawarehouse but are not employed by Cash Paymaster Services (CPS).
- Of the 196 users 67 users were assigned Call Centre roles.
- 129 users were assigned to different roles other than Call Centre.

Through the review of the 129 users that were not assigned Call Centre roles, it was noted that there are 32 different roles that have been assigned to the users.

KPMG noted that the total population of users on Datawarehouse all have the same access and that the menu screens are the same if they have been allocated to a specific role i.e. all users assigned with “IT Support Role” will have the same access and can perform the same tasks.

KPMG was granted access as an “IT Support” user, which has access to all Datawarehouse menu screens except the “System Admin” access rights. We observed that users assigned any of the user roles on Datawarehouse do not have access to bulk-export grant beneficiary personal information. The system only allows for a search of one beneficiary per session and only if the ID number is known.

Since the “IT support” role cannot access the “system admin” menu screens, a test was performed to determine whether the “system admin” role can perform bulk-export. It was observed that the “system admin” role does not allow for bulk-extract of personal information.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

KPMG further observed that there are no direct system connections to Stratus and Datawarehouse. All the information that other systems require from Stratus and Datawarehouse is transferred from Stratus as binary files and are located on a File Transfer Protocol (FTP) folder. A FTP folder is used to store the files that are required by the various systems. The process to move the files from the FTP folder is automated and there is no manual intervention.

We noted that there is a file on the FTP folder that contains beneficiary information. We observed that the only system that calls for this file is Datawarehouse. Net1 management indicated that this is required to run reports and queries.

It was further noted that the Server Administrators have access to the files on the FTP folder. KPMG requested the Information Security Officer as a Server Administrator to open the files on the folder and observed that they were all in binary format and therefore unreadable to any end-user.

The information on the file can only be accessed by the Database Administrators who manage the database. Application users do not have access to the beneficiary personal information.

## 1.3 Funeral policy deductions

### *Preamble*

An amendment to the Social Assistance Act, 2004 Regulations (the Regulations) was published in the Government Gazette in May 2009. This amendment was made to clarify the circumstances under which deductions (26A deductions) may be made directly from social assistance grants. The amendment reads as follows:

“26A.(1) The Agency may allow deductions for funeral insurance or scheme to be made directly from a social grant where the beneficiary of the social grant requests such deduction in writing from the Agency.

(2) Subject to the provisions of sub-regulation (1), the Agency may only allow deductions to be made directly from a social grant where the insurance company requiring such deduction or to whom the money resulting from the deduction is paid, is a financial services provider as defined in section 1 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) and authorised to act as a financial services provider in terms of section 7 of that Act.

(3) Notwithstanding the provisions of sub-regulation (1), the Agency may only authorise one deduction for a funeral insurance or for a funeral scheme not exceeding ten percent of the value of the beneficiary's social grant.”

The Agency referred to in the Regulations is SASSA. CPS processes the Regulation 26A deductions on the instruction of SASSA.

On 6 May 2016 an amendment to Regulation 26A of the Regulations was published in the Government Gazette. In terms of the updated Regulation 26A a deduction may be made directly from a social grant under the following circumstances:

“(1) The Agency may allow only one deduction per month not exceeding 10 percent of the value of the beneficiary's social grant for a funeral policy issued by an insurer registered under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) to be made directly from a social grant where-

- (a) the beneficiary of the social grant consents to such deduction in writing and has submitted such consent in person to the Agency
- (b) a beneficiary is unable to submit the consent contemplated in paragraph (a) in person, alternative arrangements must be made with the Agency

(2) Despite sub-regulation (1) no deduction may be made in respect of a –

- (a) foster child grant
- (b) care dependency grant
- (c) child support grant
- (d) social grant awarded for a period not exceeding twelve months

(3) Active deductions for a funeral insurance or a funeral scheme from social grants that are excluded in terms of sub-regulation (2), may continue to be deducted from a social grant for a period not exceeding six months following publication of these Regulations to allow the beneficiaries and financial services providers to make alternative payment arrangements.”



### **Procedures**

Determine through inspection of relevant documentation whether CPS is permitted to process deductions for funeral insurance or funeral schemes from SASSA grants prior to the payment of the grant.

Through analysis of the Regulation 26A deductions processed against SASSA grants for the period 1 March 2016 to 28 February 2017 determine the following:

- Regulation 26A deductions are processed against SASSA grants in line with the instructions from SASSA.
- No Regulation 26A deductions are performed for any Net1 related companies.

### **Findings**

The minutes of a meeting held between SASSA and CPS on 8 August 2012 were inspected. Under the heading of “Deductions” the minutes reflect that “SASSA advised that the status quo will remain as for June 2012. Funeral policies – 10%”. It further states that the “Status quo remains unless indicated otherwise by SASSA”. We enquired from CPS management what the status quo was and they indicated that it related to the processing of more than one regulation 26A deductions against a grant as long as the deduction does not exceed 10% of the grant value.

In a notice sent out to all registered insurers and financial services providers by the SASSA Acting CEO on 20 November 2013 the recipients were notified that in line with the May 2009 amendment only insurers registered under the Long Term Insurance Act, 1998 or Short Term Insurance Act, 1998 would be permitted to submit a file for deduction in terms of Regulation 26A. The file being the premiums submitted to CPS for processing (deduction) against SASSA grant file.

The notice further states that “... more than one funeral insurance premium will be allowed only if the combined total value of those premiums do not exceed 10% of the monthly value of the grant amount, provided that the requirements of regulation 26A are satisfied”.

KPMG performed an analysis of the regulation 26A deductions performed by CPS for the period 1 March 2016 to 28 February 2017 and noted that there were instances where more than one premium was processed against a beneficiary’s grant. This is in line with the instruction from SASSA indicating multiple premiums may be deducted as long as the 10% threshold is not breached.

KPMG observed that Net1 applies the 10% threshold when processing the grant opening file.

We observed that there were Regulation 26A deductions processed for Smart Life during the month of March 2016. No Regulation 26A deductions were processed for Smart Life for the period 1 April 2016 to 31 March 2017.



## **1.4 EPE accounts and Moneyline loans**

### ***Procedures***

Determine whether an EPE account is a pre-requisite for taking out a Moneyline loan by performing a comparison of the Moneyline loan book to a listing of all EPE accounts and determine that not all Moneyline clients are EPE accountholders.

### ***Findings***

The following data extracts were obtained:

- Outstanding loans register for Moneyline as at 28 February 2017. The number of outstanding loans was 1,580,542.
- EPE accounts per the account listing numbered. The number of EPE accounts was 1,881,041.

A comparison using the ID number field of the Moneyline loan book to the ID number of EPE account file yielded the following result:

- 446,100 of the 1,580,542 Moneyline loan clients were not EPE accountholders. Therefore 28% of Moneyline clients with outstanding loans at 28 February 2017 are not EPE accountholders.

Further analysis was performed on the 446,100 accounts and we noted that these loans had been issued throughout the period and were not clustered in a particular period.

## 1.5 SASSA-branded Grindrod Bank account fees

### *Preamble*

SASSA-branded Grindrod Bank account holders incur bank charges against their bank accounts for the following:

- Transactions performed at an ATM (e.g. cash withdrawal, balance enquiry, airtime purchases, etc.).
- Transactions performed at certain merchants (e.g. cash withdrawal, balance enquiry, purchases, etc.).
- SMS fees for delivery of prepaid airtime and prepaid electricity vouchers purchased using their SASSA-branded Grindrod Bank account.
- Replacement card fees for lost or stolen cards.

The fees are contained in Annexure C of the Terms and Conditions for the use of the SASSA card and account.

### *Procedures*

Randomly select two months SASSA-branded Grindrod Bank bank account fees for the period 1 March 2016 to 28 February 2017 and performing the following:

- Perform data analysis on all bank charges levied. Identify whether there were any charges equivalent to R16.44 or R14.42 (R16.44 less 14% VAT).
- Perform data analysis on all bank charges levied. Summarise the descriptions on the transaction type field and observe that there are no transactions with the description “service charge” or “monthly admin fee”.

### *Findings*

The detailed transaction listing of all bank fees from Net1 for the months of October 2016 and January 2017 was obtained. The number of transactions for each period was as follows:

- October 2016: 37 058 094
- January 2017: 33 628 861

There were no transactions that met the search criteria of R16.44 or R14.42.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

The table below reflects all the transactions types and a description of what they relate to:

<b>Transaction type</b>	<b>Fee description</b>
Bal Enq	ATM / POS balance enquiry fee
Cash Withdrawal	ATM / POS cash withdrawal fee
Purch CC	POS fee
Purchase prepaid	ATM airtime purchase fee
Purchase WCB	POS purchase / cash back fee
Rep Card	Replacement card fee
SMS	SMS Fee – Mobile Banking / My Alert / My deduction / My loan / My balance / etc.

There were no bank charges that had “service charge” or “monthly admin fee” in the description.

## **1.6 EFT debits / debit orders**

### ***Preamble***

Early Debit Order (EDO) is a bulk collections processing service. The reason for being called “early” is that collections (debit orders) are processed against a bank account as soon as the account is credited. For SASSA-branded Grindrod Bank accounts the crediting of the bank account only occurs when the SASSA grant is accessed by the bank account holder.

On 26 May 2006 the South African Reserve Bank issued Directive No. 2 of 2006, in terms of the National Payment System Act, 1998 (Act No. 78 of 1998). This directive was issued to provide instruction for the conduct of banks within the National Payment System (NPS) that are involved in the collection of payment instructions in the EDO Payment Clearing Houses (PCH). The Directive allowed for the phasing out of preferential debit order processing practices by banks and enabled the collection of EDO payments. The Directive specifically allowed for debit orders to be processed first, after “bulk credits” had been posted to the account (paragraph 3.1.2 of the Directive).

### ***Procedures***

Through inspection of relevant documentation assess whether the processing of EFT debits (debit orders) against the SASSA-branded Grindrod Bank accounts at time of crediting the bank account is in line with SARB regulations.

Obtain a file of all EFT debits processed against SASSA-branded Grindrod Bank accounts and perform an analysis to reflect the split between Net1 related companies and external companies processing EFT debits through the National Payment System.

### ***Findings***

EFT debits are processed in terms of Directive No. 2 of 2006.

The file of all EFT debits (debit orders) processed against SASSA-branded Grindrod Bank accounts between 1 March 2016 and 28 February 2017 was obtained.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
 Factual Findings Report on Agreed Upon Procedures  
 21 April 2017

The breakdown of the debit orders between Net1 companies and external companies is shown below:

	<b>No of Transactions</b>	<b>Value R ' 000</b>	<b>% of Total Payments (Transactions)</b>	<b>% of Total Payments (Value)</b>
<b>Total payments to Social Grant Beneficiaries</b>	<b>136,824,063</b>	<b>137,356,321</b>		
<b>EFT Debits</b>				
<b>Processed and Accepted</b>	<b>14,419,764</b>	<b>4,489,447</b>	10.5%	3.3%
- Net 1 Companies*	7,702,263	1,296,446	5.6%	0.9%
- External Companies	6,717,501	3,193,001	4.9%	2.3%
<b>Processed and Rejected</b>	<b>1,078,168</b>	<b>289,146</b>	<b>0.8%</b>	<b>0.2%</b>
- Net 1 Companies*	562,289	84,106	0.4%	0.1%
- External Companies	515,879	205,040	0.4%	0.1%
	100.0%	100.0%		
<b>Net1 Companies % of Total EFT Submissions</b>	<b>53.4%</b>	<b>28.9%</b>		
<b>External Companies % of Total EFT Submissions</b>	<b>46.6%</b>	<b>71.1%</b>		
<b>EFT Disputes</b>	1 149		0.0%	

\* The Net1 Companies that process debit orders are Smart Life and Moneyline.

## 1.7 EFT debit / debit order randomisation

### *Preamble*

In terms of paragraph 3.1.3 of Directive No. 2 of 2006 issued by the South African Reserve Bank, banks are to process payment instructions of the EDO PCHs together on a random basis to ensure that no institution receives preference of EFT debits over another.

The following randomisation process is applied:

- Stratus receives debit order transactions to be processed against the bank accounts through the “BankServ” (External EFTs) and “Pbel” (Internal EFTs) handlers. The “Pbel” Internal file comprises the Moneyline debit orders. Handlers are executable programs that import the debit order transactions and write them to the “EFT\_IN” file. The “EFT\_IN” file contains all the debit order transactions to be processed against the bank accounts.
- Both internal and external debit order transactions need to be written to the “EFT\_IN” file prior to processing on Stratus.
- As the Handlers write the transactions to the “EFT\_IN” file, they are assigned a random number (through a randomisation tool) to ensure that debit orders are deducted off the bank accounts in a random sequence.
- The random number may not be unique (i.e. 1 – n), however, they are processed sequentially in an ascending order only once they have been randomly assigned sequence indices (as per bullet point above).
- The transactions from both the External and Internal handlers are written to the same “EFT\_IN” file.

The “process\_eft\_in” program (that executes the debit orders per the “EFT\_IN” file) in Stratus processes the transactions based on the assigned random number.

### *Procedures*

Perform the following procedure to establish whether EFT debits for Net1 related companies are not processed preferentially:

- Review the program code and assess whether the randomisation tool is configured to randomly assign indices to the transactions.
- Inspect the log of processed debit order transactions and determine whether the transactions are processed randomly.

### *Findings*

Our procedures revealed that the Net1 randomisation tool is configured to assign a random number to the transactions as they are written to the “EFT\_IN” file and the transactions are processed per the randomly assigned indices.

Through inspection of the log of the processed debit order transactions for the 31<sup>st</sup> of March 2017 it was noted that the processed debit order transaction log had 4,518,881



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

records. The log also included rejected transactions therefore KPMG extracted only the “Completed” debit transactions and noted that 4,454,198 records had been successfully processed.

KPMG performed analysis of the logs using the beneficiary account number field and the random number. Review of this analysis indicated that that all debit order transactions had been assigned and processed in the order of the random numbers. Additionally, KPMG noted that if a beneficiary had 2 or more debit transactions, these transactions had been processed based on random number assigned.



## 1.8 Moneyline loan application process

### *Preamble*

The following documentation is required in order to apply for a Moneyline loan:

- Identity document (ID);
- Three months bank statements; and
- Completed loan application form.

### *Procedures*

Observe the loan application processes followed by Moneyline:

- Determine that the loan process complies with the Moneyline Online Loan User Guide.
- Determine that the loan applicant provides biometric verification for transaction history to be printed and for acceptance of the loan and debit order authorization.
- Through a desktop review of documentation and information required by other credit providers assess whether the documentation and information required by Moneyline is in line with industry norms.

### *Findings*

We observed that the following loan process is followed by Moneyline for the issuing of a loan:

- The Moneyline Operator confirms the applicant's identity by inspecting the applicant's ID and through biometric identification utilising the applicant SASSA-branded Grindrod Bank account card or EPE bank account card.
- A message stating "Present fingerprint to authorise account access" is displayed on the device. At this point the applicant has an option of selecting "Yes" or "No". A selection of "Yes" and presentation of biometrics, activates the chip on the bank card (similar to a PIN).
- Once the applicant has selected "Yes" the Point of Sale (POS) device prints a message stating "I hereby authorise Moneyline to access my bank account transaction history for the purposes of approving my loan request" whilst the device display simultaneously requests the finger to be placed on the biometric terminal.
- As soon as the applicant provides their fingerprint and is verified the account history is printed.
- The applicant then provides information on their living expenses, which is captured on the POS device. This is done through screen prompts asking for information on the following categories:
  - Accommodation expense;
  - Transport expense;

**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

- Food expense;
- Education expense;
- Medical expense;
- Water and electricity;
- Child maintenance expense; and
- Other expenses.

Once all the expense information is captured the applicant is required to biometrically confirm the accuracy of the information provided.

- The POS device connects to the Moneyline Decision Engine to perform the affordability assessment as well as complete a credit check with the relevant Credit Bureaus.
- The applicant's affordability is assessed against the Moneyline loan products (there are a limited number of loan products, as depicted in section 1.9).
- Should the client qualify for a loan, the loan products for which the client qualifies are displayed on the POS. Should the client not qualify for a loan, a slip will print declining the application and giving a reason for this.
- If an applicant qualifies for a loan the loan application form is manually completed. This includes the applicant's personal information i.e. name, surname, address, telephone number and ID number.
- The Moneyline Operator then explains to the applicant which loan products they qualify for and the applicant makes a selection as to which loan they would like to take. This selection is recorded on the loan application as well as the POS device.
- The applicant is required to sign the loan application as well as a printout from the POS device indicating that they have accepted the loan product. The applicant is also required to biometrically verify their acceptance of the loan and relevant terms on the POS device (this includes the debit order authorisation for the loan repayment).
- After acceptance of the loan and relevant terms the authorization request is forwarded to the Moneyline System Host which initiates an EFT to the applicant's bank account.

The loan process observed at the Net1 Financial Services branch is in line with the Moneyline Online Loan User Guide (v6.02).

KPMG performed a comparison of the documentation required by Moneyline to the requirements as detailed on the website of six (6) other credit providers. Moneyline, like its industry counterparts, requests documentation from the applicants which will be used to determine the affordability of the loan for the applicant, prior to approving the application.

## 1.9 Moneyline cost of credit

### *Preamble*

Net1 provides micro-loans through one of its subsidiaries – Moneyline. Moneyline is a registered credit provider with the National Credit Regulator. Moneyline provides short term micro-loans primarily to SASSA grant recipients and EPE accountholders.

The regulations to the National Credit Act, Act 34 of 2005 (NCA) stipulate the fees that may be levied on credit agreements. The Minister of Trade and Industry announced the publication of new *Regulations on Review of Limitations on Fees and Interest Rates*. The review of the limitations on fees and interest resulting in amendments to Regulations 42, 43 and 44 of the NCA. The amended regulations were published on 6 November 2015 with an effective date 6 months after publication.

The amended regulations allow the following fees and interest rates on Short-term credit transactions:

- Initiation fees: In terms of Regulation 42(2) an initiation fee of R165 per credit agreement, plus 10% of the amount in excess of R1 000, but never to exceed R1 050.
- Service fee: In terms of Regulation 44 the maximum monthly service fee that may be charged is R60.
- Interest: In terms of Regulation 42(1) interest can be charged at 5% per month on the first loan and 3% per month on subsequent loans within a calendar year.

In addition to the above, Section 106 of the National Credit Act states that a credit provider may require a consumer to maintain credit life insurance to cover the consumer's outstanding obligation to the credit provider in terms of the credit agreement.

### *Procedures*

Through inspection of the Moneyline Pre-agreement statement and quotation for a small credit agreement determine that:

- no initiation fees are charged;
- a service fee is charged;
- no interest is charged;
- no credit life insurance is charged (or a term of lending); and
- the credit cost multiple is disclosed.

Assess whether fees and charges levied by Moneyline are in accordance with the Regulations.

For a sample of three other credit providers perform an analysis of the fees and charges and calculate the cost of credit based on the credit agreements.

Identify a Moneyline product that is most comparable to one of the products of another credit provider analysed in the preceding procedure and perform the following:

- Assuming all charges and fees are levied at the maximum allowances per the NCA, calculate the total credit multiple and average monthly cost; and

— Document the comparative information of the relevant Moneyline product, the other credit provider product and the assumed NCA allowance product.

### Findings

KPMG inspected the Moneyline Pre-agreement statement and quotation for a small credit agreement and noted that the credit cost multiple is disclosed to the borrower in the table of loan options.

The table below shows the current loan products offered by Moneyline:

	Moneyline products							
	A	B	C	D	E	F	G	H
Loan value (R)	1 160	1000	850	650	540	440	240	300
Loan period (months)	6	6	6	6	6	6	6	3
Total costs (R)	340.00	320.00	290.00	250.00	240.00	160.00	60.00	60.00
Initiation fee (R)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service fee (R)	340.00 (56.67 p/month)	320.00 (53.33 p/month)	290.00 (48.33 p/month)	250.00 (41.67 p/month)	240.00 (40.00 p/month)	160.00 (26.67 p/month)	60.00 (10.00 p/month)	60.00 (20.00 p/month)
Interest (R)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insurance (R)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total repayment (R)	1500.00	1320.00	1140.00	900.00	780.00	600.00	300.00	360.00
Credit cost multiple*	1.29	1.32	1.34	1.39	1.44	1.36	1.25	1.20
Average monthly total cost** (R)	56.67	53.33	48.33	41.67	40.00	26.67	10.00	20.00

\* The credit cost multiple is calculated by dividing the total repayments by the loan value.

\*\* The average monthly cost is calculated by dividing the total costs by the loan period.

As indicated in the table above Moneyline does not charge an initiation fee or insurance nor does it charge interest on any outstanding loan balances. Only a monthly service fee is charged.

As depicted in the table above the monthly service charged by Moneyline varies between R10.00 and R56.67 (inclusive of VAT). In terms of regulation 44 of the Regulations to the NCA the maximum monthly service fee that may be charged is R60.

**Net 1 Applied Technologies South Africa (Pty) Ltd**  
 Factual Findings Report on Agreed Upon Procedures  
 21 April 2017

The information of three other credit providers was obtained from credit agreements issued by the respective credit providers.

The table below summarises the results of this analysis:

	<b>Lender A</b>	<b>Lender B</b>	<b>Lender C</b>
Loan value (R)	1 000	1 000	1 090
Loan period (months)	3	6	2
Total costs (R)	679.83	690.56	353.80
Initiation (R)	165.00	171.00	-
Service fee (R)	180.00	410.40	322.30
Interest (R)	310.50	109.16	26.05
Insurance (R)	0.00	0.00	5.45
Other charges (R)	24.33	0.00	0.00
Total repayment (R)	1 679.83	1 690.56	1 443.80
Credit cost multiple*	1.68	1.69	1.35
Average monthly total cost** (R)	226.61	115.09	176.90

\* The credit cost multiple is calculated by dividing the total repayments by the loan value.

\*\* The average monthly cost is calculated by dividing the total costs by the loan period.

Moneyline's credit cost multiple is between 1.2 and 1.44 compared to the other lenders analysed which is between 1.35 and 1.69.

**Net 1 Applied Technologies South Africa (Pty) Ltd**  
 Factual Findings Report on Agreed Upon Procedures  
 21 April 2017

The loan value and loan period of Lender B in the table on page 19 is an exact match to the loan value and period of Moneyline product B in the table on page 18.

The table below shows a direct comparison between Moneyline (product B) and Lender B for a R1 000 loan repayable over 6 months, as well as a hypothetical R1 000 loan repayable over 6 months assuming the maximum allowances in terms of the NCA are applied:

	<b>NCA Allowances**</b>	<b>Lender B</b>	<b>Moneyline Product B</b>
Loan value (R)	1 000	1 000	1 000
Loan period (months)	6	6	6
	707.10	690.56	320.00
Initiation (R)	165.00	171.00	0.00
Service fee (R)	360.00	410.40	320.00
Interest (R)	182.10	109.16	0.00
Total repayment (R)	1 707.10	1 690.56	1 320.00
<b>Credit cost multiple</b>	<b>1.71</b>	<b>1.69</b>	<b>1.35</b>
Average monthly total cost (R)	117 .85	115.09	53.33

\*\* This calculation assumes that the initiation costs are not capitalised in the loan i.e. interest at 5% per month is calculated on the outstanding loan value amount.



## **1.10 Contractual service fee charged to SASSA**

### ***Procedures***

For a sample of invoices raised by CPS to SASSA during the contract period perform the following procedures:

- Through inspection of the invoices verify that the service fee of R16.44 per recipient charged to SASSA was fixed for the duration of the contract (2012 to 2017).
- Through inspection of the invoices and by comparison to the monthly summaries of SASSA grants paid, verify that the fee invoiced is based on the number of recipients paid monthly and not the number of grants paid per month.

### ***Findings***

For a sample of 18 months tested, we noted that the fee invoiced in all instances was R14.42 (excluding VAT), R16.44 (including VAT) per recipient on all invoices tested in our sample.

We noted that the information used in the invoices was the number of recipients paid and not the total number of grants paid, i.e. where one person received more than one grant they were only counted once.

## 1.11 Prepaid electricity and prepaid airtime

### *Procedures*

Perform the following procedures:

- Open an EPE bank account and use the EPE account information to register and purchase electricity and airtime. Verify that the menu options do not allow for a recurring purchase or subscription of either airtime or electricity purchases.
- Attempt to purchase electricity and airtime from a phone number different to the one provided when the account was opened.
- Attempt to purchase electricity and airtime in excess of the allowances of R100 for airtime and R200 for electricity.

### *Findings*

KPMG observed that during the registration and purchasing processes there is no option provided for the client to sign up for a recurring purchase or subscription for either airtime or electricity purchases.

During our testing we used the service number \*120\*3737# for the purchase of airtime. In order to initiate the purchase of airtime the user needs to use the phone number provided when opening the bank account. The user further needs to provide their bank PIN to access the main menu. Attempts to use different numbers (not registered) to gain access were not successful.

KPMG purchased three airtime vouchers of R29 each, totaling R87. An attempt to purchase another R29 airtime voucher was unsuccessful with an error message stating that the purchase was unsuccessful as the monthly limit would be breached.

Similarly KPMG purchased R100 worth of electricity. An attempt to purchase another R100 was unsuccessful with a message indicating that the monthly limit had been reached.

The monthly purchase limit for airtime and electricity for SASSA-branded Grindrod Bank card accounts is set at R100 for airtime and R200 for electricity. The monthly purchase for EPE accounts is set at R100 for airtime and R100 for electricity.



## 1.12 Call Centre

### *Procedures*

Obtain a schedule of calls/disputes logged by the Net1 Call Centre for the period 1 March 2016 to 28 February 2017.

- Select a sample of airtime and electricity and airtime dispute calls and determine that these have been investigated and the results of the investigation reported back to the individual.
- Select a sample of EFT dispute calls and determine that the dispute calls were addressed and closed.
- Select a sample of Regulation 26A dispute calls and determine whether affidavits were received and the calls closed.

### *Findings*

The table below summarises the disputes/complaints/queries received by the Net1 Call Centre for the period 1 March 2016 to 28 February 2017:

Month/Year	Number of calls/disputes logged		
	Airtime and electricity	EFT	26A deductions
March 2016	10 463	48	55
April 2016	10 233	69	46
May 2016	15 004	85	51
June 2016	5 799	63	42
July 2016	4 073	68	64
August 2016	3 462	39	195
September 2016	4 073	73	163
October 2016	3 466	86	197
November 2016	2 517	210	133
December 2016	1 644	165	130
January 2017	1 409	119	105
February 2017	1 538	124	95

The following was observed from the sample of calls tested:

- Airtime and electricity disputes: This relates to airtime and electricity disputes. Following the volumes of disputes received Net1 established an investigations team to perform detailed investigations on disputes received for airtime and electricity purchases made using SASSA-branded Grindrod Bank accounts. This team came into operation during November 2016. We observed that Net1 maintains a detailed record of disputes received for each month and maintains their status. We tested a sample of 50 airtime and electricity disputes closed since November 2016 and observed that these had been investigated and the results of the investigation reported back to the individual.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

- EFT disputes: We tested a sample of 50 EFT disputes and noted that the dispute calls were closed with action being taken on each call (i.e. refunded immediately (if within 40 days), investigated and refunded, or not refunded as evidence of debit order instruction was provided by originating bank).
- 26A disputes: We understand that CPS management received instruction from the previous SASSA Chief Operating Officer that in the event of receiving a dispute for a Regulation 26A deduction, CPS could stop the processing of the deduction once an affidavit has been received from the individual indicating that they want to cancel the policy. Calls were closed once a valid affidavit was received and the individual removed from the regulation 26A schedule. From November 2016, however, CPS received instruction not to stop any regulation 26A deductions unless SASSA instructs CPS to stop the processing of the deduction. CPS has since then received the affidavits from the individuals and submitted same to SASSA. However, to date no instruction has been received from SASSA to stop processing these deductions. As such the majority of disputes received since November for regulation 26A deductions remain open. We selected a sample of 50 26A dispute calls and noted that CPS has received affidavits for all the calls.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

## 1.13 Donations to political parties

### *Procedures*

Obtain the cashbook payments information for the following Net1 South Africa subsidiaries for the period 1 April 2012 to 31 April 2017:

- Cash Paymaster Services (Pty) Ltd
- EasyPay (Pty) Ltd
- Net 1 FIHRST Holdings (Pty) Ltd
- Manje Mobile Electronic Payment Services (Pty) Ltd
- Net 1 Mobile Solutions (Pty) Ltd
- Moneyline Financial Services (Pty) Ltd
- Net 1 Finance Holdings (Pty) Ltd
- Net 1 Applied Technologies South Africa (Pty) Ltd
- Net 1 Universal Electronic Technological Solutions (Pty) Ltd
- Prism Holdings (Pty) Ltd
- Prism Payment Technologies (Pty) Ltd
- RMT Systems (Pty) Ltd
- The Smart Life Insurance Company Limited

Perform a keyword search of the following:

- “African National Congress”,
- “Democratic Alliance”
- “DA”
- “ANC”
- “Economic Freedom Front”
- “EFF”
- “Inkatha Freedom Party”
- “IFP”
- “National Freedom Party”
- “NFP”
- “United Democratic Movement”
- “UDM”
- “Congress of the People”
- “COPE”



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

- “Freedom Front Plus”
- ”FFP”
- “Pan Africanist Congress”
- “PAC”
- “African Christian Democratic Party”
- “ACDP”

***Findings***

No payments to any of the organisations listed above were identified.

## 1.14 Smart Life governance structure

### *Procedures*

Through discussions with Management as well as inspection of minutes of meetings, establish what the Governance structure and committees of Smart Life are.

Determine the independence (to Smart Life and the Net1 Group) of each of the members of the various Governance Committees.

### *Findings*

The following Governance structures/ Committees exist for Smart Life:

- Board of Directors
- Audit Committee
- Risk and Compliance Committee
- Remuneration and Nomination Committee
- Social and Ethics Committee

Through inspection of information provided by the Net1 Group Compliance we noted the following regarding the Governance structures and member independence:

Governance Structure/ Committee	Comments
Board of Directors	Majority independent Non-executive members Chairman is independent Non-executive
Remuneration and Nomination Committee	Majority independent Non-executive members Chairman is independent Non-executive
Audit Committee	All members are independent Non-executive members Chairman is independent Non-executive
Risk and Compliance Committee	Equal distribution of Independent Non-executive members and Executives of Smart Life and Net 1 Chairman is independent Non-executive
Social and Ethics Committee	Majority of members are Executives/ Officers of Smart Life. Chairman is independent Non-executive

We further noted that the members classified as “Independent Non-executive” are not permanent and/or salaried employees of Smart Life or Net1 by inspecting the March 2017 Human Resources headcount reports obtained directly from the Human Resources department.



## 1.15 Smart Life statutory manager

### *Procedures*

Determine through inspection of correspondence from the FSB that a Statutory Manager has been appointed by the FSB.

Through inspection of the appointment letter determine what the responsibilities of the Statutory Manager are. Inspect evidence of regular reporting to the FSB.

Through inspection of any other documentation determine whether there have been any other activities/ forums that the Statutory Manager has been involved in.

### *Findings*

KPMG inspected the appointment letter of the Independent Statutory Manager appointed by the Registrar of Long-term Insurers on 5 August 2014.

Based on the appointment letter, the Statutory Manager is required to participate in the management of the affairs of Smart Life and is required to report regularly on the affairs of Smart Life to the Registrar of Long-term Insurers, this includes recent (February 2017) visits to Net1 Financial Services branches nationally.

KPMG observed the Statutory Manager's attendance at the Audit Committee and Risk and Compliance Committee meetings (since the appointment till February 2017). Inspection of the minutes of the Audit Committee and Risk and Compliance Committee meetings reflect the attendance of as well as feedback on Smart Life affairs provided by the Statutory Manager.

This is also corroborated through the Audit Committee and Risk and Compliance Committee meetings' minutes where the Statutory Managers attendance is reflected.

KPMG inspected February 2017 Board and Remuneration and Nomination Committee minutes as well as the March 2017 Social and Ethics Committee minutes, where the Statutory Manager has been reflected in attendance.

## 1.16 Smart Life premium collections

### *Procedures*

Determine through inspection of Smart Life records what products Smart Life currently has in place.

Through discussion with Smart Life management and inspection of relevant documentation establish what the premium collection method for the Mdende product is.

### *Findings*

Smart Life has three products, namely:

- Mdende (Funeral Product, for SASSA grant recipients only);
- Group Life Scheme (specifically for Net1 employees); and
- EPE (Free funeral benefit for EasyPay Everywhere card holders).

For the Mdende product: Prior to April 2016, the premiums were collected via a Regulation 26A deduction from the SASSA grant. With effect from April 2016, all premiums are collected via debit order processed against bank accounts, dependent on the day on which the specific social grants are paid and cleared through BankServ. These debit orders were initially paid into a CPS bank account and then transferred to Smart Life. Since January 2017, the debit orders are paid directly into a Smart Life bank account.

KPMG performed an analysis of the Regulation 26A deduction files for the period 1 March 2016 to 28 February 2017 and observed that Smart Life premium deductions were processed during March 2016. There were no Smart Life premium deductions in the Regulation 26A deductions made for the period 1 April 2016 to 28 February 2017.

KPMG inspected the EFT debit files for the period 1 March 2016 to 28 February 2017 and observed that Smart Life debit orders were included in the EFT debit file.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

## **1.17 Smart Life FSP registration**

### ***Procedures***

Inspect the relevant certificates reflecting Smart Life as being:

- an authorised Financial Service Provider; and
- a registered Long-term Insurer.

### ***Findings***

The FSB issued a certificate reflecting Smart Life as an authorised FSP on 9 June 2015. Smart Life's FSP license number is: 45983. This is also reflected on the FSB website.

The Registrar of Long-term Insurance issued a certificate indicating that Smart Life is a registered Long-term insurer on 14 July 2015. Their registration number is: 00037/003. This is also reflected on the FSB website.





**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

## **1.18 Smart Life key individuals**

### ***Procedures***

Determine through observation whether Smart Life has key individuals listed on the FSB website.

Determine through inspection of HR records whether the listed key individuals are currently in the employ of Smart Life.

### ***Findings***

There are 12 key individuals listed on the FSB website for Smart Life. Through inspection of the March 2017 Smart Life headcount report obtained from Human Resources we noted that all 12 key individuals are currently employed by Smart Life.

## 1.19 Smart Life representatives (training and FAIS registration)

### *Procedures*

Determine whether adequate training process is in place for Agent/Operators relating to the funeral product being sold as well as the related compliance.

Obtain the current listing of all active Smart Life Agents/Operators directly from the Stratus system as at 5 April 2017 and determine through inspection of attendance registers whether all Agents/Operators have been on the Product and Compliance training within the last 12 months.

Based on the current listing of Agents/Operators, select a sample of Agents/Operators and determine whether the Agents/Operators are registered as Smart Life representatives on the FSB website.

Obtain a listing of all Agents/Operators who sold Smart Life policies during the period December 2016 and March 2017. Compare this listing to the listing of all active Smart Life Agents/Operators to identify Agents/Operators who are no longer Agents/Operators. Select a sample of Agents/Operators who sold policies but are no longer Agents/Operators and determine whether they were registered with the FSB and if already removed from the FSB site – inspect that a Supervisory Agreement and Honesty and Integrity declaration was in place.

### *Findings*

KPMG obtained the listing of current active Agents/Operators as at 5 April 2017 from Net1. There were 375 active Agents/Operators.

KPMG inspected the current Smart Life training material for Agents/Operators and noted that there are two types of training namely: Product and Compliance training, with the following focus:

- Compliance Training: Treating Customers Fairly, Long-term Insurance Act, FAIS Act, FICA, Anti-Money Laundering, Agent/Operator roles, responsibilities and regulatory requirements, supervision and performance review requirements.
- Product Training: Mdende product structure, benefits and premiums, POS (statutory disclosures) and new business application processes and requirements/ information.

Based on the above as well as physical inspection of the training material and manuals the training is comprehensive, with the correct focus based on Agent/Operator roles and responsibilities.

The following was noted with regard to the training:

- For 351 Agents/Operators signed training attendance registers were obtained as confirmation of the training attendance.
- For the remaining 24 Agents/Operators, signed training attendance declarations were obtained as the training registers could not be retrieved.

KPMG inspected the FSB website on 11 April and performed a search on a sample of 100 of the current 375 active Agents/Operators.

24 of the 100 Agents/Operators tested, were not listed in the Representative register with the FSB. For these 24 Agents/Operators, KPMG then requested and inspected the Supervisory Agreements and Honesty and Integrity Declarations to determine whether they are authorised to sell Smart Life policies. The following were noted for the sample tested:

- 19 Agents/Operators were registered on the FSB website subsequent to KPMG's fieldwork in this regard. These Agents/Operators did have valid Supervisory Agreements and Honesty and Integrity declarations.
- One (1) Supervisory Agreement was signed by the relevant Supervisor and the FSP (Smart Life) on 18 April 2017 but not by the Agent/Operator. This Agent/Operator was also not registered on the FSB website as at 13 April 2017.
- One (1) Supervisory Agreement was signed by the relevant Agent/Operator and Supervisor on 8 February 2017 but not by the FSP (Smart Life). The Honesty and Integrity form was also signed by the Agent/Operator; however the date was not legible. This Agent/Operator was registered on the FSB website on 13 April 2017.
- One (1) Supervisory Agreement was signed by Agent/Operator and the relevant Supervisor in October 2015 and by FSP (Smart Life) on 18 April 2017. This Agent/Operator was registered on the FSB website on 13 April 2017.
- One (1) Supervisory Agreement was signed by Agent/Operator and the relevant Supervisor in October 2015 and by FSP (Smart Life) on 18 April 2017. This Agent/Operator was also not registered on the FSB website as at 13 April 2017.
- One (1) Agent/Operator had an incomplete declaration and was registered on the FSB website on 13 April 2017.

The current Agents/Operators listing as at 5 April 2017 was compared to the listing of Agents/Operators who sold Smart Life policies over the period December 2016 to January 2017. 78 Agents/Operators were identified that did not appear on the current Agent/Operator listing. KPMG selected a sample of 25 of these Agents/Operators and checked whether these Agents/Operators are registered with the FSB and, where not, determine whether the Supervisory Agreements and Honesty and Integrity declarations were in place.

There were four (4) Agents/Operators from the sample of 25 that were not registered on the FSB website. We requested the Supervisory Agreement and Honesty and Integrity declaration and noted the following:

- No evidence of a Supervisory Agreement and Honesty and Integrity declaration could be obtained for two (2) of the Agents/Operators.
- For one (1) Agent/Operator, the Supervisory Agreement was signed by the relevant supervisor and Agent/Operator on 17 March 2017 but not signed by FSP (Smart Life).
- For one (1) Agent/Operator, the Supervisory Agreement was signed by the relevant supervisor and Agent/Operator on 14 March 2017 but not signed by FSP (Smart Life)

## 1.20 Smart Life product pricing

### Procedures

Perform a product and pricing analysis comparing the Smart Life products to products offered by a sample of other life insurers.

### Findings

KPMG performed a comparison between the Smart Life products' benefits and related premiums charged to other life insurers' offering similar benefits and their premiums charged. The results of this analysis is as follows:

- Individual Funeral Cover for persons under the age of 60 years compared to six other products from different Insurers.

Insurer	Cover	Monthly Premium
Smart Life	R 10 000	R 26
Insurer 1	R 10 000	R 30
Insurer 2	R 10 000	R 55
Insurer 3	R 10 000	R 60
Insurer 4	R 9 000	R 60
Insurer 5	R 10 000	R 64
Insurer 6	R 10 000	R 100

- Individual Funeral Cover for persons over the age of 60 years compared to five other products from different Insurers.

Insurer	Cover	Monthly Premium
Insurer 1	R 9 700	R 40
Smart Life	R 10 000	R 46
Insurer 2	R 10 000	R 60
Insurer 3	R 7 000	R 90
Insurer 4	R 10 000	R 100
Insurer 5	R 9 000	R 150

- Family Funeral Cover, where main life insured is under the age of 60 years compared to six other products from different Insurers.

Insurer	Cover	Monthly Premium
Smart Life	R 10 000	R 47
Insurer 1	R 9 000	R 53
Insurer 2	R 10 000	R 60
Insurer 3	R 9 000	R 60
Insurer 4	R 10 000	R 64
Insurer 5	R 10 000	R 100
Insurer 6	R 10 000	R 100

- Family Funeral Cover, where main life insured is over the age of 60 years compared to four other products from different Insurers.



**Net 1 Applied Technologies South Africa (Pty) Ltd**  
Factual Findings Report on Agreed Upon Procedures  
21 April 2017

<b>Insurer</b>	<b>Cover</b>	<b>Monthly Premium</b>
Smart Life	R 10 000	R 85
Insurer 1	R 10 000	R 100
Insurer 2	R 7 000	R 100
Insurer 3	R 10 000	R 100
Insurer 4	R 9 000	R 150

We assessed the accuracy of the comparative cover and related premiums based on actual application forms or benefit and premium options for the Insurer.