



## **SMART CARDS DO MAKE A DIFFERENCE**

18 FEBRAURY 2005

Cash Paymaster Services ("CPS"), a fully owned subsidiary of Net1, would like to inform all social grant beneficiaries that the smart card through which they currently receive their grants can now also offer them further convenience, security and access to affordable financial services, either directly or indirectly through our Black Empowerment initiatives, such as Smart Life or Smart Link.

CPS has launched a number of new and exciting services for all its smart card-holders designed to improve their lifestyles. The new smart card services allow all social security recipients to load their monthly grants onto their smart cards at any Net1 participating merchant store.

These stores can be identified through the Net1 logo displayed in the front of the participating stores.

Once the smart card has been loaded, a receipt is printed showing the amount of the grant loaded as well as any deductions effected for loan repayments and/or burial insurance premiums. Card-holders then have the flexibility to either purchase goods and/or perform cash withdrawals under the terms and conditions stipulated and displayed by participating merchants. Certain merchants, for example, will allow beneficiaries to only draw a limited amount of cash from their tills as a cash-back transaction. Store accounts that were previously paid for in cash can now also be paid directly from the card-holder's smart card, thus reducing the need for the beneficiary to carry large amounts of cash.

Beneficiaries who do not wish to utilise this new merchant infrastructure, for whatever reason, can continue to collect their grants at existing pay-points on their designated payment day.

>The new system is designed to reduce the need for beneficiaries to stand in long queues at pay-points. In addition, beneficiaries will be able to receive their grants sooner at participating merchant stores when compared to pay-points, as long as they load their smart cards and spend the greater part of their grants electronically. As all purchases for goods and services can be conducted using the smart card, it is not necessary for a card-holder to draw cash for daily or monthly shopping.

The new system has been launched in the Northern Cape, Kwa-Zulu Natal and the Eastern Cape Province. CPS is working in conjunction with the Department of Health & Welfare in the Limpopo Province for implementation of the system during the months of February and March 2005. An overwhelming response from the merchants servicing the beneficiaries has followed the marketing and sales campaign held in this province recently.

Beneficiaries incur ZERO charges for loading their smart card, performing balance enquiries, purchasing goods, drawing cash and effecting monthly debit orders. Card-holders can use their smart card as many times as necessary whilst the smart card has funds available.

Beneficiaries' smart cards are secure, portable, electronic purses which are far safer than cash. In the event that the smart card is lost or stolen the funds loaded on the smart card are not lost!

The card will be replaced together with the funds that were available at the time the smart card was lost or stolen. The system protects beneficiaries from losing their cash as all transactions performed are effected through the card-holder's fingerprint authorisation.

Furthermore, Net1 is offering its card-holders a range of financial services such as short term loans and burial insurance policies at affordable rates. The Net1 smart card burial insurance product has been designed to protect the card-holder by storing the policy information on the chip of the card. Net1 will be offering this product to all insurance brokers & companies wishing to make use of the technology.

The new system has been implemented for the benefit of all Net1 card-holders and is complementary to the pay-point system currently available. The new system does not replace the existing pay-point system but



provides an alternative payment system for card-holders to safeguard their cash, walk shorter distances, collect their grants earlier and generally protect their funds against loss or criminal attacks.

For employers that pay their employees in cash, Net1 offers a unique and affordable solution whereby employees can receive their wages onto a smart card thus eliminating the inherent risks and costs associated with the handling and management of cash. All employees who choose this payment method automatically qualify to have access to all the benefits delivered by the smart card technology, inclusive of all financial products and services.