

# SHOPRITE MONEY TRANSFERS LESOTHO



## Preamble

Financial inclusion is one of the critical pillars of economic development in Lesotho and is also a salient feature in the National Strategic Development Plan (NSDP) and Financial Sector Development Strategy (FSDS).

The Government of Lesotho, through the Ministry of Finance and the Central Bank of Lesotho in close collaboration with development partners are implementing a variety of programmes and initiatives in pursuit of the aspirations of financial inclusion. One such initiative identified in 2012 is the cross-border money transfer project which is the outcome of FinMark Trust' continuous advocacy for economical, official remittance channels within the SADC region.

A study conducted in 2012 on the South Africa-SADC remittances channel recommended that since low income migrants struggle with access to the formal financial system, both in terms of regulatory barriers and overall affordability, then a more affordable, and safe option needed to be introduced for Basotho working in South Africa.

After consultations between FinMark Trust, the Central Bank of Lesotho (CBL), the South African Reserve Bank, Shoprite and Capitec, it was agreed that the Shoprite money transfer initiative be expanded to allow cross-border transactions from South Africa to Lesotho and be piloted for one year. This money transfer service has been used successfully in South Africa since its inception in 2006 and is available in over 800 stores.

## The purpose

The purpose of implementing the Shoprite money transfer is to assist the people of Lesotho working or residing legally in South Africa to send money to Lesotho in an affordable, convenient, immediate, and safe manner. The pilot project has the following stated objectives:

- to accommodate the need for affordable, cost-effective, low value formal remittances to Lesotho from South Africa
- to use the already proven systems and services provided in Shoprite stores in South Africa
- to identify and highlight regulatory constraints that will inhibit the future expansion of the money transfers service for sending and receiving domestically in Lesotho, across border into South Africa, and potentially to other CMA countries
- adopt an appropriate method of reporting that will provide the necessary Balance of Payment reporting to both the South African Reserve Bank and the Central Bank of Lesotho
- to run the pilot for 12 months and then establish it as a permanent service, improved by the lessons learnt during the pilot, and ready to be expanded to include domestic services in Lesotho in accordance with the requirements of the CBL

## About the service

The Shoprite money transfer service is a cash-to-cash, person-to-person remittance service for the sending of money from Shoprite stores (including Checkers, Usaves, and OK Bazaars) in South Africa to be received in Shoprite stores in Lesotho. This pilot is for money transfers to Lesotho only. No transfers from Shoprite Lesotho stores were contemplated for the pilot, as this is being addressed as a future project phase, which is presently under application with the Central Bank of Lesotho.

The service allows for registered SA ID, SA passport holders and Lesotho passport holders in South Africa to send any amount up to R5 000 in a single money transfer transaction for a fixed fee of R9.99, which is paid by the sender. There are no fees charged to the recipient in Lesotho to receive the funds.

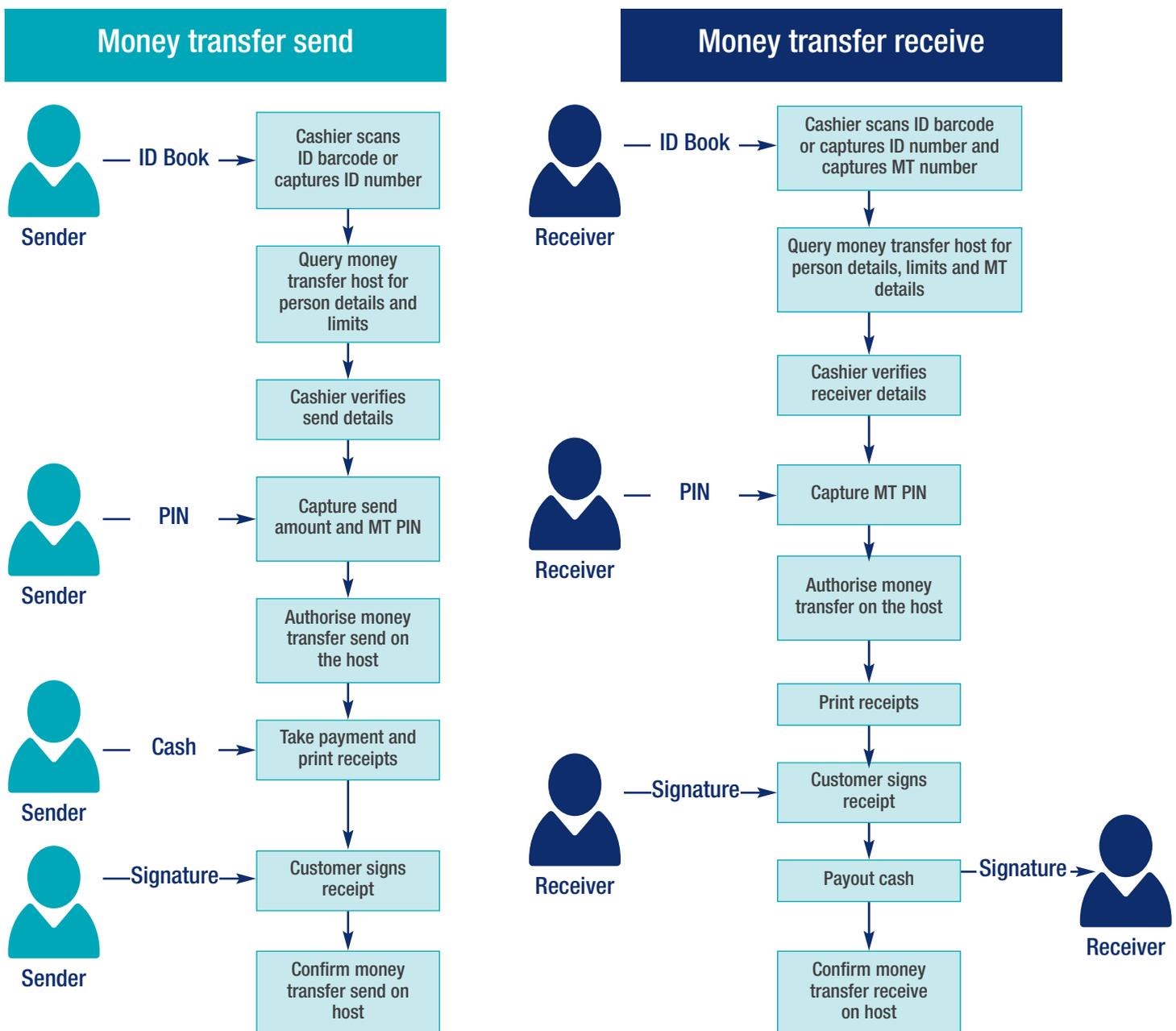
The key players and their different roles in this initiative are:

- **Capitec Bank** is the accountable financial institution and is the contracting party with senders and receivers, and is responsible for holding the principal amounts
- **Shoprite SA** is the agent of Capitec Bank for purposes of operating the system and executing transactions in accordance with the agency agreement
- **Shoprite Lesotho** (registered as a company in Lesotho) is Capitec’s agent solely to disburse the funds in Lesotho which have been deposited at Shoprite SA (as Capitec Bank’s agent)
- **eCentric Payment Systems** is the service provider that develops and operates the money transfer system in accordance with the necessary service level agreements required by Capitec and Shoprite
- **FinMark Trust** provided a facilitation function for the pilot project (between regulators and market players) and will provide ongoing research information by monitoring and evaluation. In addition, FinMark Trust will provide resources for the outreach of the service in Lesotho.

It is important to note that this pilot project complies with the laws of Lesotho and RSA and has been approved as such by the regulators in each country.

## Money transfer transaction flows

Below are the processes for sending and receiving money transfers in-store.



## Client support

Support and assistance is provided in-store at the Money Market counters by qualified Shoprite staff. If necessary, additional support is provided to the store staff as required by the central money transfers help desks operated by Shoprite in South Africa.

## Requirements

### New sending customer in RSA

The following is required when registering a new sending customer for a cross-border transaction in **South Africa**

	South African citizen/resident	Foreign national of Lesotho
<b>Establish the identity of customer</b>	<ul style="list-style-type: none"> <li>■ South African identity number</li> <li>■ Full names and surname</li> <li>■ Date of birth</li> <li>■ Full address and postal address</li> </ul>	<ul style="list-style-type: none"> <li>■ Lesotho passport number</li> <li>■ Full names and surname</li> <li>■ Date of birth</li> <li>■ South African residential permit details</li> <li>■ Full address and postal address</li> </ul>
<b>Verify the identity of customer</b>	<ul style="list-style-type: none"> <li>■ Valid South African green bar-coded identity book or</li> <li>■ Valid South African identity card (Valid means the identity document must be current and unexpired)</li> </ul>	<ul style="list-style-type: none"> <li>■ Valid foreign passport (Lesotho)/identity card</li> <li>■ Valid South African permanent or temporary permit (Valid means the document must be current and unexpired)</li> </ul>

### New receiving customer in Lesotho

The following is required when registering a new receiving customer for a cross-border transaction in **Lesotho**

	South African citizen/resident	Foreign national of Lesotho
<b>Establish the identity of customer</b>	<ul style="list-style-type: none"> <li>■ South African identity number</li> <li>■ South African passport number</li> <li>■ Lesotho residential permit details</li> <li>■ Full names and surname</li> <li>■ Date of birth</li> <li>■ Full address and postal address</li> </ul>	<ul style="list-style-type: none"> <li>■ Lesotho ID</li> <li>■ Lesotho passport number, or</li> <li>■ Lesotho electoral card, or</li> <li>■ Driver's license</li> <li>■ Full names and surname</li> <li>■ Date of birth</li> <li>■ Full address and postal address</li> </ul>
<b>Verify the identity of customer</b>	<ul style="list-style-type: none"> <li>■ Valid South African passport (Valid means the identity document must be current and unexpired)</li> </ul>	<ul style="list-style-type: none"> <li>■ Valid Lesotho ID, passport or electoral card, driver's license (Valid means the document must be current and unexpired)</li> </ul>

## Transaction details

The system requires that **both senders and receivers are registered** in accordance with Financial Intelligence Centre Act (FICA) requirements in order to utilise the system. This ensures that the system maintains proper record-keeping of the participants across the life-cycle of the money transfer i.e. both sending and receiving.

All transaction information is retained in the money transfer host system for a minimum of five years before it is archived.



## Transaction limits

Daily and monthly limits are applied by the system for both the total amount that can be sent and received by a customer. Limits are maintained against the customer's identification or passport number (or other photo identification documents, as approved from time-to-time) and will be in accordance with the regulatory requirements of both countries. The limits for the pilot will be as follows:

- |  |   |
|--|---|
| ■ Maximum value sent per person in South Africa: | ■ Maximum value received per person in Lesotho: |
| <input type="checkbox"/> per day: R5 000         | <input type="checkbox"/> per day: M5 000        |
| <input type="checkbox"/> per month: R25 000      | <input type="checkbox"/> per month: M25 000     |

These limits are maintained for each person in the money transfer system. The transactions are authorised in real-time and can be viewed for oversight purposes through the BOP and management reporting feeds.

## Frequently asked questions

<b>Q</b>	How long can the Shoprite Store keep the money before the receiver collects it? Is there a limit to how long it can be kept?
<b>A</b>	As soon as the money has been sent it is available to be received in Lesotho. There is no limit for how long a money transfer is kept in the system. At present they do not expire.
<b>Q</b>	Are the receivers expected to withdraw all the money at once, or can they leave some balance to withdraw later?
<b>A</b>	Receivers must take all the money at once.
<b>Q</b>	If someone wants to send his/her money home from RSA, can they be allowed to send it and receive it themselves in Lesotho?
<b>A</b>	Yes, the sender is allowed to receive the money from the system in Lesotho, at any time.
<b>Q</b>	Is this initiative only meant to benefit those in the lowlands? What about people who live in Districts where there are no Shoprite stores?
<b>A</b>	At present this service is only available in Shoprite, Checkers, Usave and OK Bazaars stores. Once the money has been received in Lesotho, customers are free to use other available services/channels to send money to other places in the country.
<b>Q</b>	What form of identification is acceptable for one to be registered to receive money in Lesotho?
<b>A</b>	Valid passport, voter card, ID card and driver's license.
<b>Q</b>	If a person sends money more than once a day, say M300.00 in the morning and another M300.00 in the afternoon, will the cost of sending remain M9.99?
<b>A</b>	M9.99 is charged per transaction. If a customer sends money to Lesotho more than once a day, they will be charged M9.99 for each transfer.
<b>Q</b>	Why can we not send and receive money in Lesotho, nor send money from Lesotho to South Africa?
<b>A</b>	The pilot project prioritised the sending of money from South Africa to Lesotho to assist the urgent need for a cheap, safe and instant way for Basotho people to send money home conveniently from anywhere in South Africa, as this was felt to be the most urgently required service. Other services will be added once the pilot has proven to be successful and the Central Bank of Lesotho approves them.
<b>Q</b>	At times the receiver at the Shoprite Store in Lesotho is told that the money does not reflect in the system. Why does this happen?
<b>A</b>	If the money has indeed been sent, but does not reflect in the system in Lesotho, then this usually happens if the sender in South Africa does not tell the cashier that, they are sending money to Lesotho. It is important to always clarify to the cashier whether the money being sent will be received in South Africa or Lesotho, because the system works in both countries.

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