

Retailers bemoan cost of grant payouts

Retailers want banks to share the pain of the congestion, costs and risk of crime associated with grant payouts, writes Zeenat Moorad.



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A large number of the 16.7-million beneficiaries collect their grants from retail outlets every month, but the retailers say the service is proving too costly.

Shoprite, Pick n Pay and the Spar Group receive a small fee for processing South African Social Security Agency (Sassa) payouts as part of an agreement signed with Net1, the winner of the grants distribution tender.

But the fees do not cover the cash management or operational costs of processing payments.

Mike Prentice, group merchandise executive at Spar Group, said: "Everyone involved in paying out pensions makes money, but at a retailer you can withdraw for no fee whatsoever. (This) costs us."

Net1 subsidiary Cash Paymaster Systems holds the R10bn-plus Sassa contract to administer payments.

The retailers do not charge grant recipients for withdrawals and make losses on each payout, they say.

In its last financial year, Shoprite spent R1bn on security, which outstripped its transport bill. Armed robberies at the retailer's stores have spiked on grant payout days.

Other customers snub the stores on grant payout days.

The grants start at the Treasury, which makes monthly deposits into a Nedbank trust account.

Cash Paymaster Systems then pays the money to beneficiary accounts held with Grindrod Bank; thereafter recipients are able to collect their cash at retail payouts or withdraw it from ATMs.

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