

Open Letter to Dr Leon Schreiber, Minister of Home Affairs

An urgent appeal to reverse a decision that threatens financial inclusion and digital transformation

Dear Minister,

I write to you not only as co-founder of TymeBank, South Africa's first fully digital bank, but as a citizen deeply committed to the prosperity and digital advancement of our country. Your recent decision to gazette an increase in the fee for accessing identity verification services by an unfathomable 6,500% will unravel years of progress in digital transformation, financial inclusion, and economic justice.

Today South Africa is one of the most inclusively priced countries in the world, comparing well with Panama, Columbia and Peru, at 2 US cents per identity lookup. Your new fee makes South Africa almost twice as expensive as the most expensive peer group countries, like Pakistan and Ecuador.

Let me use TymeBank as an example to illustrate the impact of this. We serve 11 million South Africans, many of whom are social grant recipients and informal earners. Under your current fee structure, TymeBank is able to provide the poorest South Africans with an account in real-time with no monthly fees. Your new fee will make this impossible, robbing South Africa of its only accessible and free bank account.

An anti-poor policy decision

It is in all our interests that the DHA verification system, which plays a foundational role in enabling trusted digital identity services, be both sustainable and accessible. Your decision shifts the cost of what should be a state-funded utility onto the shoulders of the poor. It imposes a regressive tax that penalises those with the least.

Identity verification is a public good. Around the world, it is subsidised or fully funded because of its essential role in national development. Yet here, in a time when our country most needs inclusivity, innovation, and trust, we are choosing exclusion.

As illustrated above, the DHA's price hike is wildly out of line with the average cost per user relative to South Africa's peer group countries.

Paying for a failing system

TymeBank fully supports the intention to build a better system. By your own admission the system is down 50% of the time. As we understand it, you are now proposing an exorbitant price increase on 1 July 2025, without delivering a system improvement. So, instead of first fixing what is broken, your department proposes to abruptly increase fees for a failing service.

This is not how public infrastructure should function. Essential digital services must be reliable, affordable, and accessible. Anything less is a betrayal of the trust South Africans place in their government.

The batch fall-back solution is a problem

You propose a new batch-processing option. While less expensive (R1.00 per field), it is not a practical substitute for real-time data lookups. In the digital world, everything is real-time – account opening, card replacements, PIN resets and payments. Real-time is increasingly important for customer service and for the safety and security of customers. In TymeBank, and in the best Fintechs worldwide, almost everything is real-time – and for good cause. As an example, if look-ups are not real-time, customers would incur additional costs because they would need to take at least two trips to open an account. These are costs that cannot be absorbed or mitigated by banks.

It is true that old generation banks still run many overnight batch processes. And this is exactly the problem. By charging R10 for real-time and R1 for batch processing, the DHA is essentially providing the incumbents with a 90% discount while punishing new digital competitors and their customers with unsustainable pricing. This is patently anti-competitive.

A Crippling Blow to Progress

The 6,500% increase is not merely unworkable, it is existential. It places an untenable financial burden on institutions that, like ours, are built to serve those who have long been excluded from the formal banking system.

We did not sit idly by during your consultation process. We engaged in good faith, contributing through our industry body SABRIC. However, the decision you have taken suggests our concerns were dismissed. As this decision has been gazetted and there is apparently no willingness from your department to engage, we are left with no choice but to speak directly to the public we both serve.

Sabotaging Digital Transformation and Financial Inclusion

Your move flies in the face of global best practices. The World Bank outlines three pillars essential for financial inclusion:

1. An accessible, affordable biometric identity database
2. Free or near-free real-time payments infrastructure
3. An open banking system empowering citizens with control over their data.

For a variety of reasons, South Africa is underperforming on all three. The decision that has now been made takes us in the wrong direction, undermines the goals of our own

National Development Plan, and contradicts your own history of forward-thinking leadership.

Jeopardising Our Fight Against Greylisting

Let us also not forget that South Africa was greylisted in 2023 for deficiencies in our anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations. Since then, the financial sector has worked hard to address these shortcomings. Access to the DHA identity verification services is vital for compliance with FICA, KYC, and AML/CFT standards. This price hike threatens that progress and weakens our collective effort to exit the greylist.

How can banks and fintechs meet their legal obligations when the cost of compliance is prohibitively high? This decision forces institutions toward unverified data source in a bid to survive, undermining the integrity of our financial system and opening the door to increased fraud and risk.

What we propose

TymeBank has always stood ready to partner with government to build a more digitally inclusive society. We are not opposing transformation but are calling for responsible, transparent change. TymeBank has reached out to the Minister of Home Affairs to request a meeting, with the aim of engaging constructively and finding common ground on a policy that affects millions of South Africans.

We propose:

- A consultative process with all key stakeholders, including the Fintech and retail industries
- A phased fee structure
- Volume-based pricing
- A cost recovery model linked to performance and inflation
- Reasonable notice periods that allow institutions to plan and budget accordingly
- Prioritisation of the shared public-private responsibility to safeguard South Africa's identity ecosystem and financial inclusion
- Ban the bad actors from accessing the system.

This is not an unreasonable ask. It is a call for fairness.

A Call to All South Africans

Minister, this decision places your department on the wrong side of history and we call on the President, the Minister of Finance, the Governor of the Reserve Bank, the CEO of

the Prudential Authority, and to every South African who believes in justice to urge you back to a path of progress.

We urge you to halt this fee increase immediately and return to the table for constructive, transparent dialogue. We must find a solution that secures the integrity of the DHA's systems while protecting the dignity and rights of the people.

The Cost of Exclusion Is Too High

Digital transformation and financial inclusion are not luxuries. They are the backbone of a modern, just society. The government cannot afford to raise barriers where it should be opening doors. We must not allow our digital future to be held hostage by short-sighted policy.

We remain committed to continued collaboration and open dialogue.

Let us be bold. Let us be visionary. Let us work together to build a South Africa that leaves no one behind.

Sincerely,

Coenraad

Founder and CEO, Tyme Group

Jonker