



National Student Financial Aid Scheme

MEDIA STATEMENT

FOR IMMEDIATE RELEASE

DATE: MONDAY 10 JULY 2023

NSFAS STATEMENT ON DEFUNDED STUDENTS AND DIRECT PAYMENTS

On the 9th of July 2023, the NSFAS met the leadership of SASCO in Irene, Pretoria. Following this meeting, an engagement with SAUS (South African Union of Students) took place. The main issues discussed in these two meetings were defunded students and direct payments.

NSFAS will continue to hold further engagements with other interested formations on these and related issues in the next week. These engagements are in the spirit of stimulating clarity on the above issues and receiving inputs on how best NSFAS beneficiaries can be served.

1. RECENT ENGAGEMENTS

In the past few weeks NSFAS teams were dispatched to engage Student Representative councils and University Management on direct payments and related matters.

The Universities that were engaged in most cases with the presence of NSFAS direct payment partners were as follows:

NAME	DATE
University of Limpopo	01 June
University of Venda	05 June
UNISA	07 June
University of Pretoria	09 June
University of the Witwatersrand	12 June
University of Johannesburg	12 June
University of Mpumalanga	13 June
Durban University of Technology	14 June
University of KwaZulu Natal	14 June

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Mangosuthu University of Technology	14 June
University of Zululand	15 June
Central University of Technology	20 June
Walter Sisulu University	22 June
University of Fort Hare	22 June
Rhodes University	23 June
Nelson Mandela University	23 June
University of Cape Town	26 June
Stellenbosch University	27 June
Cape Peninsula University of Technology	28 June
University of the Western Cape	28 June
University of Free State	29 June
Tshwane University of Technology	30 June
North West University	30 June
VUT	03 July
SMU	04 July

In these engagements, questions were raised, and clarifications were sought on matters related to direct payments and beyond. In some Universities, more than one visit was made by the NSFAS team to address the issues of concern. For NWU, CUT and SPU (14 July), physical engagements will be taking place soon.

2. DIRECT PAYMENTS

The main objective for NSFAS to take over direct payment is to ensure its accountability on student allowances and to establish a better coordinated system of the transfer of funds to students. This was after a series of erroneous payments and/or delayed payments to students and incidents of fraudulent transactions to which NSFAS would not assume accountability.

One of the highly publicized incidents was of a student who received about 14 million rands from a service provider attached to a University. NSFAS was not in a position to be party to the legal proceedings nor actions to recover the money as the responsibility to manage the service

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provider was in the hands of a University. There were several Universities that employed the same modus of engaging service providers in the dispensing student allowances. Again, NSFAS, would bear no direct accountability for the action of the service providers nor the Universities concerned.

3. ON NSFAS DIRECT PAYMENT PARTNERS

The NSFAS assumes direct accountability on the actions of the current partners. NSFAS expects the new system to be not only convenient to students but also to provide for allowances in a manner that is both dependable and predictable to students. It is expected that all students should receive their allowances by a prescribed date of the month and that there should be no room for long lapses of time due to delayed transfers between the University and NSFAS.

The NSFAS will therefore not hesitate to act in cases where the performance of partners is not in line with the expected output.

4. COMPLAINTS AGAINST NSFAS DIRECT PAYMENT PARTNERS

In our engagements with SASCO and later SAUS, and through various other mediums, we were advised of inter alia the following complaints:

- Excessive charges.
- Inaccessibility of the service providers.
- Lack of clarity on how to access funds.
- Allegations of funds not reaching their intended beneficiaries.

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5. OUR RESPONSE TO THE COMPLAINTS

NSFAS will not allow that a system that was established in good faith be muddled with activities that defeats the purpose of direct payment. To this end the following steps will be taken:

- An investigation of the complaints will be conducted and where the allegations are proven true, appropriate action will be taken.
- Service providers will be instructed to increase their physical presence at institutions of higher learning so that they can respond directly to student queries on direct payment.
- There should be an immediate enhancement of explanations on how students can access their funds to avoid delays in the distribution of allowances.
- There will be a three-way meeting between student leaders, NSFAS management and the service providers on the 11th of July to iron out all relevant matters.

However, it should be noted that the transaction costs/ charges are standard across all partners.

Students are urged to complete their onboarding process to speedily access their NSFAS bank accounts by going to the NSFAS website, under the heading “For Students and Learners” click on NSFAS Bank account (under student support). There they will find the name of their institution and can click on the register here button and then follow the prompts.

6. ON DEFUNDED STUDENTS

Acting upon the findings of the Auditor General, our internal compliance processes and the observations of the SIU (Special Investigation Unit), NSFAS has initiated a remedial process where a student who is found to have been funded based on incorrect information is defunded instantly.

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This is done to avoid wrongful and illegal allocation of funds to students who fall outside the prescription of our policies. Prescriptions of our policies and the law will be implemented firmly and vigorously to avoid amongst others a repeat of the more than R5 billion that was allocated incorrectly to students since 2016.

We have, however, received complaints that some students were defunded incorrectly. If such cases are true, this is regrettable. A process of verifying these complaints will be immediately initiated and were proven otherwise, remedial action will be taken.

In conclusion, the NSFAS Board and Management remain committed to a Student-Centered model in which the main focus is the creation of an environment for the students to engage in academic activities without the inconvenience of lack.

We remain proud that this year we are funding a total of 1,1 million students as compared to 604 114 students in 2018 which is a 82 % growth since 2018. We are happy that that a majority of our funded students are happy with our services and that the scheme has made funding available for the children of the poor and the working class.

Where we encounter obstacles related to our systems and capacity, all appropriate efforts will be made to achieve improvements. Where needs be, engagements will continue to be made with relevant stakeholders. This will be done with the objective of receiving valuable inputs in improving our service to students and in full observance of our policies and the law. In pursuance of these objectives, we will not be swayed by squabbles amongst service providers nor parties that seek to grandstand for reasons other than the interests of the students.

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NSFAS will proceed implementing new policy decisions in a manner that is firm, legal and within the dictates of her policies.

Issued by:

The National Student Financial Aid Scheme

FOR MEDIA ENQUIRIES

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