

The EFSA Annual General Meeting, 31 March 2023.

Present

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| Karen Nadasen | In the Chair (from item 5) |
| Adheesh Budree | UCT and Chair of the EFSA Research and Education Committee |
| Brenda Varrie | Network Global |
| Brendan Cuthbertson | Cisco |
| Esti Louw | PayU |
| Jason Blackman | DHL |
| Jethro O'Brien | TradeSafe Escrow |
| Lionel Krieger | Krieger Digital |
| Mzuzukile Soni | Brownsense |
| Nkondo Mbetha | WineColumn |
| Pravashini Govender | Amazon |
| Ricardo Lognath | Omninela |
| Sanele Simmonds | Mall for Women |
| Sara Cherian | ACI Worldwide |
| Shamiela Letsoalo | Naspers |
| Tinashe Guramatunhu | King-online |
| Warrick Kernes | Insaka Academy |
| Alastair Tempest | CEO In the Chair (Items 1-4) |

1. Welcome

In the temporary absence of the Chair, the CEO took the chair and welcomed participants to the 2023 AGM.

He informed attendees that the Chair had been delayed and would join as soon as possible. She had asked that the meeting start without her.

The CEO said that there were procedures to go through which govern the AGM, as set down in the Memorandum of Incorporation. Should there be any questions on procedures, participants were asked to refer to the MoI. A link to this can be found on the home page of the EFSA website (<https://ecomafrika.org/wp-content/uploads/EFSA-MOU.pdf>).

2. Quorum and Counting of Proxy Votes

The CEO reported that last year's AGM was held 30 March 2022 and the minutes had been circulated to members on 8 April 2022. There were no comments received on the Minutes, which had been approved by the new Board on 5 May .

He said that he had received two proxies – from the Advantage Group and DropStore. A sufficient number of attendees and proxies were therefore present to declare that the AGM had a quorum. There was a need for two tellers in the case of voting. He would serve as a teller and asked for one more volunteer – Lionel Krieger offered to serve as a teller.

Participants were invited to introduce themselves. The Chair pointed out that both Amazon and DHL were represented. Both these were members of EFA, and as such were also considered full members of the EFSA.

Each participant briefly introduced themselves.

3. The Chair's Annual Report

The CEO pointed out that the Chair's Annual Report had been circulated to all members on 9 March, 2023. The aim of the Annual Report was to give members and other interested parties a quick over-view of EFSA's activities during the past year. This year, Karen Nadasen wished to stress concerns over increasing complaints about ecommerce, which threaten to undermine consumer and business trust in digital commerce. EFSA had therefore launched two initiatives, which would be discussed later in the agenda, on training and on a blockchain certification service, which were designed to reduce risk for both the customer and ecommerce practitioners.

EFSA had continued to expand its role as the common voice of the ecommerce sector with government. This was channeled through meetings, submissions and other forms of representation to the South African government, and also by supporting EFSA's colleagues in the Ecommerce Forum of Africa (EFA) in their work at both international, continental and regional levels. Relevant South African government policies were increasingly influenced by regulations emanating from outside sources.

For example, with our EFA colleagues, the CEO said that submissions had been made to SADC on ecommerce and views on the AfCFTA Digital Trade Protocol presented to the Department of Trade, Industry and Competition (DTIC). EFSA and EFA had organised three sessions at the annual UNCTAD Ecommerce Week in April, including one session on cross-border payments with the German Government which Karen Nadasen had chaired..

In SA, EFSA's membership of the Financial Services Control Authority's Ecommerce Advisory Committee was important since that committee brought together nearly all the ministries and regulatory authorities of relevance to ecommerce. Business was represented by the Banking Federation, PASA, SABRIC and the EFSA. The Committee's 2022 Annual Report, which had been presented directly to the finance minister, contained five chapters written by EFSA.

More recently, EFSA had been appointed as the digital trade expert by BUSA and as such had attended two meetings of the Nedlac Trade and Industry Committee.

During 2022, EFSA had submitted views on the ongoing Competition Commission's Online Intermediation Platforms Market Inquiry (OIPMI); the recent One-Stop Border Post Bill and the Cyber Crimes Act's regulations. EFSA had also supported the first event on cross-border ecommerce, at which both SARS and DTIC had spoken and participated for the full 2 days.

The Chair's Annual Report pointed out that EFSA represented the ecommerce sector to the banks. EFSA sat on two PASA committees, and had been very active in the design of the new Payments Industry Body (PIB) which will replace PASA once the COFI Bill is adopted and implemented. EFSA had prepared a submission on the interchange costs for SARB.

The CEO invited comments on the Chair's Annual Report. There being none, he proposed to move to the next item on the agenda.

4. Report on the Certification of e-shops by the CEO

The CEO reported that the EFSA Board had initiated a project using blockchain to certify e-shops. Certification would be based on whether the ecommerce website followed the relevant legislation (POPIA, CPA, ECTA) and whether the company was correctly registered at CIPC. If all was in order the e-shop would be awarded a trustmark. This would be renewed annually. EFSA had entered into an agreement with a blockchain software company, Fliptin, which would also assist in raising the necessary seed money to get the project moving. The cost to register for certification would be minimal and would drive membership. Additional paid benefits would be added to the trustmark process in the future, such as an online dispute resolution service and training.

The Chair, having joined the meeting asked for questions, there being none, she proposed that the AGM pass a resolution to confirm EFSA's commitment to this initiative:

Resolution to set up a Blockchain Certification service.

“Given that trust is essential for ecommerce and that new blockchain technology can certify companies to ensure that they are properly registered and follow the laws relevant to ecommerce, the EFSA AGM, 2023, resolves that the association should take steps as far as resources permit to set up a certification or ‘trustmark’ service to assist both B2C and B2B companies engaged in ecommerce be recognised as such.”

Tinashe Guramatunhu seconded the Resolution which was passed unanimously.

5. Report on the Services SETA Skills Initiative by Prof Adheesh Budree, member of the Board

Adheesh Budree reported to the AGM that Services SETA had initiated a training module for ‘Ecommerce Entrepreneur Managers’. This would be at level 6 (university BA level). The process required that the curriculum of the course was set out by a group of experts. Himself, Tinashe Guramatunhu, Wale Adejumo, and the CEO were representing EFSA. Once this process was completed, another module at level 4 would be started in order to provide training for entry level entrepreneur. He thanked the CEO for his patience and hard work to get this process going. Prof. Budree concluded by saying that he was delighted that a group of academics from the EFSA Education and Research Committee had combined to write a textbook, which he had edited, “E-Commerce in South Africa”. This had been published in early March by Juta (www.juta.co.za) and had attracted positive reviews. It was an easy to read and informative guide of both the theory and practice of ecommerce. The CEO said that he had been greatly helped by Esti Louw in the chapter on legal aspects of ecommerce.

The Chair thanked Prof Budree and proposed that the AGM pass a resolution for the record on the work the EFSA team were doing on training.

Resolution to Support Education and Training for Ecommerce

“In recognition that one of EFSA’s objectives has always been to support education and training on ecommerce, the AGM resolves that the association should support training programmes within Services SETA, and provide for those programmes as necessary.”

The resolution was seconded by Sara Cherian and agreed unanimously by the Assembly.

6. Finances by the Treasurer

The Chair reported that following the 2022 AGM, the Board had elected Tinashe Guramatunhu to be our Treasurer, however, a problem arose over the hand-over from James van der Hoven, who had previously held the task of Treasurer. The Board is not completely sure what the problem was or whether it was caused by the bank or because a paper was not correctly submitted. However, despite the best efforts of James to find a solution with the FNB Branch in Cape Town, nothing had happened. This meant that Tinashe had no access to the account and correctly he had stepped aside as Treasurer until things could be sorted out.

The Chair was sorry to have to report that James’s wife has fallen very seriously ill and EFSA had lost contact with him over the previous 2 weeks, therefore the Board was not in a position to provide a financial report.

The Chair invited Tinashe to add any points from his experience and also acknowledged he had kindly offered the assistance of his bookkeeper to deal with the invoicing. Tinashe replied that he had nothing further to report.

The Chair therefore proposed a Resolution for the records:

Resolution on the Financial Report

“Recognising that administrative problems have arisen which have prevented the handover of the Treasurer’s functions during the past year, recognising that Mr van der Hoven is unavoidably prevented from attending the AGM, and recognising that the FNB Bank has failed to assist the officers of the association to carry out their fiduciary duties, the AGM resolves that:

- (i) the 2023 Board undertakes a proper financial report for 2022;
- (ii) that the ex-Treasurer, James van der Hoven, immediately hands over the access to the Bank Account to a Treasurer to be appointed by the new Board;

- (iii) that , in order to facilitate the handover of the finances, James van der Hoven should no longer remain a Director of the Forum,
- (iv) and that the 2021-22 Financial Report of the association be undertaken and published by June 2023 and made available to members of the association.”

Jason Blackman seconded the resolution, which was agreed unanimously by the Assembly.

7. Election of the 2023 Board

The Chair said she was delighted to see that there has been a welcome number of candidates for the Board, with a mix of present members and new candidates. She pointed out that as per the Memo of Incorporation (Statutes) of EFSA, up to 12 Board members, plus the Chair and CEO are permitted to sit as Board members. The new Board at its first meeting selects a Chair and a Treasurer. The Chair comes from outside the Board, whereas the Treasurer is a member of the elected Board.

She said that she had had the pleasure to chair the Board for 3 years and that she would step aside but hoped to remain a member of the Board.

The Chair read out the list of candidates and invited them to say a few words.

The List

Karen Nadasen, PayU *

Adheesh Budree, University of Cape Town *

Tinashe Guramatunhu, King Online *

Rahul Jain, Peach Payments *

Wale Adejumo, Dropstore *

Mzuzukile Soni, Brownsense

Kiaan Pillay, Stitch.money

Tendi Hlatshwayo, Ozow

Brendan Cuthbertson, Cisco

Shamiela Letsoalo, Naspers

The Chair suggested that in order to save time, a vote on all members should be taken. This was agreed.

The CEO proposed the list of candidates, which were **agreed** by the **AGM** unanimously.

The Chair congratulated the new Board members and thanked them for putting their names forward.

The CEO would call a first meeting of the new Board after the April break.

8. Name of the Association – proposal to rename the EFSA, the Digital Commerce Association of SA

The Chair said that the Board had discussed changing the name of the Forum to make it resonate more with the members, the sector as a whole and with regulators. It had been felt that EFSA should extend the scope to include ecommerce and other aspects of digital trade - just the same as the African Free Trade Area was discussing a Protocol at present on digital trade. However, she recognised that it was always difficult to change a brand name. EFSA was recognised as our brand. She invited comments from the members.

Adheesh Budree warned that such terms as “digital economy”, “digital trade” were in fashion at present, but he asked if they would remain the buzz words of the future? EFSA, on the other hand had a brand which was recognised. Maybe it would be best to position the existing brand? Shamiela Letsoalo agreed: EFSA had a brand equity which should not be lost. Both Pravashini Govender and Lionel Krieger said that the benefits of change were not clear.

The Chair therefore proposed that the name change should be put on hold. Brenda Varrie seconded the proposal, which was agreed unanimously.

9. Any Other Business

The Chair called for any other business. Jason Blackman said he would like to raise concern over an ongoing court case brought by the SA Post Office and ICASA against PostNet for allegedly ignoring the 'last mile' monopoly for deliveries of under 1Kg. This 'last-mile' monopoly had been awarded by the Postal Act to SAPO. This case had started some time ago but had been delayed until very recently. Meanwhile the Department of Communications and Digital Technology was understood to be drafting an amendment to the Act which might allow SAPO to "licence" last mile deliverers, such as courier companies and possibly any other entity that delivered to the home. The CEO confirmed that this was an issue which must be watched, and he proposed to the Assembly that the election of candidates for the Board be reopened in order to include Jason Blackman and Ricardo Lognath of Omninela. Ricardo said that his company was 5 years old and provided medical supplies online. Jason was DHL's expert in customs. Adheesh Budree seconded the proposal that both Jason and Ricardo be elected to the Board. The Chair called for a vote and their election was agreed unanimously.

The CEO said he had one other point under AOB, he was delighted to report that Lionel Krieger of Krieger Digital had agreed to take over the EFSA web site. Members expressed their thanks.

10. Closure

The Chair thanked the participants for attending and congratulated the new Board. She noted that this has been the last AGM that she would chair and expressed thanks to all those who have assisted her over the last 3 years as Chair. It had been a very interesting 3 years, with the pandemic and the rapid uptake in ecommerce in SA. As her Annual Report noted, the sector now faces risks caused by its own success, and the association needs to mitigate those risks as far as possible on behalf of its members and the whole ecommerce ecosystem. She was convinced that the proposals to improve training together with our new blockchain certification service will ensure that these risks will be reduced, and that the representation at government will continue to be successful, thanks to the experience of some of our new members. EFSA has made excellent contacts and its views have been heard. As with all public policy, the trick is to avoid restrictions ever getting to the stage where they could become law. This we have achieved. What she hoped to see was the full support of the ecommerce sector coming together behind EFSA. She invited the participants to contact either herself or the CEO if they had any suggestions, or points which EFSA needs to address, or has failed to address, or should keep in mind. The Chair said she believed that 2023 will see the Forum becoming better known, growing, and being appreciated for the work it achieves.

The Chair declared that the meeting was formally closed.

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The Chair's Annual Report on EFSA

Dear EFSA Members,

EFSA started in 2016. At the time ecommerce represented about 1.5% of total retail trade in SA and had been growing very slowly since the early 2010s. The major issue was the trust deficit. Consumers were dubious that they would get what they ordered online or that their financial details would be protected. The COVID lockdown changed all that and B2C ecommerce now represents almost 5% of retail trade turnover. 2021 saw a 35% increase in B2C ecommerce activity, and 2022 an increase of 40%, according to the 2022 World Wide Worx report.

However, with success comes new challenges. The Consumer Goods and Services Ombuds (CGSO) which takes consumer complaints for both off- and on-line retail, has recorded sharp increases in complaints. Some are due to failures in training and understanding of how ecommerce should work. There have been a lot of complaints about late or no-show deliveries, for example. But the CGSO has also **identified a steady increase in fraud**: mainly fly-by-night operators who run e-shops with attractive offers: - once sufficient payments are received the shop disappears, only to reappear a few weeks later under a different name to run the same scam.

EFSA has therefore decided on two actions to help mitigate these risks for our members –

First, to **create a blockchain-based certification service**. This would certify e-shops based on their compliance with the law and provide a “trustmark”. This trustmark would be renewed each year. Over time EFSA plans to add additional services, such as training, an online dispute resolution service, etc. The cost of signing up to this service would be minimal, and it would be available for B2C and B2B shops. Such trustmarks are common in Europe and North America. Consumers are keen on them as a mark of confidence. If a website does not comply with the requirements of the certification (for example receives many complaints) the trustmark will be removed. We plan to develop this trustmark with the SA Fraud Prevention Service.

Second, **EFSA will develop two training modules with Services SETA**. The first is a full training at level 6; and the second will be basic training for new entrants at SETA level 4. These training modules will be recognised under SETA rules and will integrate into existing SETA training on specific trades. The EFSA team that is working with Services SETA is Prof. Adheesh Budree, Tinashe Guramatunhu of King Online, Wale Adejumo of Dropshop and the CEO. EFSA will collaborate with the Consumer Goods Council (CGCSA) which is producing training modules with the Wholesale & Retail SETA on retail issues. We will therefore avoid ‘reinventing the wheel’. A MoU with the CGCSA is under preparation. EFSA will also apply as a training body in order to provide the SETA training.

EFSA is also looking at the accreditation of the different ecommerce skills to provide ‘lifelong learning’ for young people joining the sector.

EFSA's other emphasis is on **representation with government and with the banking sector**.

The banking sector has always been keen to talk to the sector as a whole. Next year some major changes are expected, with the Payments Association of SA (PASA) likely to be replaced by the Payments Industry Body (PIB) which will include all the players in the financial sector, from the banks to fintechs, payment service providers, card operators and ‘other interested parties’, such as EFSA.

Presently EFSA sits on the PASA Cardholders Committee. When PIB is launched in 2024, it will strengthen our voice, and assist our members to coordinate their views.

We also provide input into the financial sector through our membership of the Financial Services Control Authority's (FSCA) Ecommerce Advisory Committee (ECAC), which brings representatives from all the relevant government departments and agencies together with the banks and EFSA. Last year, we drafted five sections of the ECAC's annual report, which was sent to the Minister of Finance, on issues such as consumer education, cross-border payments, the WTO Moratorium, and the growth of the digital economy.

Our representation to the government has taken a number of different forms.

In 2022 we submitted our views on the Competition Commission's Interim Report on the Online Intermediation Platforms Market Inquiry (OIPMI). This Inquiry started in May 2021, and EFSA has made 4 submission (one oral) over this period. Our main arguments have been that the Inquiry is premature as the market has not settled down; that the ecommerce ecosystem created by the leaders (eg payments, logistics, etc) benefit all players in the market; that the report fails to take social commerce as end users of services created by larger enterprises into consideration; that comparisons with the development of ecommerce in the EU or US are not valid, and that the Report has entirely ignored the African Free Trade Area (AfCFTA) and the increased competition that that will bring.

In May 2022 EFSA provided written views on the draft Standard Operating Procedures (SOPs) for the Cybercrimes Act (CCA). That Act has numerous implications for ecommerce, including a provision that requires any victim of a cyber-attack to inform the Cybersecurity Hub. This rule differs from the POPIA which requires companies that are subject to a data breach to inform the Information Regulator. We asked for a one-stop shop approach with a joint form for both authorities.

We also continue to monitor the work of the Information Regulator.

EFSA cooperated with its pan-African colleagues at the Ecommerce Forum Africa (EFA) to attend two meetings of the SADC Committee on Trade in Services. A paper on the requirements of ecommerce in the SADC region was presented in October and a presentation given to the Committee at its second meeting in November.

SADC plans to hold a meeting on ecommerce in 2023. Details are awaited.

EFSA also joined with Business Unity SA (BUSAs) to assist the DTIC prepare its views on the AfCFTA's Digital Trade Protocol. The AfCFTA held a stakeholders' meeting in August and subsequently published a paper outlining the main issues to be covered by the Protocol. The DTIC has organised a working party with the DCDT, BUSAs and EFSA to follow the negotiations, and in January EFA submitted its commentary on a "Zero Draft" issued by the AfCFTA Secretariat. EFSA was invited as BUSAs' digital trade expert to 2 meetings of the Nedlac Trade and Industry Committee in November and in February.

EFSA has been able to support EFA through these initiatives, in addition to issues such as the WTO moratorium on customs duties on electronic transfers, which had initially been opposed by the SA government. The moratorium was covered in one chapter of the FCSA ECAC annual report which was prepared by EFSA (as above). If this agreement falls ecommerce, payments services and other service industries can expect to have to pay multiple very small amounts of customs duties, which would add unnecessary administrative costs.

EFSA and EFA organised three sessions at the UNCTAD Annual Ecommerce Week in April 2022. These were: - a session on Cross-border Payments in Africa, with the German Government, chaired by myself as the EFSA Chair; a session on B2B ecommerce in Africa with the Ecommerce Association of Ghana, and a session on Blockchain and Ecommerce.

EFSA supported the EFA/AfriLabs conference on Cross-border Payments in February 2022 which attracted a lot of interest.

EFSA also supported a commercial event on cross-border trade in November at which both the DTIC and SARS attended and spoke. This provided the ministries' representatives with the opportunity to hear the experiences and challenges of ecommerce firsthand.

There is much to do in order to ensure that SA is AfCFTA-ready, and EFSA is looking at ways to achieve greater appreciation for both cross-border B2C and B2B.

This includes new legislation which SA is proposing on customs facilitation, as well as revisions to company law to ease doing business in SA. EFSA will continue to monitor new regulatory proposals and work with our colleagues in BUSA and the Consumer Goods Council of SA. An example is the One-stop Border Post Bill (OSBP) which is designed to reduce custom's delays at borders.

EFSA has started discussions with PnP and the Imperial Group on the training of motorbike delivery staff, following government indications of concern. Increased accidents and fatalities on the roads have often been caused by motorbike deliveries – caused by bad driving, potholes, rains and unsafe packing of the boxes carried on the bikes. We hope that MrD will join this discussion.

For further details please contact the CEO (alastair@ecomafrika.org).

EFSA has alliances with BUSA, the CGCSA, AmCham SA, the Ecommerce Europe, GIZ, Logistics Natives, EMTC in the USA, and other relevant national and international bodies. We give support through 'media partnerships' to selected events, which provides visibility and speaking opportunities.

Our monthly Newsletter now has a circulation of over 450, including all paid up members, other interested companies and organisations. More than 10 national trade ministries have subscribed, including France, Germany, the Netherlands, Taiwan, Singapore, the USA and the UK. The Newsletter thus helps shape policy beyond SA's frontiers. If you do not receive it please let the CEO know.

The EFSA Research and Education Committee, chaired by Prof. Adheesh Budree, has created a group of 7 academics representing 6 universities. Many of these professors contributed to a new book the 'E-commerce in South Africa' which was published in February 2023 (available on <https://www.loot.co.za/product/dmtw-7991-ga50>). During 2022, the EFSA CEO contributed to that book and co-authored an Opinion Paper for the SA Institute for International Affairs on the African Digital Divide (https://saiia.org.za/wp-content/uploads/2022/11/Saiia_OP_338_DrivingDigitalInclusion.pdf).

EFSA runs 4 committees – the Legal and Representational; the Online Payments; the Education and Research and the Special Projects Committees. These meet when required by conference call. We avoid holding 'meetings for meetings sake'. We also have our website, which presently needs refreshing, and LinkedIn and Facebook pages.

Finally, the EFSA Board prepared a Strategy for 2022-25, which identified action points and the need to be more relevant for the sector. The Strategy proposed a change of name which will be put to the AGM this month, and a more solid financial basis. The initiatives on training and the blockchain certification will provide some of the resources needed.

But your support as members is of greatest importance to us.

Karen Nadasen, Chair of the EFSA and CEO of PayU Africa.

March 2023

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