



Powering payments reform

The national payment system is a vital component of South Africa's financial infrastructure, enabling secure and efficient transactions for both consumers and businesses.

During the reporting period, the SARB implemented a range of initiatives to enhance and future-fit the NPS to better serve the country's economic and societal needs.

MODERNISING PAYMENTS

The Payments Ecosystem Modernisation (PEM) Programme, spearheaded by the SARB, aims to transform South Africa's payments landscape by enabling fast, simple, inclusive, affordable and secure digital payments. The programme extends beyond technology upgrades, focusing on strengthening infrastructure, governance, policy, standards and industry collaboration to build a resilient and accessible payments ecosystem.

Several key milestones were achieved during the financial year:

- In November 2025, the SARB completed the acquisition of a 50% shareholding in PayInc, facilitating the establishment of the National Payments Utility. Governance structures and delivery roadmaps are now being aligned between PayInc and the PEM Programme.
- A business case is being developed to assess the feasibility of a Hybrid Unified Payments Platform (H-UPP),³⁴ which aims to integrate multiple payment systems through shared core services.
- A strategic advisory partner was appointed for both the broader PEM Programme, bringing global expertise to support programme design and execution.
- Ongoing alignment to global ISO 20022 standards³⁵ has enhanced settlement efficiency and strengthened regional connectivity in both domestic and regional RTGS systems.
- In strengthening the faster-payment system as a scalable alternative to cash, several recommendations are being advanced by a dedicated fast-payment structure. These include standardising transaction limits and core functionality, addressing user experience disparities and improving access for non-bank participants.

³⁴ A H-UPP will combine the RTGS system – catering for high-value transactions – with the fast-payment system, which caters to retail transactions, into one streamlined operations and technology framework. The H-UPP is designed to address the need to update the RTGS and enhance PayShap, the fast-payment system owned by PayInc. PayInc will be responsible for building and maintaining the H-UPP.

³⁵ ISO 20022 is a universal message exchange standard for payments.

- A draft regulatory framework for non-bank participation in payments, the first QR+ standard to improve interoperability, as well as a draft Fraud Risk Framework to enhance payment security have all been released.

The next phase of the programme will focus on delivering practical solutions, including the launch of at least two minimum viable products (MVPs) during the 2026/27 financial year, namely the rollout of the QR+ standard and the demonstration of a secure, reusable and trusted digital financial credential in the payments ecosystem, under the working title of a PEMKey.

REGULATORY REFORMS

- Regulatory reforms are underway to modernise South Africa’s framework governing payment activities. Currently, non-banks may offer certain payment services that do not involve the pooling of customer funds, such as acting as third-party payment providers and system operators. However, for services involving the pooling of funds, such as money remittance or e-money issuance, non-banks must operate through sponsorship or partnership arrangements with banks.

- In November 2025, the SARB published a draft directive on specific payment activities (known as the Authorisation Framework), which introduces an activity-based regulatory approach for both banks and non-bank payment institutions.
- Under this framework, non-bank entities will be able to apply for authorisation to conduct specific payment activities, including issuing e-money and providing money remittance services.

CREATING A NEW PAYMENTS INDUSTRY BODY

- The SARB is working with the Payments Association of South Africa, the recognised payment system management body (PSMB) under the NPS Act, to migrate regulatory and scheme-related functions to the SARB and payment clearing house (PCH) system operators, respectively.
- Once the Authorisation Framework is in effect, PCH system operators will be able to apply for authorisation to operate as schemes and, with the SARB’s approval, perform scheme functions.

Understanding more about the SARB’s MVPs

QR+

Worldwide, QR code payments allow people to pay by scanning a two-dimensional, machine-readable barcode with their mobile phone, offering a simple and convenient alternative to cash or cards. In South Africa, their increasing popularity has resulted in a proliferation of QR codes that support competing, non-interoperable payment offerings. To address this fragmentation and open new opportunities, a common national standard is being introduced. The standard will support QR codes, barcodes, Bluetooth and near-field communication (NFC) payments (such as tap-to-pay by phone or card), hence being named QR+. The standard sets clear rules for how a variety of payments should work across banks, payment providers and digital wallets. The standard covers how a consistent payment experience is presented to consumers and merchants. By enabling seamless payments across different providers, types of accounts and technical interfaces, the QR+ standard will reduce confusion at points of sale, reduce barriers to entry for new payment providers and help expand access to secure and affordable digital payments for more people.

PEMKey

This is a foundational enabler for digital payments, encompassing interoperable and secure payment and financial services credentials. These credentials can be shared with the consent of the transacting parties, to ensure secure payment and accelerated access to financial services.

Simply put, a PEMKey provides a secure digital financial credential that allows individuals and businesses to identify and verify themselves for use in payments.

CROSS-BORDER PAYMENTS INTEGRATION

- During South Africa's G20 Presidency, cross-border payments were prioritised, with two key deliverables focused on identifying technical commonalities relevant to pre-payment validation solutions, particularly Confirmation of Payee.³⁶ The objective was to harmonise specifications across jurisdictions and collect detailed data and insights from different markets and payment corridors to guide targeted interventions.
- These efforts will continue to strengthen global dialogue on cross-border payments, while recognising the importance of market-specific solutions.
- Within the SADC region, several initiatives also progressed. These include defining a proportionate know-your-customer framework, monitoring financial inclusion metrics, reforming the regional instant payment system (TCIB) operating model, and onboarding the remaining SADC currencies onto the regional SADC-RTGS to facilitate intra-regional trade and payments.

Looking *ahead*:

Efforts to modernise South Africa's NPS will continue at pace through the PEM Programme. Key priorities are closely interconnected and will collectively shape the future payments landscape. Advancing regulatory amendments will enable greater non-bank participation, while the finalisation and communication of the PSMB transition will clarify industry roles and responsibilities. Together, these reforms will support the development and timing of the future payments vision, ensuring a more inclusive, competitive and well-coordinated ecosystem. Against the backdrop of the work being done, the SARB is considering the ideal approach to developing a new vision for the sector.

FACTBOX: NPS IN NUMBERS

Headline figures on the size of the payment system, usage patterns and participation

Scale (A snapshot of annual values and volumes of payments processed)	Settlement value ** R167 trillion	Wholesale value** R148 trillion	Retail value ** R19 trillion
How South Africans pay (Headline usage by payment instrument – volume and value)	PayShap ** R486bn (507m transactions)	EFT credits ** R37tn (1bn transactions)	EFT debit * R2tn (947m transactions)
	Card payments at POS * R1.9tn (6bn transactions)	ATM cash withdrawals * R1.2tn (1.3bn transactions)	Cashback at POS * R186bn (381m transactions)
	Total cards issued * 74m	Number of POS terminals * 768k	Number of ATMs * 30k
Ecosystem reach (Headline count showing the breadth of participation across the payment ecosystem)	Banks in the ecosystem ** 39	Non-bank payment service providers ** 486	Card schemes in SA ** 5

Value/volume acronyms

tn - trillion • bn - billion • m - million • k - thousands

| *Figures relate to calendar year 2024; **Figures relate to calendar year 2025

³⁶ Confirmation of payee is a mechanism that enables a payer to confirm that the recipient is the intended party of the funds or payment (before payment is made), to prevent errors and fraud.