



SOUTH AFRICAN RESERVE BANK

**Address by Lesetja Kganyago,
Governor of the South African Reserve Bank,
at the South African Reserve Bank Payments Conference
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Rewiring Payments: Open. Connected. Inclusive.

Good morning, ladies and gentlemen.

It is a pleasure to welcome you to the South African Reserve Bank's Payments Conference 2026.

Payments are essential economic infrastructure. When they work properly, hardly anyone notices. But when they perform poorly, everyone is affected. High payment costs or unreliable payment systems slow an economy just as much as failures in other network sectors, such as electricity, rail and ports. As in those sectors, we are welcome reforms to improve how payment systems function and lower their costs.

The theme for our conference is 'Rewiring Payments: Open. Connected. Inclusive'. Those three words describe the system we are building – a broad and open network that is widely used and trusted. You have all heard about our efforts to modernise our payment system, and our strategic goal to catch up with our peers – countries like Brazil, India and the Philippines, which have built more modern payment systems.¹ Our task now is delivering on that vision.

To this end, today I will discuss four initiatives. The first is opening up the payment system to non-banks. The second is deepening the use of PayShap. The third is

¹ <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/cross-border-payments-conference/documents/paper-retail-payments-evolution.pdf>

improving interoperability through a standard system of QR codes, which we call QR+, and the fourth is developing a single digital ID for payments. These are the main building blocks of a better payment system in South Africa. We are also driving regional payments, and in that context I will conclude with some comments on efforts to improve retail cross-border payments in the Southern African Development Community (SADC).

Opening up the payment system

I will start with access to the South African payment system. There is no doubt that banks remain central to payments, but they are no longer the only players.² All sorts of fintechs, payment specialists and other non-banks are now active in this space. This is good: more competition will drive innovation and reduce costs. But regulation has to keep up.

At the moment, anyone who wants to access the payment system has to go through a bank. But we recognise that there are some payments activities that do not require a banking licence.³

Banks require specific regulations because they engage in maturity transformation: they borrow short-term money, often available for repayment at no notice, and they invest in long-term assets. The inherent risk in that business model has led to repeated banking crises, globally, over time. This is a powerful justification for rigorous banking regulations. But payment firms do not engage in maturity transformation. It follows that they do not need to be treated in the same way as banks. This is why we have proposed a new Exemption Notice and Authorisation Framework.

Our objective is to replace an indirect, institution-based route into payments with a clearer activity-based pathway. Appropriately regulated non-bank institutions would be able to perform specified payment activities. They would still be subject to requirements for governance, safeguarding of customer funds, operational resilience and reporting. This reflects the risks they create.

The principle is straightforward: similar activities and similar risks should receive similar regulatory treatment. Regulation should identify the risks, apply proportionate

² <https://www.bis.org/pages/cpmi-cross-border-payments-programme/pietf-payment-systems-feb-2026.pdf>

³ For a discussion on risks, see <https://www.bankofengland.co.uk/paper/2021/new-forms-of-digital-money>

safeguards and drive innovation in the market. It should neither force every new idea into an old regulatory framework nor protect established business models from competition. With regulatory change, we can open up the payment system to new players.

PayShap and connectedness

Openness creates possibility, but the most important feature of infrastructure is connectedness. Just as with roads or railways, a payment service derives much of its value from the network it can access. South Africa need shared foundations that allow banks, non-banks, government and innovators to build services that work across institutional boundaries.

PayShap shows what connected infrastructure can deliver. It provides a modern rail for real-time, low-value payments and allows customers to use simpler identifiers rather than relying on bank account details. It is growing: since inception in 2023, it has passed the milestone of 1 billion transactions, with a total value transferred of over R1 trillion.⁴ But this is only the beginning.

In payments, a trillion rand over three years is not really a big number. The South African Multiple Option Settlement (SAMOS) system, which settles payments between banks and the South African Reserve Bank (SARB), can turn over a trillion rand in a single day.⁵ Of course, those are high-value payments. But compared with card transaction volumes, PayShap processed only about 6% as many transactions last year (in other words, roughly one-seventeenth).⁶ PayShap transaction volumes are also less than 40% of (electronic funds transfer (EFT) credit volumes, with much lower average transaction values.⁷ And although we do not have equivalent data for cash⁸,

⁴ The total number of transactions processed since inception reached 1 088 208 346 in July 2026, for a total value of R1 073 201 957 522.

⁵ For example, on 31 August 2026, total SAMOS payments were R1 381 151 713 747.64 <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/samos-stats-2026/SAMOS%20Stats%20-%20August%202026.pdf>

⁶ The PayShap volumes for 2025 were 507 million transactions, compared to 8.47 billion for cards.

⁷ EFT credit is different to EFT debit, such as debit orders, where the payment is originated by the receiver rather than the payer. EFT credit volumes were 1.36 billion in 2025 (versus 507 million for PayShap). EFT values were R37.47 trillion (versus R485.6 billion for PayShap).

⁸ The SARB has hard data on cash withdrawals and deposits; this shows that consumers and businesses do cash withdrawals and deposits of around R1 to 1.3 trillion a year. This is significantly larger than flows through PayShap, but of course cash has a velocity of circulation in the economy in between being deposited and withdrawn.

our 2023 payment survey showed that cash accounted for 56% of payments, with digital payments at less than 0.2%.⁹

The fact is, PayShap is far from ubiquitous, both for sending money between friends and family, and for buying goods and services.

Four main issues are holding us back.

The first is **parity**. Customers still encounter different transaction limits, functionality and user experiences across participating banks. A national instant-payment service cannot feel like a different product depending on where a customer banks. We need greater consistency in customer experiences, while leaving room for institutions to compete.

The second is **pricing**. Institutions have adopted different pricing strategies and the value proposition is not always clear to customers. Pricing remains a commercial decision, but the ecosystem must confront a basic question: does the price of a low-value instant payment support frequent everyday use? If PayShap is to compete with other payment methods, especially the most popular, which is cash, it must be simple to understand and affordable to use.

The third is **promotion**. Public awareness remains too low. Many customers still do not know what PayShap is, how to use it or why it may be preferable to existing options. Promotion cannot be left to occasional product campaigns. It requires sustained, coordinated customer education and a clearer common proposition.

The fourth is the acceptance **perimeter** – the range of places and use cases in which PayShap can be used. PayShap remains strongest for person-to-person transfers; acceptance across the wider network is not yet broad enough. Its economic value will grow when customers can use it not only to send money, but also to pay for goods and services. We want it to become part of everyday life – as ubiquitous as cash.

As we advance PayShap, we also need to be careful about the growth of closed-loop systems.

To be sure, closed loops have their uses. For instance, they can support experimentation. The policy concerns arise when they grow up without opening up.

⁹ See <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/payments-insights/SARB%20Payments%20Study%20Report%202023.pdf>, especially sections 7.1 and 7.7

At that point, closed loops can restrict customer choice, entrench control over acceptance, fragment liquidity and make it harder for competing providers to reach users.¹⁰ This is why the SARB has long taken a position that we will not support the development of separate and independent closed systems.¹¹

This does not imply a blanket attack on closed loops. Instead, it reflects a proportionate expectation that greater scale and broader functionality should bring stronger obligations to connect.

It is the Spider-Man rule: with great power comes great responsibility. The more power you have, the more responsibility you must accept.

Driving inclusion

This brings me to inclusion. A well-connected network is also an inclusive one. For payments, we can promote inclusion by making digital payments simple and affordable. We want people and businesses to be able to establish their identity without repeated friction. And we would like them to be able to use their own economic records to gain access to a wider range of financial services. QR+, a single digital ID for payments and the responsible use of payments data can help realise that ambition.

Start with acceptance. A street vendor or small business may have a bank account, but they will not start accepting digital payments if this also requires expensive equipment such as a point-of-sale device. And merchant acceptance is critical to the adoption of digital payments.¹²

QR+ is intended to solve this problem. The vision is one interoperable code, displayed by merchants, allowing customers to pay using the service of their choice. It is meant to be simple and cheap. Encouragingly, we have a pilot that is about to begin and we look forward to learning from it.

¹⁰ For a discussion and examples, see www.bis.org/publications/bulletin-127-competition-retail-digital-payments.pdf (especially page 4) and <https://www.imf.org/-/media/files/publications/wp/2025/english/wp25126-print-pdf.pdf>

¹¹ This adapts the language used in the 2011 position paper on interoperability: “The Bank will not support separate and independent ‘closed systems’ to develop over the long term, as this will lead to payment system inefficiencies.” https://www.resbank.co.za/content/dam/sarb/what-we-do/financial-surveillance/general-public/PP2011_01.pdf

¹² <https://blogs.worldbank.org/en/psd/why-digital-payments-still-stop-at-small-shop-how-to-fix-it>; <https://documents1.worldbank.org/curated/en/358361613558168171/pdf/Merchant-Payments-and-Digital-Financial-Services-Handbook.pdf>

The next barrier is for users proving their identities. Repeated onboarding can be costly for providers and burdensome for customers, particularly when the same information must be supplied and verified each time. A single digital ID for payments is intended to address this. It enables reusable and verifiable digital credentials that work across the payment ecosystem and that are stored in a wallet controlled by the individual.¹³ With the customer's consent and appropriate safeguards, this verified information could be reused to reduce onboarding frictions and support more consistent verification.

It also creates another opportunity, which is to help people and businesses use their transaction histories as evidence of economic activity.

Many informal businesses lack conventional collateral, audited statements or formal credit records. Yet their payment flows may show regular sales, recurring customers, turnover patterns and the ability to manage cash flow. International evidence shows positive spillovers, with firms that establish a digital footprint going on to access more financial services and credit.¹⁴

This should not mean that every transaction automatically becomes a credit score. Customers must retain meaningful control over how their information is used. Data must be accurate, relevant and open to correction. Access to essential payment services must not depend on agreeing to unrelated data uses. This is not about erasing privacy. It is about helping people who have earned a good reputation but cannot benefit from it because that information is invisible.

Connected beyond our borders

Our ambition for connectivity does not end at the South African border. We recognise that international payments remain slower and more expensive than domestic payments, and that this limits remittances, trade and regional integration. We made this a priority issue for our Group of twenty (G20) Presidency and we continue to emphasise it.

The main initiative I want to share with you here is the move of lower-value retail payments to the Transactions Cleared on an Immediate Basis (TCIB) system. This

¹³ <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/pem/pem-faq.pdf>

¹⁴ www.bis.org/publications/working-paper-1011-big-techs-qr-code-payments-and-financial-inclusion.pdf

infrastructure is designed for lower-value, real-time regional flows. By the end of April 2027, the plan is to move qualifying payments under R100 000 to TCIB. By October 2027, the aim is for TCIB to operate as a hub-and-spoke model across eight pilot countries, allowing participants to connect through a common regional hub rather than relying only on multiple bilateral links.

Ultimately, domestic modernisation and regional integration should reinforce one another: a more interoperable South African system provides a stronger foundation for regional connectivity, while greater regional connectivity increases the value of domestic reform.

From ambition to delivery

Ladies and gentlemen –

Our timelines are clear, and ambitious. By the end of November 2026, we intend to publish the Authorisation Framework. In the first quarter of 2027, we will pilot QR+. By the end of March, we aim to start tackling the constraints limiting PayShap adoption. By late April, qualifying regional transactions of up to R100 000 should move from SADC-RTGS to TCIB. And by October, the TCIB hub-and-spoke pilot should extend across eight countries. Alongside these milestones, we will continue developing PEMKey with strong governance and user safeguards. The next year will therefore be full of changes.

Overall, the SARB's role is to provide clear policy direction, proportionate regulation, effective oversight and trusted settlement infrastructure. Industry's role is to seize these opportunities by investing, innovating and competing to sign up customers. It is a partnership and, like many partnerships, I do not expect we will always agree or avoid conflict. But we need each other, and there is a great deal we can achieve together.

Thank you.