## NATIONAL PAYMENT SYSTEM REGULATORY AND OVERSIGHT REPORT

Source Penris Bank

1 APRIL 2024 - 31 MARCH 2025





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This report is the 11th edition of the *National Payment System Regulatory and Oversight Report*. The report provides an update on the execution of the SARB's mandate relating to the national payment system as well as an overview of the regulatory, oversight and operational activities and initiatives during the period 1 April 2024 - 31 March 2025.

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**Rashad Cassim**Deputy Governor of the SARB

#### **Foreword**

Once seen as the 'boring plumbing' of central banking, the payments area has often kept a low profile compared to the more prominent mandates of price and financial stability. But nowadays, it is anything but dull. With a renewed focus on modernising payment systems, the South African Reserve Bank (SARB) is paving the way and remains committed to making financial inclusion a reality for all South Africans.

We plan to achieve this goal of financial inclusion through the Payments Ecosystem Modernisation (PEM) Programme. Established in October 2023, the programme seeks to transform the payments landscape by driving innovation, fostering collaboration and accelerating the implementation of key initiatives. Its objective is to create an affordable, efficient, inclusive and world-class payment system.

Substantial progress has been made in amending the National Payment System Act 78 of 1998, as amended (NPS Act) to broaden access for a wider range of participants and institutions. This regulatory reform aims to drive innovation and competition, helping to make payments cheaper and faster for the benefit of every South African. We have already advanced well in this process and plan to submit the proposed changes to Parliament by the end of 2025.

Our focus also remains on implementing key initiatives that will not only close the chapter on the SARB's *National Payment System Framework and Strategy: Vision 2025 (Vision 2025)*<sup>1</sup> but also lay the foundation for future strategies.

During the year under review, we actively engaged with the payments community through various forums, including the Payments Conference and launch of the inaugural *Payments Study Report.*<sup>2</sup> These engagements facilitated the sharing of knowledge and insights about the payments ecosystem and highlighted the collective dedication of stakeholders towards shaping a more inclusive, efficient and future-ready payments landscape.

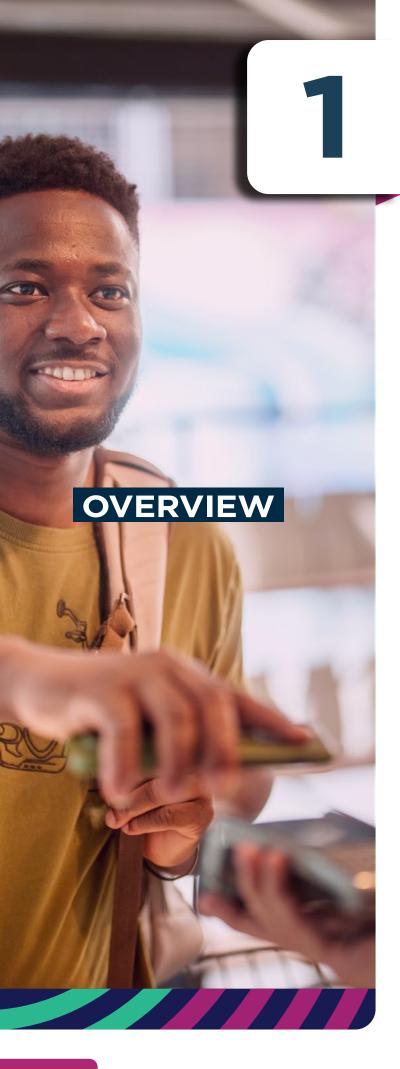
In addition, the SARB has been actively contributing to the Group of Twenty's (G20) agenda. With South Africa holding the G20 Presidency in 2025, we are well positioned to pursue priorities that matter to us, such as improving cross-border payments. We will continue to focus on improving trust in payment systems through mechanisms such as pre-payment validation and the identification of region-specific data within the sub-Saharan Africa region to address issues affecting the cost and speed of cross-border payments.

Finally, my heartfelt thanks go to Tim Masela, who will be retiring after many years of dedicated service. Tim joined the SARB in 1994 and has led our National Payment System Department (NPSD) since 2012, playing a critical role in advancing payments integration locally, regionally and globally. Under his stewardship, the NPSD has undergone major transformation and embraced innovation while prioritising stability and inclusion. We are deeply grateful for his contributions and wish him all the best in his retirement.

This 11th edition of the *National Payment System Regulatory and Oversight Report* offers a wealth of insights and accomplishments. I trust it will serve as a valuable resource for readers.

<sup>1</sup> Vision 2025, published by the SARB in 2018, is available at https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/Vision%202025.pdf

<sup>2</sup> The Payments Study Report, published by the SARB in September 2024, is available at <a href="https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/2023-payments-study">https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/2023-payments-study</a>



#### 1. Introduction

In this year's 11th edition of the SARB's *National Payment System Regulatory and Oversight Report*, a comprehensive review is provided on the regulatory, oversight and operational developments within the national payment system (NPS) for the period 1 April 2024 to 31 March 2025. This edition highlights key regulatory advancements, significant strategic initiatives, and oversight and operational measures undertaken to enhance the efficiency, security and resilience of South Africa's payments ecosystem. The report further underscores the SARB's continued commitment to maintaining a stable and inclusive financial system while ensuring the NPS remains agile and responsive to evolving market dynamics and technological innovations.

As the final year of the Vision 2025 cycle draws to a close on 31 December 2025, it is essential to reflect on the progress made in modernising and broadening access to the NPS. The SARB has expressed its commitment to transforming the payments ecosystem to respond to technological advancements, changing consumer preferences and global industry shifts. The transformation is further driven by a dedication to enhancing financial inclusion, allowing for meaningful reforms that promote greater efficiency, contribute to the improved adoption of digital payments, improve the stability of the NPS and enhance competition. This report outlines the milestones achieved, the lessons learnt and planned initiatives aimed at shaping South Africa's payments landscape to serve the needs of all South Africans.

A key pillar of Vision 2025 has been the modernisation of the country's NPS. Through transformational initiatives such as the PEM Programme, the SARB seeks to create an environment that is conducive to accelerating the adoption of digital payment solutions, enhancing security and broadening access to financial services.

The vision extends beyond mere digital transformation. Fostering competition and innovation remains a central priority. Through ongoing regulatory reforms and collaborative engagement with key stakeholders, the SARB is actively working to cultivate an environment that supports emerging

payment service providers while safeguarding the integrity of the NPS. Additionally, strengthening cross-border payment linkages is a crucial focus, with South Africa actively participating in regional and global initiatives to advance payment systems integration and meaningfully address frictions related to cost, speed, access and transparency, as outlined in the G20 cross-border payments roadmap.<sup>3</sup>

The NPS plays a central role in the daily lives of both consumers and businesses, with the significant growth in payment transaction volumes and values over the years reflecting a profound shift in consumer and business payment behaviour. In terms of volume, automated teller machine (ATM) transactions declined from 509.4 million in 2023 to 289.4 million in 2024, demonstrating a clear shift towards digital solutions. The surge in electronic funds transfer (EFT) volumes, with EFT credit transactions climbing from 406.9 million in 2010 to 1.13 billion in 2024, further exemplifies this shift. It is notable that PayShap is steadily gaining momentum, with transaction volumes rising from 9 million in 2023 to an estimated 251 million by March 2025. Transaction values have also mirrored this growth.

EFT credit values increased from R4.82 trillion in 2010 to approximately R12.9 trillion as at March 2025, and PayShap, as a real-time payment solution, is set to reach R198.5 billion in transaction values as at March 2025 (from R123.89 billion in 2024).

These figures highlight the rapid transformation within the payments landscape, which this report seeks to explore in greater depth. By analysing key data points, emerging innovations and policy interventions, the report provides valuable insights into the factors driving this growth. In this year that we conclude Vision 2025, the SARB remains steadfast in its commitment to fostering a resilient, competitive and inclusive payments ecosystem that meets the needs of an increasingly digital economy.

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<sup>3</sup> See Financial Stability Board (FSB), Enhancing Cross-border Payments: Stage 3 Roadmap, Basel: FSB, 13 October 2020, https://www.fsb.org/2020/10/enhancing-cross-border-payments-stage-3-roadmap/



# 2.1. Vision 2025: The final stretch

In 2018, the SARB published Vision 2025,<sup>4</sup> which sets out nine (9) goals to advance South Africa's NPS to meet the evolving needs of consumers and realise financial inclusion, while ensuring the safety, efficiency, integrity, transparency and accessibility of the NPS

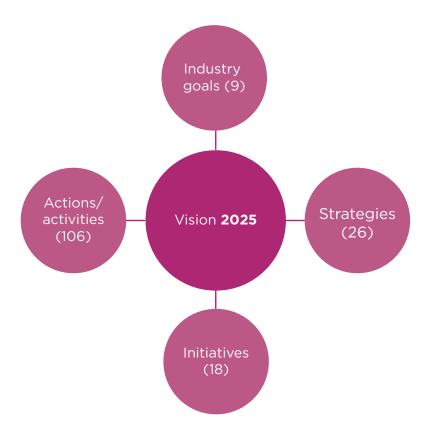
Figure 1: The nine goals of Vision 2025



To achieve the 9 goals – which include establishing a clear and transparent regulatory and governance framework for both banks and non-banks, enhancing financial inclusion, ensuring the stability and security of the NPS, promoting competition and innovation, and advancing regional payments integration – a total of 26 supporting strategies and 106 actions are outlined. These strategies and actions are set for implementation by various industry stakeholders.

<sup>4</sup> https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and settlements/Vision%202025.pdf

Figure 2: Vision 2025 framework and strategy



Over the past seven years, the SARB has collaborated with stakeholders in the private and public sector to implement actions aimed at achieving the desired outcomes of Vision 2025. As a result of this collaboration, 46% of the actions or activities (49 out of 106 actions) are currently in progress, with the completion of 24% of these actions (26 out of 106 actions) being dependent on two areas of focus by the SARB, namely (i) the modernisation of payment systems, and (ii) the amendment of the NPS regulatory framework. It is envisioned that these 26 actions will be achieved once progress is made under the PEM Programme and amendments to the NPS Act are passed.

With the Vision 2025 cycle concluding on 31 December 2025, the SARB plans to publish a detailed progress report on each of the 9 goals by the end of the fourth quarter of 2025. The report will further indicate whether any of the goals or actions will be carried over into the future multi-year vision or continue to be executed as part of business-as-usual operations.

#### 2.2 Payments Ecosystem Modernisation Programme

The PEM initiative is driven by a complex mix of objectives and possibilities. The SARB has recognised that, within our jurisdiction, the effective adoption of strategic payment methods, such as faster payments, has been slow. Additionally, the underlying infrastructure needed to support these innovations has started to lag behind the global advancements and best practices observed. Additionally, digitally excluded and underserved individuals in South Africa often rely on cash and other inefficient payment systems to participate in the economy. The PEM is a strategic initiative launched by the SARB to enhance the efficiency, inclusivity and resilience of South Africa's payments landscape. The PEM also seeks to resolve structural inefficiencies in the current NPS construct by repositioning the management of schemes to the operators and placing the modernisation of payments under the leadership of the SARB. The figure below illustrates the key components underpinning the PEM programme

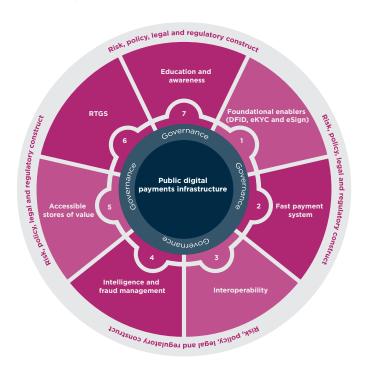


Figure 3: Payments Ecosystem Modernisation Programme components

During the reporting period, the PEM Programme focused on communicating the PEM objectives to a broad range of stakeholders, including commercial banks, non-bank participants, new entrants to the payments market, regulators and relevant government departments.

A further priority has been the establishment of a national payments utility as a core accelerator to support digitalisation efforts for public good. In line with this, the SARB has concluded intensive negotiations with the current shareholders of BankservAfrica to acquire a significant share in the entity. This acquisition aims to transform it into a vehicle for developing digital infrastructure that supports financial inclusion and payment security.

The PEM will ensure that policy development and the implementation of new national assets, which are the enabling building blocks that will be developed under the PEM, are aligned to initially enable targeted minimum viable products before the implementation of long-term solutions. Regulatory reforms are introducing new non-bank players into the system, allowing them to offer services such as issuing e-money and providing acquiring services without requiring full NPS licenses. Enabling faster digital payments is crucial for realising core PEM goals, but effective coordination across policy, licensing and supervision is essential. Without this, there is a risk of delays in rollout and fragmentation in market adoption. In this regard, a draft licensing framework for non-bank inclusion has been developed and is currently undergoing consultation with industry participants, with the aim of implementing the framework during the new financial year.

As digital payments continue to grow, establishing a robust digital financial identity (DFID) system will be crucial for streamlining user verification, enhancing security and combating fraud. The PEM aims to ensure the development of a digital public infrastructure to unlock positive network effects across multiple arms of government. In this regard, a detailed proof of concept (POC) has been concluded to inform the ideal design for a DFID, in close alignment with government's efforts to implement a national digital identity. The implementation of a DFID is expected to commence in the new financial year, alongside several other key initiatives to progress the PEM objectives, which include:

- designing and developing the future domestic and regional real-time gross settlement (RTGS) systems;
- developing an alternative messaging and integration capability to facilitate safe and secure integration;
- expanding the existing fast payment system following the conclusion of the acquisition of shareholding in BankservAfrica, to enable widespread access to secure, low-cost, fast payment services to underserved segments of the South African market;
- implementing relevant policy, legal and interoperability frameworks to support the PEM objectives, including a standard for payments initiation; and
- developing an overarching fraud management framework, alongside a robust data and insights layer to support data-driven decision-making and proactive fraud management.

#### · Pilots to advance the adoption of digital payments in the informal sector

While the SARB has been planning long-term infrastructure interventions to modernise the NPS and establish an enabling ecosystem for both merchants and consumers to transact seamlessly via digital payments, it has also focused on shorter-term interventions. In 2024, it launched a three-year pilot programme – South Africa's Inclusive Payments Digitalisation Programme. This initiative, supported through funding from Switzerland's State Secretariat for Economic Affairs (SECO), aims to accelerate financial inclusion by promoting the adoption of digital payments within various segments of the informal sector.

The programme is being executed in collaboration with FinMark Trust as the implementing partner, with a focus on five key project areas:

- Community Digitalisation Project: The project, also supported by the World Bank, aims
  to establish digital payment systems in township areas to promote local development,
  with Hammanskraal and Tembisa currently under focus. The goal is to create a functional
  community-based ecosystem that will reduce dependence on cash, increase community
  spending and inform other financial services.
- Digitised Informal Workers Project: Aimed at encouraging informal and low-income service industry workers to participate in the digital economy, the intervention is piloting and testing digital payment solutions for tips and other low-value payments.
- Informal Cross-border Trade Project: The project aims to streamline and formalise payments for informal cross-border trade activities. By focusing on women, who make up the majority of cross-border traders in the Southern African Development Community (SADC) region, it aims to increase their income, extend their inclusion in the formal economy as well as improve their safety through a reduced reliance on cash payments.
- Cross-border Remittances Project: This initiative seeks to make cross-border remittances on the South Africa to Lesotho, Malawi and Zimbabwe corridors faster, cheaper and more secure. Using digital channels, it aims to reduce the delays and complications caused by anti-money laundering and combating the financing of terrorism regulations in the cross-border remittances process. It also seeks to digitalise the first mile, or the initial phase where the sender deposits money, to lower costs.
- SADC Financial Inclusion Strategy, Monitoring and Evaluation Project: This initiative supports
  the development of a monitoring and evaluation framework with uniform indicators,
  alongside the creation of a SADC remittances data portal. These indicators can be used by
  SADC member states to assess progress on financial inclusion, evaluate gains made by the



increased use of formal cross-border remittance platforms, and reduce average prices.

The programme seeks to pilot digital payment platform solutions to showcase their potential for implementation and broader adoption both within South Africa and across other countries in the SADC region. By doing so, it aims to enhance the quality of life and livelihoods of marginalised communities by creating a favourable policy and regulatory framework that supports inclusive growth and development. Additionally, insights gained from these pilot projects will inform the SARB's scalability efforts and contribute to initiatives such as the PEM Programme.

## 2.3 Enabling reforms for access, innovation and competition

#### Review of the NPS Act

The policy paper to review the NPS Act<sup>5</sup> identified recommendations to amend the NPS Act.<sup>6</sup> These recommendations will be effected through a standalone NPS Bill rather than, as previously proposed, through the consequential amendments to the NPS Act through both the Conduct of Financial Institutions Bill and the Financial Services Laws General Amendment Bill. The draft NPS Bill was circulated internally within the SARB, including the Prudential Authority, as well as to National Treasury and the Financial Sector Conduct Authority for comments. It was subsequently amended and circulated to specific industry stakeholders for initial comments. The NPS stakeholder community will also have an opportunity to provide comments before and during the Parliamentary process. Additionally, industry workshops were held in March 2025 to discuss the draft NPS Bill. It must be noted that this process is led by National Treasury and supported by the SARB. National Treasury intends to table the NPS Bill in Parliament during 2025.

The revision of the NPS Act will assist the SARB in effectively achieving the goals outlined in Vision 2025, such as entrenching interoperability, cost-effectiveness, financial inclusion, promotion of competition and innovation, and providing an enabling and robust regulatory framework.

#### Exemption of payment activities from the Banks Act 94 of 1990

To expedite the facilitation of access for non-banks in the NPS prior to the promulgation of the amended NPS Act, the SARB developed a draft exemption notice to exempt specific payment activities from the definition of 'business of a bank' as specified in the Banks Act 94 of 1990. The exemption notice is supported by a regulatory framework to ensure that entities undertaking these exempted payment activities are effectively regulated, supervised and overseen under the NPS framework, thereby mitigating risks within the NPS and the broader financial system.

Both the exemption notice and the regulatory framework were published for public consultation in March 2025. It is envisaged that the exemption notice and the regulatory framework will be finalised by the third quarter of 2025.

<sup>5</sup> See SARB, 'Review of the National Payment System Act 78 of 1998', Pretoria: SARB, September 2018, https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight/NPS%20Act%20Review%20Policy%20Paper.pdf

<sup>6</sup> South Africa, National Payment System Act 78 of 1998, *Government Gazette* 19402, Pretoria: Government Printer, 28 October 1998, <a href="https://www.gov.za/sites/default/files/gcis\_document/201409/a78-98.pdf">https://www.gov.za/sites/default/files/gcis\_document/201409/a78-98.pdf</a>

#### Conduct within the NPS in respect of domestic card transactions (domestic card issuing and acquiring)

Following the publication of Directive 1 of 2020,<sup>7</sup> which prohibits domestic card issuing and acquiring by foreign issuers and acquirers that have not been authorised under South African law, several entities approached the SARB seeking clarification on the scope and applicability of the directive.

In response, the SARB engaged with the affected stakeholders and published a draft guidance note for public consultation to provide the necessary clarity. Before finalising the guidance note, the SARB held consultations with key industry bodies, including the Banking Association South Africa (BASA), the Payments Association of South Africa (PASA), the Card Payment Clearing House (PCH) and various card schemes. The SARB is currently continuing its engagement with regulatory authorities and policymakers, with additional discussions planned with industry stakeholders and card schemes. It is anticipated that this matter will be concluded by 2025.

#### • Payment System Management Body Transitional Committee

The planned discontinuation of the Payment System Management Body (PSMB) model in the NPS Act required the establishment of a committee to facilitate the smooth transition of certain PSMB functions (i.e. some PASA functions) to the SARB, PCH system operators, a payment industry body and/or other relevant structures, with minimal disruption to the NPS. The SARB accordingly established the Payment System Management Body Transitional Committee (PSMB Transitional Committee) and working groups (WGs). Representatives from the BASA Legal Committee and PASA Legal Committee were included in the WG, which addresses legal, regulatory, compliance and enforcement matters.

The terms of reference of the PSMB Transitional Committee and WGs have been approved.

Most of the deliverables have been executed by the WGs. The SARB is in the process of developing a detailed PSMB migration plan in light of the NPS Bill developments and envisaged timelines. The draft plan will be discussed with the WGs and thereafter the PSMB Transitional Committee for input/comments. It is anticipated that the plan will be finalised prior to the NPS Bill being tabled in Parliament.

#### Payroll deductions

In July 2024, the SARB issued a draft directive for public consultation titled 'Draft directive for conduct within the national payment system in respect of payroll deductions'.<sup>8</sup> The purpose of the directive is to prescribe the requirements for payment instructions and collections effected through payroll deductions and specify the types of payroll deductions that are permissible in terms of the NPS Act and the directive. The draft directive aims to safeguard the NPS collection systems and ensure that employees are not exploited by entities that collect payments through the payroll system.

The issuance of the draft directive was endorsed by the Payroll Deductions Steering Committee, which includes the SARB; National Treasury (the Financial Sector Policy Unit and the Office of the Accountant General); the Department of Employment and Labour; the Department of Trade, Industry and Competition; the National Credit Regulator; the Department of Public Service and Administration; and the Financial Sector Conduct Authority. The Payroll Deductions Steering Committee is currently engaging with specific stakeholders and reviewing the comments received. It is anticipated that the directive will be finalised by 2025.

<sup>7</sup> This directive titled 'Conduct within the NPS in respect of domestic card transactions' is available at <u>Gazetted Directive</u> for conduct within the NPS in respect of domestic card trans - 24 Feb 2020 (version sent to Stakeholders).pdf

<sup>8</sup> The directive is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/document-for-comments/Draft%20Payroll%20Deductions%20Directive%20-%2031%20July%202024.pdf">https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/document-for-comments/Draft%20Payroll%20Deductions%20Directive%20-%2031%20July%202024.pdf</a>

#### · Cloud computing and offshoring of data

The SARB finalised a consultation paper on cloud computing and data offshoring,<sup>9</sup> which was published for public consultation in March 2025.

This paper outlines a proposed policy and regulatory framework for the adoption of cloud computing and the offshoring of data by payment institutions in the NPS. It aims to provide clear guidance on risk management, regulatory compliance and data governance within this rapidly evolving digital landscape.

The public consultation process will offer industry participants and stakeholders the opportunity to provide valuable input, ensuring that the final framework strikes an appropriate balance between fostering innovation, ensuring operational resilience and maintaining regulatory oversight. The feedback received will play a critical role in shaping a robust, future-ready regulatory approach that supports both efficiency and security within the NPS.

#### Climate change policy and regulatory framework in the NPS

The SARB finalised a consultation paper on the climate change policy and regulatory framework in the NPS,<sup>10</sup> which was published in March 2025.

This paper proposes a policy framework for managing climate change risks within payment institutions in the NPS. It aims to address the potential financial and operational impacts of climate change, ensuring that institutions are prepared for environmental risks, sustainability requirements and regulatory expectations.

The consultation process will provide an opportunity for industry participants and relevant stakeholders to give input, which will help to refine the framework and ensure that it supports a resilient, sustainable and future-proof financial system.

#### Directive in respect of cybersecurity and cyber-resilience within the NPS

The 'Directive in respect of cybersecurity and cyber-resilience within the national payment system' was published in *Government Gazette* No. 50665 on 17 May 2024. This directive outlines cybersecurity and cyber-resilience requirements for payment institutions and payment system financial market infrastructures (FMIs) to mitigate cyber risks and enhance the overall cyber-resilience of the NPS.

In accordance with the directive, payment institutions and payment system FMIs are required to develop and implement comprehensive cyber-resilience frameworks and processes that promote strong cyber-governance, effective detection and response measures, as well as robust cybersecurity protocols. The directive officially came into effect on 17 August 2024.

The purpose of this policy position is to strengthen the security and resilience of the NPS, ensuring the protection of payment systems against evolving cyber threats.

The paper titled 'Cloud computing and data offshoring in the national payment system', is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/document-for-comments/doc-for-comments-2025/Cloud%20computing%20and%20offshoring%20of%20data%20consultation%20paper\_March%202025.pdf</a>

The consultation paper titled 'Climate change policy and regulatory framework in the national payment system' is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/document-for-comments/doc-for-comments-2025/Climate%20change%20policy%20and%20regulatory%20framework%20consultation%20paper\_March%202025.pdf</a>

The directive is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight/Directive%20in%20respect%20of%20cybersecurity%20and%20cyber-resilisnce%20within%20the%20national%20payment%20system.pdf</a>

#### Interoperability

The SARB developed and published a consultation paper on interoperability in the NPS for consultation in March 2025. The purpose of the consultation paper is to propose a revised policy position and regulatory framework on interoperability and to solicit views from relevant stakeholders. The policy position seeks to promote the achievement of the interoperability goal as outlined in Vision 2025, thereby effectively reducing fragmentation in the payments ecosystem. The consultation paper proposes various policy and regulatory recommendations to achieve interoperability in the NPS.

#### Directive to address risks associated with screen scraping in the NPS

In November 2024, the SARB published Directive 2 of 2024 in *Government Gazette* No.51556 of 15 November 2024 in respect of issuing EFT credit payment instructions on behalf of the payer in the NPS.<sup>13</sup> The directive is an interim measure to address immediate risks that screen scraping poses in the NPS while a long-term framework or open banking framework is being developed. In payments, screen scraping refers to the use of software to collect a payer's online banking login details in order to access their bank's online banking website and initiate an EFT credit payment instruction on their behalf. One of the key requirements in Directive 2 of 2024 is for the companies that conduct screen scraping in the NPS to register with the SARB. The SARB has received applications for registration and is currently processing these applications for approval.

Regarding the long-term open banking framework, the SARB has started developing the framework and will seek industry consultation once the draft has been finalised. The development will be coordinated with National Treasury and other relevant regulators under the Intergovernmental Fintech Working Group (IFWG).

#### • Entrenching digitalisation

In April 2024, the SARB published the *Digital Payments Roadmap*. <sup>14</sup> The primary purpose of the roadmap is to identify and address obstacles, barriers and challenges hindering the adoption and effective usage of digital payments. Furthermore, it outlines a multi-disciplinary, stakeholder-driven action plan designed to unlock the inclusivity, effectiveness and sustainability of digital payments, ultimately benefiting all South Africans. This roadmap directly supports Vision 2025, which underscores the critical role of digital payments within the NPS.

Following the roadmap's publication, the SARB initiated its implementation process. This includes ongoing engagements with key stakeholders who are integral to the successful execution of the roadmap's actions. Additionally, the SARB is collaborating with a broader set of stakeholders to collectively work towards achieving the roadmap's objectives and enhancing the digital payments ecosystem across South Africa.

#### · Enhancing acceptance of digital payments in the NPS

The SARB has developed a consultation paper titled 'Enhancing acceptance of digital payments in the national payment system'. The objective of the paper is to address digital payment acceptance challenges faced by small formal and informal merchants who serve underserved markets. It proposes measures to address the challenges identified with the aim of achieving an efficient NPS and promoting policy objectives such as financial inclusion. The SARB is currently consulting key regulatory authorities and external stakeholders prior to issuing the consultation paper for public consultation. It is envisaged that the consultation paper will be published in the fourth quarter of 2025.

<sup>12</sup> This consultation paper is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/document-for-comments/draft%20interoperability%20draft%20consultation%20paper%20-%2011%20March%202025.pdf</a>

<sup>13</sup> The directive titled 'Directive in respect of issuing of electronic funds transfer credit payment instructions on behalf of the payer in the national payment system' is available at <a href="https://www.gov.za/sites/default/files/gcis\_document/202411/51556gon5550.pdf">https://www.gov.za/sites/default/files/gcis\_document/202411/51556gon5550.pdf</a>

<sup>14</sup> The *Digital Payments Roadmap*, published by the SARB in April 2024, is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/Digital%20Payments%20Roadmap.pdf">https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/Digital%20Payments%20Roadmap.pdf</a>

## • Directive in respect of the execution of low-value cross-border electronic funds transfers within the Common Monetary Area

In March 2025, the SARB concluded processes to finalise the directive to settlement system participants that route low-value cross-border EFT transactions within the Common Monetary Area (CMA) through the SADC Real-Time Gross Settlement (SADC-RTGS) system. The directive is intended to direct participants to regularise the execution of these transactions through a retail payment system designed for low-value cross-border EFT transactions, known as Transactions Cleared on an Immediate Basis (TCIB) payment scheme.

The decision to issue the directive follows the winding down of the previous arrangement for executing low-value cross-border payments within the CMA using South Africa's domestic retail payment system due to challenges that banks experienced in complying with the Financial Action Task Force (FATF) recommendation for wire transfers. Following the wind-down, banks started executing low-value cross-border EFTs within the CMA through the SADC-RTGS system as an interim arrangement, with one bank executing on-us transactions through the TCIB payment scheme. However, this interim measure negatively impacted the speed and cost of low-value cross-border payments within the CMA, resulting in customers experiencing delays and higher costs when sending and receiving these payments.

In addition, the directive aims to instruct settlement system participants to regularise cross-border EFTs while taking due care not to negatively affect the efficiency and cost of payments for consumers and businesses.

#### Amendments to Financial Action Task Force Recommendation 16

In February 2025, proposed amendments to FATF Recommendation 16 for wire transfers was published for industry consultation. The SARB facilitated engagements with the payments industry in March 2025 regarding these proposed amendments. Once finalised by the FATF, these changes will require revising Directive 1 of 2022 which relates to conduct within the NPS in respect of the FATF recommendations for EFTs .

#### 2.4 Safeguarding the NPS

The SARB is responsible for the regulation, supervision and oversight of systemically important payment system FMIs. During the reporting period, the SARB actively monitored and tracked the progress made by payment system FMIs in implementing the recommendations provided to them. These recommendations were determined during the previous period's assessment of Principle 3: Risk Management Framework and Principle 17: Operational Risk – with a specific focus on cyber-resilience – as outlined in the Principles for Financial Market Infrastructures (PFMI).

Based on the assessment of their compliance with the PFMI, the payment system FMIs that are expected to implement these recommendations include the South African Bankers Services Company (Pty) Limited (known as BankservAfrica), Strate (Pty) Limited, the South African Multiple Option Settlement (SAMOS) system, and the SADC-RTGS.

In the forthcoming financial year (2025/26), these payment system FMIs will be required to finalise and submit their updated PFMI self-assessments to the designated unit within the SARB. A formal assessment of all applicable payment system principles outlined in the PFMI will be conducted during the following financial year (2026/27). This assessment process will comply with the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) Level 2 Assessment Programme.

As part of the SARB's ongoing commitment to enhancing its oversight function in line with its mandate, the oversight scope for non-systemic payment system participants within the NPS will also be expanded in the near future.

# 2.5 Strengthening governance: Rules and scheme management

As part of its commitment to enhancing the NPS, the SARB is in the process of taking on a new and expanded role in rules and scheme management, a function that was previously overseen by PASA.

The transition marks a significant shift in the governance of the NPS through strengthening regulatory oversight, improving transparency and aligning the system with global best practices. By bringing this function under its direct mandate, the SARB aims to reinforce the security, efficiency and long-term sustainability of South Africa's payment infrastructure.

The transfer of custodianship and management of settlement rules is driven by the need to reinforce governance, ensure regulatory alignment, and enhance oversight of South Africa's payments ecosystem. International best practices highlight that central banks should retain direct responsibility for key payment system functions, including establishing participation rules in RTGS systems. In addition, the World Bank Group's 2018 assessment of the SAMOS system, conducted against the PFMI, recommended stronger governance measures and emphasised that decisions concerning access to the FMI and other critical operational aspects should rest with the system operator.

In 2022, the SARB formally initiated the migration process, laying the foundation for engagement with PASA. The transition was supported by a no-objection statement from the SARB, reinforcing the need for alignment with global best practices and the move towards a more centralised governance framework.

Settlement rules govern the participation of SAMOS participants in the finalisation of transactions within the SARB-operated settlement system. Initially, when SAMOS was established, PASA was responsible for managing these rules, alongside the Immediate Settlement Payment Scheme (IMMS) rules. However, as regulatory frameworks have evolved and in light of the World Bank Group's recommendations, the transition of settlement rules to the central bank has become increasingly necessary. Globally, central banks maintain direct control over such functions to safeguard financial stability, strengthen oversight and ensure the security of national payment infrastructures.

This transition is further supported by ongoing regulatory reforms, including the review of the NPS Act and the upcoming NPS Bill, which emphasises the consolidation of key payment system responsibilities within the SARB. The reforms align with international regulatory standards and reinforce the central bank's oversight role in critical payment functions.

Following extensive engagements, an agreement was reached between the SARB and PASA that all functions related to the management of settlement rules, as defined in the PASA rulebook and facilitated through the Settlement System Participant Group (SSPG), be transferred to the SARB. However, while the SSPG oversees broader functions beyond settlements, such as the authorisation of PCH system operators, these aspects will not form part of the initial Imigration. Additionally, the IMMS Participation Group will remain under PASA's jurisdiction until legislative changes brought about by the NPS Bill come into effect.

The migration of SAMOS settlement rules to the SARB is a pivotal step in global payment system governance, aligning South Africa's payments infrastructure with international best practices. Assuming full responsibility for the management of the settlement rules will enable the SARB to strengthen the regulatory and operational framework of the NPS, ensuring the continued stability and security of South Africa's financial infrastructure.

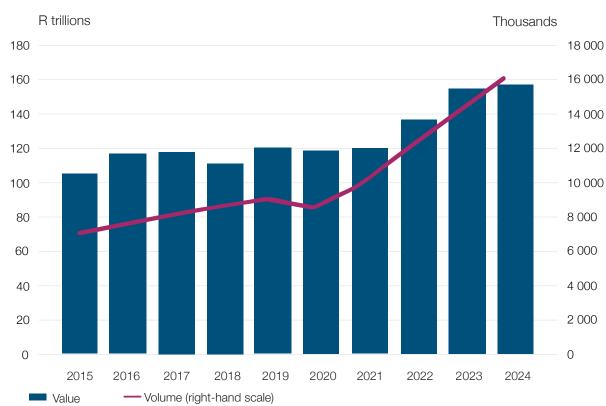




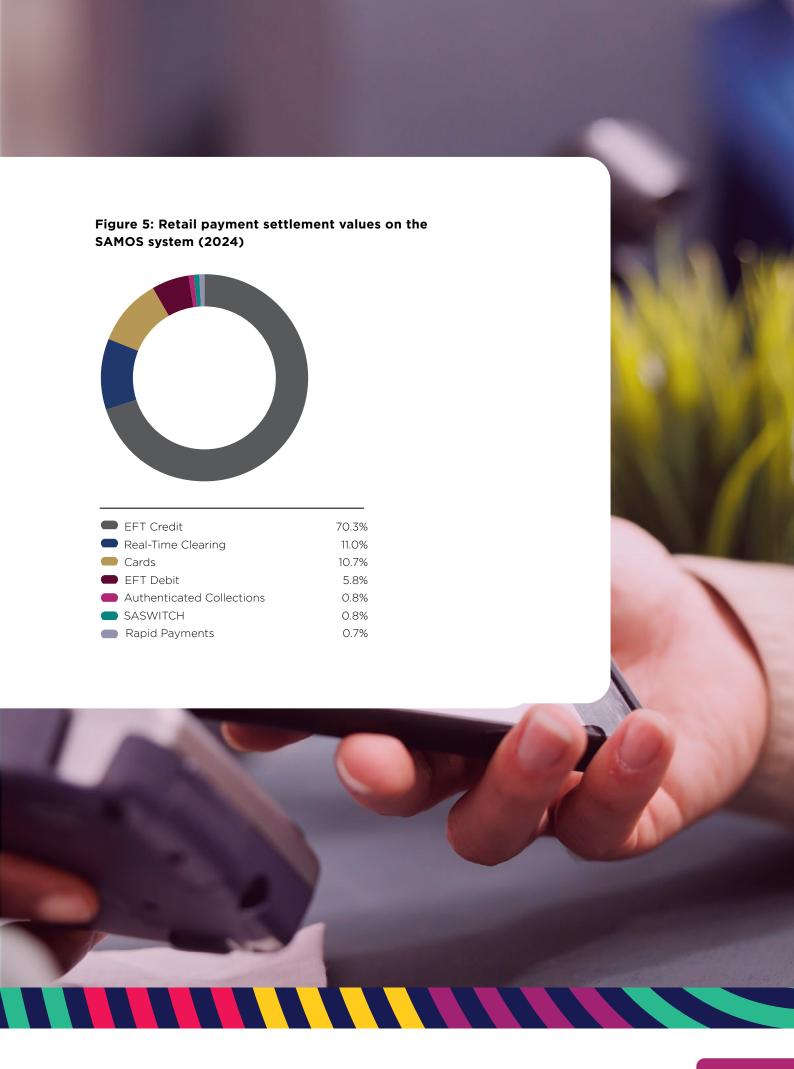
#### 3.1. SAMOS system statistics

The total value of payment transactions settled in the domestic RTGS system (i.e. the SAMOS system) increased by 2% from R150.1 trillion in 2023 to R153.7 trillion in 2024. In the same period, settlement volumes increased from 13.9 million to 16.0 million. It is important to note that, in terms of value, wholesale payments settled in real time in the SAMOS system accounted for 88% of the settlement values, while retail payment settlement obligations submitted for settlement by PCHs accounted for the remaining 12%. The total value and volumes of transactions settled on the SAMOS system increased steadily, as seen in the figure below.

Figure 4: Payment values and volumes on the SAMOS system







#### 3.2 SADC-RTGS statistics

As at March 2025, the SADC-RTGS system had 15 SADC member states that participate in the system, reflecting a growing commitment to regional financial integration and the enhancement of cross-border payment systems. The system now boasts 88 active participants, comprising 80 commercial banks and 8 central banks, all of which play a pivotal role in ensuring seamless, secure and efficient transactions across the SADC region.

Table 1: Overview of participating banks and central banks by member state

Country	Number of participating banks	Number of participating central banks	Total
Angola	6	0	6
Botswana	4	0	4
Democratic Republic of Congo	3	0	3
Eswatini	4	1	5
Lesotho	4	1	5
Madagascar	0	1	1
Malawi	8	1	9
Mauritius	3	0	3
Mozambique	6	0	6
Namibia	4	1	5
Seychelles	0	1	1
South Africa	8	1	9
Tanzania	7	0	7
Zambia	9	1	10
Zimbabwe	14	0	14
Total for SADC-RTGS	80	8	88



The figure below illustrates the trend of transaction volumes on the SADC-RTGS system from its inception until 31 March 2025. Transaction volumes have generally risen since 2013. However, there was a decline in 2020 due to the impact of COVID-19. In 2024, a significant increase in volumes was observed, which could be attributed to the migration of CMA transactions in October 2024. The graph also represents the initial 2025 figures, covering the period from January to March 2025, with further data to be provided in the next reporting period.

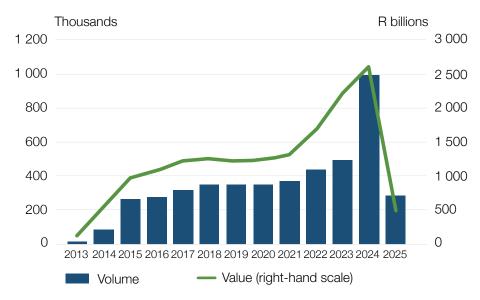


Figure 6: Transaction volumes and values on the SADC-RTGS system

The figure below depicts the monthly volume and values on the SADC-RTGS system for the period April 2024 to March 2025. This year has been the best on record, primarily due to the migration of CMA volumes, as shown in the graph.

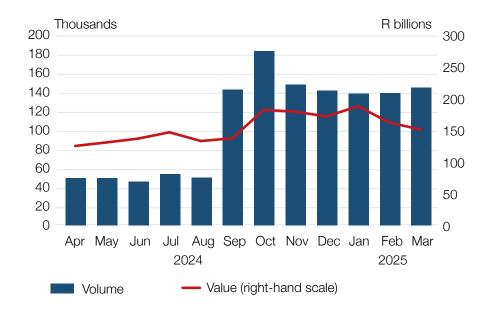


Figure 7: Monthly volumes and values on the SADC-RTGS system

#### 3.3 PayShap statistics

PayShap experienced considerable growth in 2024, as evidenced by the increase in both settlement values and transaction volumes. Since its inception, the platform has registered 4.6 million Shap identities (default proxies) and processed over 200 million payments, with a settlement value exceeding R175 billion. Currently, 10 banks participate in PayShap, with an additional four banks set to join during 2025. Interest from other banks and non-banks remains high, indicating a strong demand for the product.

In March 2024, PayShap reached a significant milestone as it celebrated its first anniversary and introduced several major features. One of the notable additions was the PayShap Request, also known as Request-to-Pay. The PayShap Request feature enables users to request payments from individuals or businesses, with funds being transferred instantly and securely to the payee's bank account upon acceptance by the payer. Additionally, the Fraud Intelligence system was launched in 2024 to enhance security within the PayShap ecosystem.

Looking ahead, there are additional features planned for implementation, particularly focusing on the PayShap Quick Response code offering.

R billions

35

30

25

20

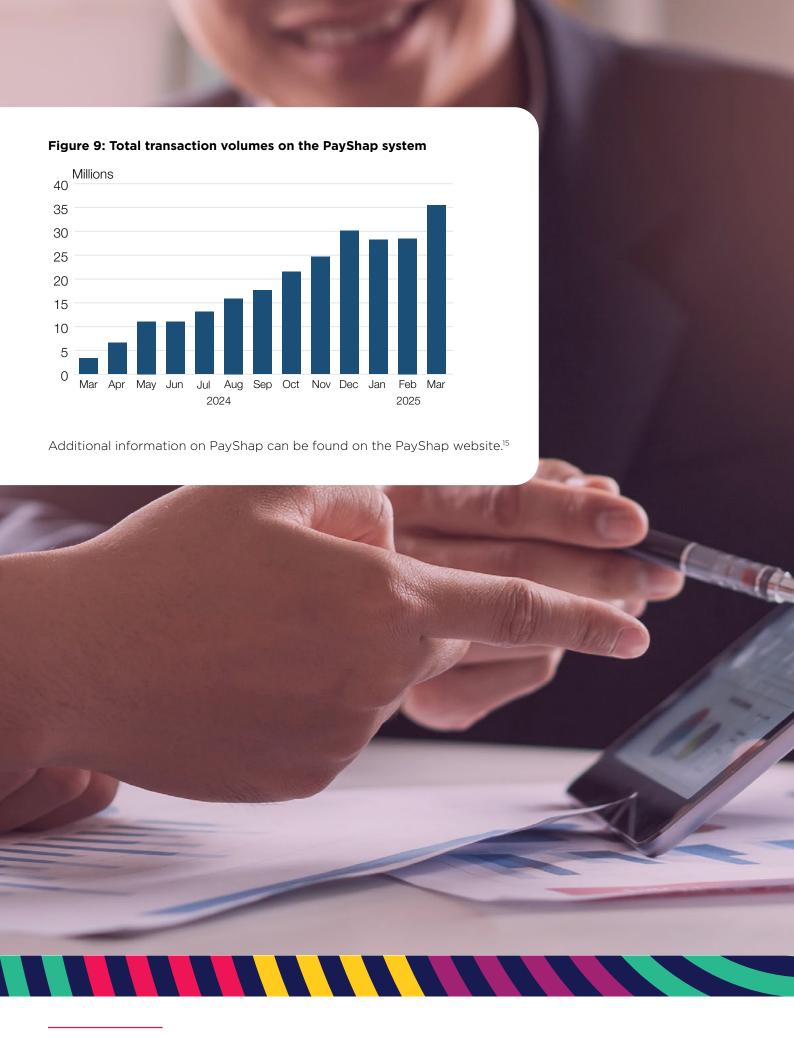
15

10

Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar 2024

2024

Figure 8: Total settlements on the PayShap system



<sup>15</sup> See the PayShap website, available at <a href="https://www.payshap.co.za/#/home">https://www.payshap.co.za/#/home</a>



# 3.4 DebiCheck statistics: Authenticated Collections/DebiCheck and Registered Mandate Service key data updates

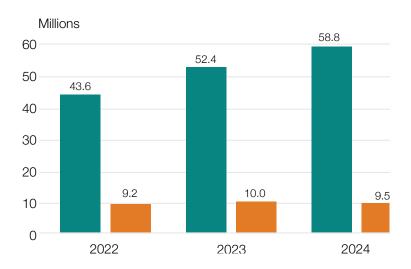
#### Mandate initiations

The year-on-year growth in DebiCheck mandate initiations moderated from 20% in 2023 to 12% in 2024, with 58.8 million mandates initiated.

The year-on-year growth in Registered Mandate Service (RMS) mandate initiations contracted from 9% in 2023 to -5% in 2024, with 9.5 million mandates initiated.

A combined total of 68.3 million DebiCheck and RMS mandates were initiated in 2024, reflecting a relatively muted year-on-year increase of 9% compared to year-on-year growth of 18% in 2024. Somewhat encouragingly, the number of DebiCheck and RMS mandates initiated during 2024 was 29% higher than the number of mandates initiated during 2022.

Figure 10: DebiCheck and RMS mandate initiations

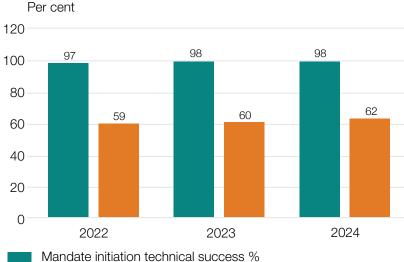


The decline in RMS mandate initiations during 2024 reflects the positive impact of improving DebiCheck authorisation rates. RMS was originally introduced as a transitional mechanism to enable mandate registration and notifications to debit order payers who had not responded to the DebiCheck mandate. In 2025, RMS will be become a standalone payment system, separate from DebiCheck. Additionally, RMS collections will shift from an early morning to an evening collection window to improve efficiency and responsiveness.

#### **Business and technical success rates**

The DebiCheck system has continued to demonstrate exceptional stability, maintaining a technical success rate of 98%. Business outcomes have shown sustained improvement year on year as participants have introduced operational efficiencies and expanded the range of channels available for mandate authorisation. The industry is actively engaging in initiatives aimed at further improving the 62% average authorisation rate achieved in 2024.

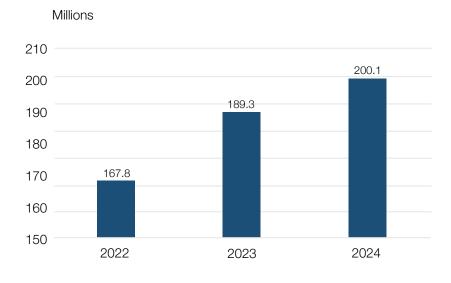
Figure 11: DebiCheck business and technical success rates (2024)



#### **Collections**

From a collections perspective, more than 200 million DebiCheck and RMS collections were processed by participants in 2024, representing a 6% increase compared to 2023 and a 19% increase compared to 2022. The collection success rate remained consistent at 79% across 2022, 2023 and 2024, demonstrating stable performance within the system.

Figure 12: Volume of DebiCheck and RMS collections

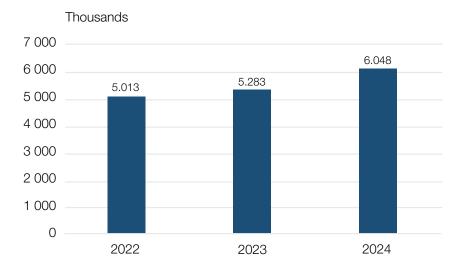




#### • DebiCheck user adoption

User adoption increased by 5% in 2023 and an additional 14% in 2024, reflecting the growing confidence and ongoing adoption of the DebiCheck system.

Figure 13: DebiCheck user adoption



# 3.5 Insights into consumers' use of payments: Payments Study

Recognising that the NPS exists to serve the daily transactional needs of consumers, the SARB commissioned the Payments Study in 2023. This study aims to support the SARB's efforts in facilitating the collection of payments data, thereby enhancing transparency in the use of the NPS. The overarching goal is to promote greater transparency and public accountability, ensuring that the system effectively meets the evolving needs of its users while fostering trust and confidence in the NPS.

The study engaged consumers to provide information on the extent to which factors such as access, pricing and convenience inform how they perceive and use various payment methods on offer in the country. The availability of such information aims to enable the SARB, other regulators, policymakers and payment service providers to gain a better understanding of consumer behaviour as well as identify potential opportunities and risks in the payments landscape, and to support the SARB's efforts to drive consumers' adoption of digital payments.

The Payments Study Report,<sup>16</sup> published in September 2024, presents the findings gathered nationwide between April and November 2023 through two complementary surveys: the Diary of Consumer Payment Choice (DCPC) and the Survey of Consumer Payment Choice (SCPC). This dual-survey approach, which offers a comprehensive view of consumer payment behaviour, has been successfully adopted by other central banks, including the Federal Reserve Bank of Atlanta, Reserve Bank of Australia, Sveriges Riksbank (the central bank of Sweden) and Narodowy Bank Polski (the central bank of Poland), all of which conduct similar research in order to gain valuable insights into consumer payment preferences and trends.

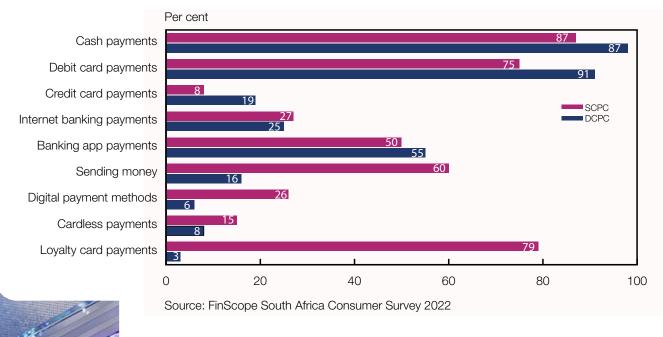
The SCPC is reflective (recall in nature) and based on payment method preferences as a collective over the past 12 months. For example, respondents were asked whether they have a specific payment method, if they use it, and how many times they use it in a typical month. The DCPC comprises transaction-based data without interpretation, context or perceived preferences. It records actual engagement with the different payment methods over a three-month period, detailing payment transactions in terms of amount, payment method, merchant type and time of day. A total of 3 068 and 4 624 respondents participated in the SCPC and DCPC respectively.

The full report revealed several noteworthy quantitative and qualitative insights, including:

- While cash usage remains at 98%, based on DCPC data, cash is generally used to pay for low-value transactions, with the average value of cash transactions observed at R208.
- Debit card usage comes second to cash at 91% usage (based on the DCPC data), with the average value per payment of R768 (which is higher than that of cash).
- Digital payment methods such as banking apps experienced an uptake during the COVID-19 period but are not used optimally as consumers mainly use these for mobile data purchases and sending money to family members.
- The convenience (to access) and ease of setting up a payment method are key factors that consumers consider, more so than the cost of a payment method.
- Some consumers considered themselves not educated enough to use payment methods other than cash and cited that they avoid the perceived risks associated with digital payment methods.
- Some consumers have a perception that accessing certain payment methods, such as debit cards, requires one to meet specific qualification criteria.

<sup>16</sup> https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/2023-payments-study

Figure 14: Overview of the payment methods measured in the SCPC and DCPC surveys



Such insights offer an opportunity for the SARB, other regulators and payment service providers to develop the necessary interventions that will see South African consumers afforded appropriate products and services. These efforts will be supported by awareness initiatives aimed at enhancing their understanding of the various products and services on offer, and enable them to adopt digital payment methods and make financially responsible decisions.

Plans are underway to conduct the next study in 2026, with subsequent studies to be conducted every three years thereafter.

#### 3.6 Enhancing NPS data insights

As part of the SARB's ongoing commitment to enhancing transparency and public accountability, it has initiated various processes and initiatives to enable the provision of actionable, data-driven insights into the performance, security and resilience of the NPS.

By leveraging advanced analytics, real-time monitoring tools, and findings from the recent *Payments Study Report*, the SARB is enhancing its ability to identify trends, assess risks and forecast future challenges within the NPS. Through the integration of various information sets available in the payments ecosystem, the SARB aims to achieve a clearer understanding of payment dynamics to inform regulatory and oversight decisions as well as empower stakeholders with the information needed to contribute to the ongoing evolution of the payments ecosystem. Readers are encouraged to stay informed and updated by visiting the Payments Insights Hub on the SARB website for the latest developments and reports.<sup>17</sup>

<sup>17</sup> The Payments Insight Hub is available at <a href="https://www.resbank.co.za/en/home/what-we-do/payments-and-settlementspayments-and-settlements/2023-payments-study">https://www.resbank.co.za/en/home/what-we-do/payments-and-settlementspayments-and-settlements/2023-payments-study</a>



# STRENGTHENING PARTNERSHIPS



# 4.1 Enhancing industry engagements for payment system oversight and strategic development

During the reporting period, the SARB held engagements with Payments Council members to provide an overview of the development of the NPS Vision 2030+ and the establishment of a Payments Council Advisory Subcommittee to enable the SARB to collectively engage the payments industry and receive input into the development process.

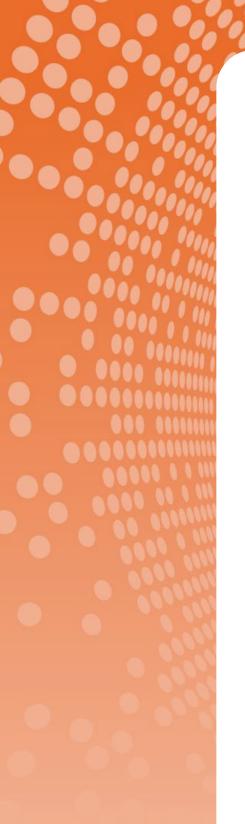
Quarterly engagements were held with all four payment system FMIs and engagements with key stakeholders were held as and when required.

#### Strengthening stakeholder engagement for the PEM Programme: A foundation for delivery

Given the significant change in approach and novelty of the PEM Programme, stakeholder engagement and alignment were key focus areas for the PEM Programme during 2024. Over this period, more than 172 direct interactions took place between members of the PEM Programme team and the payments industry. Key among these were:

- 3 Payments Industry Dialogue events, aimed at creating a platform for direct and robust interactions with the broad payments industry in South Africa, on all matters related to the PEM Programme;
- 44 meetings with commercial banks;
- 55 meetings with non-bank entities;
- more than 60 hours in discussions with the shareholders of BankservAfrica to agree to a mutually beneficial deal for the SARB to take up a stake in the entity; and
- more than 35 hours in meetings with other regulators and government departments to collaborate on shared objectives.

The PEM Programme will continue to create opportunities for collaboration during 2025; however, the focus will shift from engagement to delivery during this cycle.



### • Engagements with BASA on the expectation to sanction screen domestic payments

The SARB (through the National Payment System Department, Financial Surveillance Department and Prudential Authority), the Financial Intelligence Centre and National Treasury held a workshop with BASA regarding its request for guidance on its interpretation of the Guidance Note to Directive 1 of 2022.

The requested guidance relates to whether accountable institutions are required to conduct transaction-level sanction screening on domestic payments. Although a conclusion was not reached at the workshop, the SARB and the PA issued a letter to BASA confirming that its interpretation of the requirement to scrutinise domestic payments is aligned with the Financial Intelligence Centre's interpretation. The interpretation states that although the Guidance Note to Directive 1 of 2022 does not explicitly state that every transaction must be scrutinised, accountable institutions must scrutinise the information in the payment message to meet the requirement in Directive 1 of 2022. It is the responsibility of the accountable institution to determine how the scrutiny is conducted.

#### NPS Bill industry workshops to discuss the draft legislation

Industry workshops were scheduled in March 2025 to facilitate discussions on the draft NPS Bill. It is important to note that this process is being led by National Treasury, with the SARB providing support to ensure effective stakeholder engagement and regulatory alignment.

#### Engagements with stakeholders on the Digital Payments Roadmap

Following the publication of the *Digital Payments Roadmap*, the SARB engaged, and continues to engage, with specific stakeholders who will contribute to implementing the actions outlined in the roadmap. In addition, the SARB is in the process of collaborating with stakeholders to achieve the objectives set out in the roadmap.

#### SARB biennial Payments Conference held in 2024

The SARB convened its biennial Payments Conference on 2 and 3 October 2024, marking the return of this flagship industry event which was last held in 2018. Under the theme 'Shaping the Future of Payments', the conference served as a critical platform for key stakeholders to engage in strategic discussions on the evolution of the payments ecosystem, regulatory developments, and the role of innovation in fostering financial inclusion and economic growth.

The conference brought together a diverse group of participants, including representatives from commercial banks, non-bank payment service providers, fintech companies, industry bodies, regulatory authorities, policymakers and international experts. Through keynote addresses and panel discussions, participants explored pressing topics such as digital transformation in payments, the role of central bank digital currencies, and regulatory frameworks that promote both stability and innovation.

The conference, hosted in Johannesburg, attracted nearly 600 delegates from both local and international financial sectors, reflecting strong industry interest in the future of payments. SARB Governor Lesetja Kganyago delivered the opening address on the first day, setting the stage for critical discussions on the evolution of the payments landscape. On the second day, Deputy Governor Rashad Casim provided further insights, emphasising the SARB'sstrategicpriorities and the regulatory direction for fostering are silient and innovative payments ecosystem.

The conference aimed to bring together national and international experts as well as thought leaders from the payments, technology and innovation sectors to explore the opportunities and challenges shaping the future of payments in South Africa.

Local and international speakers discussed various topics, which included exploring specific drivers of developments in emerging markets, such as regulatory support, technological infrastructure and market demand; engaging on transformational payment initiatives, new payment services, innovations and technologies that are going to shake up the South African landscape in the coming years; delving into how South Africa can use emerging digital payments and technologies to help address digital and financial exclusion; reflecting on the critical aspects of preparedness, response and continuity to ensure the stability and reliability of payment infrastructures; and prospecting how payments, exchange control and intelligence regulators can balance efforts to combat financial crime while enabling faster processing speeds at a lower or more affordable cost.

As the payments industry continues to evolve, the SARB remains committed to fostering discussions that promote meaningful progress and align South Africa's payment system with global best practices. The insights gained from the conference will guide future policy development, regulatory frameworks and strategic initiatives, all aimed at ensuring a resilient, efficient and inclusive payment system for all South Africans.

The next conference is set to take place in 2026, promising even more thought-provoking discussions and innovative ideas.



Video material from the conference can be accessed here



#### **5.1 Payment integration efforts**

The SARB engages and collaborates with other central banks at regional, continental and global levels to advance efforts to make cross-border payments accessible, cost effective, safe and seamless.

The SARB participates in the SADC Committee of Central Bank Governors (CCBG) Payment System Subcommittee (PSS), in which it serves as the permanent chair of the structure established to support the objective of achieving cooperation and coordination in respect of payment systems. This is outlined in Annex 6 of the SADC Protocol on Finance and Investment (FIP),<sup>18</sup> which aims to facilitate cross-border payments.

The PSS consists of 15 member states and is currently focusing on cross-border payments-related initiatives that aim to foster financial integrity, enhance financial inclusion and promote the development of innovative financial services and products. Efforts centred around these three focus areas are aimed at improving the efficiency and ease with which cross-border payments within the region are undertaken to facilitate trade and economic activity.

The SARB also participates in and contributes to the achievement of activities outlined by the CMA Cross-Border Payments Oversight Committee (CPOC), which coordinates initiatives that serve to achieve payments integration and harmonisation within the CMA region. Member countries of the CMA are Eswatini, Lesotho, Namibia and South Africa. The current focus of the CPOC is on stabilising customer experience in the region following the standardisation of how low-value EFTs are processed and treated in the region.

At a continental level, the SARB participates in the Association of African Central Banks (AACB) and serves on the AACB Task Force on Payment Systems Integration and its supporting working groups such as the Payment Systems Integration Working Group and the Mobile Integration

<sup>18</sup> The FIP, published in August 2006, is available at https://www.sadc.int/document/protocol-finance-andinvestment-2006

Strategy Working Group. These groups focus on integrating high-value and retail (low-value) payment systems to enable ease of trade across the African continent and enhance financial inclusion.

Internationally, the SARB continues to be an active participant in various payments-related structures and engagements, ensuring that South Africa plays a significant role in broader initiatives aimed at global adoption. This involvement also enables the SARB to stay informed of key developments, ensuring their relevant application within the domestic context.

#### 5.2 SADC retail payments: TCIB payment scheme

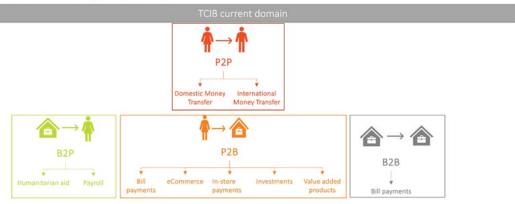
The TCIB payment scheme is the SADC retail payment scheme that was developed and launched in a controlled live environment in November 2021. It is an interoperable retail payment scheme that is owned by the CCBG, regulated by the SADC Payment System Oversight Committee (PSOC) and managed by BankservAfrica as the appointed TCIB Scheme Manager.

The offerings include instant clearing and settlement of low-value cross-border payments. Its interoperability covers processing transactions from bank to bank, bank to wallet and wallet to wallet. Both banks and non-banks across the SADC region are eligible to participate in the TCIB payment scheme, provided they meet the set participation criteria. In South Africa, both banks and non-banks are required to be licenced and registered by the SARB's Financial Surveillance Department as Authorised Dealers or Authorised Dealers with Limited Authority to participate in the TCIB payment scheme.<sup>19</sup>

As depicted in the figure below, TCIB has four use cases, namely Person-to-Person (P2P), Person-to-Business (P2B), Business-to-Business (B2B) and Business-to-Person (B2P). Currently, TCIB has been fully developed to cater for all these use cases. The P2P use case caters for the remittance market, which is in the advanced stage of implementation. BankservAfrica has been mandated to develop the scheme to cater for other retail payment use cases as required by the market.

Figure 15: TCIB remittance use cases

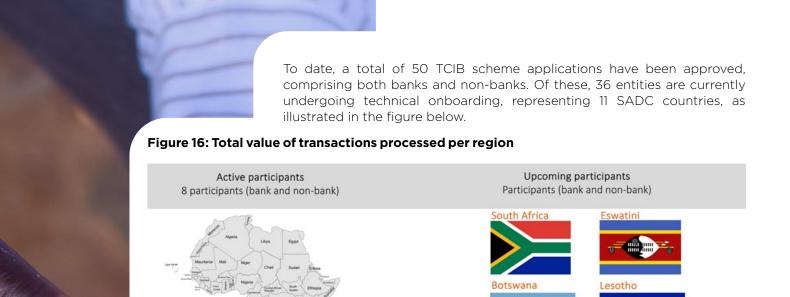
The initial service to market focus on P2P remittance type payments, and expanding to other payments which would bring benefits to a wide range of stakeholders



BankservAfrica, through its TCIB (Transactions Cleared on an Immediate Basis) low-value remittance service, aims to expand its offerings to address challenges in cross-border payments, specifically for person-to-business, business-to-person, and government-to-person transactions. By utilizing advanced technology and innovative financial solutions, this service could enhance payment processes within the SADC region and potentially expand across Africa.

Source: BankservAfrica

<sup>19</sup> For other SADC countries, the banks and non-banks must obtain a licence from their respective authorities to provide cross-border payment services.



Total value of transactions processed
R1 577 694 149, 71 march2025

Source: BankservAfrica

nsactions processed 149, 71 march2025

As at the end of the reporting period, there were eight active TCIB participants drawn from six countries, namely the four CMA countries (Eswatini, Lesotho, Namibia and South Africa), Zambia and Zimbabwe. In the CMA region, the FirstRand Bank Limited Group (FRB) joined the TCIB payment scheme and started processing its intragroup CMA transactions through the scheme in September 2024. It is anticipated that FRB will extend the service to other subsidiaries in the SADC region and ultimately to other TCIB participants once processes have been bedded down. Despite technical and regulatory challenges, the transactions between South Africa's SendHome (Pty) Limited and Zambia's SamPay Limited continued to be processed. The figure below illustrates the volumes and values of transactions processed in the TCIB payment scheme from April 2024 to March 2025.

Zimbabwe

Figure 17: Volumes and values of transactions processed







Source: BankservAfrica

The adoption of the TCIB payment scheme has not been as significant as anticipated owing to various challenges, which include regulatory approvals, regulatory requirements and competition from other offerings with similar features. To address these issues, the SADC PSOC is engaging with other cross-border regulators to remove some of the barriers and enhance the efficiency of the TCIB payment scheme. Given that the TCIB payment scheme is built on the ISO 20022 messaging standard, it assists in addressing regulatory reporting and compliance requirements. Striking a balance between efficiency and regulation is important to ensure that the TCIB service is not used for the illicit transfer of funds.

The TCIB payment scheme is designed to offer a cost-effective service, inclusive access for all eligible participants and users, instant clearing and settlement, and transparency on the status of cross-border payments. With the latest developments in the CMA, it is anticipated that the services of the TCIB payment scheme will be expanded to cater for other use cases, thereby increasing the number of participants and the volume of transactions.





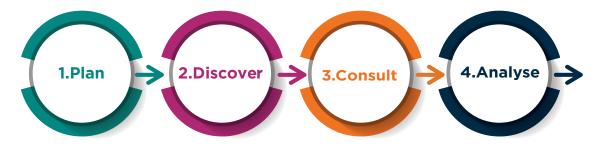
# 6.1 NPS Vision 2030+: Paving the future vision for payments

As Vision 2025 draws to a close on 31 December 2025, the SARB has initiated the process of formulating a forward-looking payments vision and strategy to guide the future development of South Africa's NPS.

This formulation process will follow a structured fourphase approach, as outlined below:

- Phases 1 and 2: The initial phases will focus on a comprehensive review of the current landscape, which includes assessing existing NPS development programmes. This will be followed by an examination of environmental trends in South African payments, an analysis of future market needs, and the identification of public policy priorities for the NPS. Additionally, these phases will involve a review of international trends in payments technology, markets and regulation to ensure that the strategy is informed by global best practices.
- Phase 3: During this phase, the SARB plans to engage with a broad range of public and private sector stakeholders to gather input and ensure that the future vision is practical, relevant and aligned with both local and international standards. A public consultation paper will be issued to invite industry feedback, ensuring that the vision will support the creation of a world-class, globally competitive, inclusive, sustainable, safe and efficient NPS.

Phase 4: The final phase will focus on drafting the strategy and framework. It will involve multiple cycles of analysis and feedback from stakeholders, ensuring that the final vision is comprehensive and widely supported. This phase will culminate in the publication of the new payments vision. The SARB aims to complete Phase 4 in the latter part of 2025, with the implementation of the new vision scheduled to begin in 2026.



To learn more about the process, contact NPS-Vision2030+@resbank.co.za

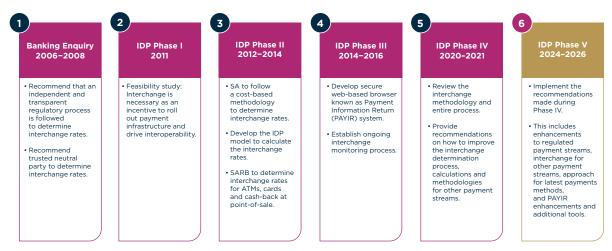
#### 6.2 Interchange Determination Project

The primary objective of the Interchange Determination Project (IDP) is to review and establish appropriate interchange rates for various payment streams within the South African payments market. Interchange serves three core functions:

- acting as a balancing mechanism for the two-sided market;
- functioning as a cost recovery mechanism; and
- serving as a strategic tool for policy management and decision-making.

To date, the SARB has successfully completed four phases of the interchange review process, as outlined in the figure below:

Figure 18: Phases of interchange



The IDP Phase V officially commenced in September 2024, with Deloitte and Touche appointed as the service provider to assist in delivering the project's objectives. The focus of IDP Phase V will be on implementing the recommendations made during IDP Phase IV, which includes reviewing the current interchange rates, determining interchange rates for other payment streams, formulating the interchange framework and enhancing the Payment Information Return (PAYIR) system. Furthermore, if necessary, the current 'Position paper on interchange in South Africa' issued in December 2022 may be reviewed to ensure that it remains relevant.<sup>20</sup>

<sup>20</sup> This SARB position paper is available at <a href="https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/regulatory-and-oversight-reports/Position%20Paper%20no%2002\_2022%20on%20Interchange\_final%20published%20version.pdf">https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/regulatory-and-oversight-reports/Position%20Paper%20no%2002\_2022%20on%20Interchange\_final%20published%20version.pdf</a>



The following overarching principles of the NPS guide the execution of IDP Phase V:

- promoting the safety and efficiency of the NPS; and
- serving the interest of the NPS as a whole rather than that of individual stakeholders or stakeholder groupings.

Throughout the execution of the project, there will be ongoing consultations with relevant stakeholders and industry participants. These consultations will be critical for gathering input, ensuring alignment with industry expectations and regulatory requirements, and ensuring that the final interchange rate structure reflects the needs and realities of the broader payments ecosystem. These consultations will occur at key stages of the project, ensuring transparency and broad-based support for the final outcomes.

The outcomes of IDP Phase V will contribute significantly to the ongoing development and modernisation of South Africa's payment systems, benefiting all stakeholders in the process. In this regard, the IDP Phase V team is working closely with the PEM team.

The SARB will ensure that the implementation of the IDP Phase V deliverables remain pragmatic and sustainable in the interest of the NPS.

For more information regarding IDP Phase V, the IDP Phase Project team can be contacted at <a href="mailto:NPS-InterchangeDetermination@resbank.co.za">NPS-InterchangeDetermination@resbank.co.za</a>

# 6.3 Review of the NPSD's capacity and capability requirements

Amid significant global disruptions within payment systems, driven by shifts in economics, demographics and customer demands for faster, more affordable and accurate payment solutions, it is crucial for the NPSD to remain adaptable and future-fit. This adaptability is necessary to ensure the NPSD's ongoing effectiveness, efficiency and sustained growth. The NPSD is currently led by the Head of Department, Tim Masela, who provides strategic direction, governance and regulatory oversight for the NPS. Under his leadership, the NPSD is supported by a team of divisional heads, each overseeing critical areas of the department's operations. These divisions, which include Oversight and Supervision, Domestic and Regional Settlement Services, Policy and Regulation, and Business Support, ensure the efficient and effective functioning of the NPS.

The review of the NPSD's organisational structure is an essential part of this adaptability, aiming to optimise resource allocation, improve output quality, and strengthen the department's overall capabilities and competencies. Additionally, this review focuses on promoting job satisfaction, supporting career growth, fostering broader skills development and reducing dependency on key personnel, all while ensuring that the department is fully aligned with its strategic objectives.

The first phase of the organisational design process, incorporating frameworks such as Jay Galbraith's Star Model and McKinsey's 7-S Framework, began in 2024. This phase specifically targeted the NPSD's Domestic and Regional Settlement Services Division and was concluded in August 2024 with the approval of the division's revised structure by the Governors' Executive Committee. The implementation of this structure is currently in progress.

In November 2024, the second phase of the review process commenced, focusing on the remaining areas within the department, including the policy and regulation, oversight and supervision, and business support functions.

This phase is scheduled for completion June 2025, ensuring that the department is optimised to meet both current and future needs.

#### 6.4 A new chapter: Leadership transition



Tim Masela

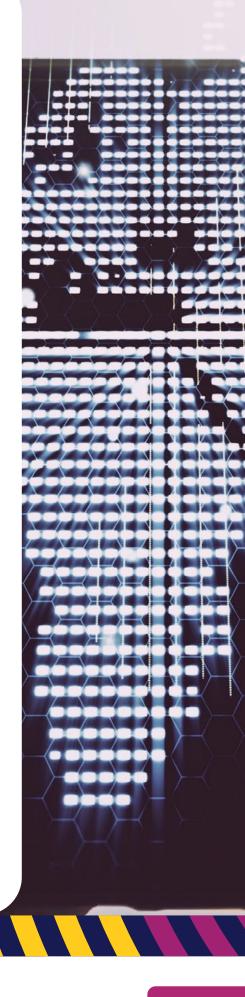
Head: National Payment System Department

Every journey has distinct phases, each serving its own purpose, bringing its own challenges and marking key milestones. As one season ends, another begins. After 31 years of dedicated service, unwavering commitment and a passion for positive change, Mr Tim Masela, Head of the NPSD, will conclude his remarkable leadership tenure at the SARB. Mr Masela will retire in August 2025, leaving behind a profound impact on the NPS and a lasting legacy on the country's financial landscape.

Throughout his tenure, Mr Masela has been instrumental in driving growth and transformation. His visionary leadership has been the cornerstone of significant advancements, ensuring that the NPS remains efficient, resilient, safe and cost-effective. His ability to inspire, mentor and guide those around him has cultivated a strong, future-ready team and laid the foundation for sustained success.

As Mr Masela prepares for his retirement, this transition presents an opportunity to build upon the strong legacy he has established. While change is often bittersweet, it offers the potential for new energy, fresh perspectives and a renewed drive to propel the NPSD to even greater heights. The commitment to excellence that Mr Masela championed will continue to shape the department's path forward, ensuring that his vision and hard work endure through those who follow in his footsteps.

Looking ahead, the future holds immense promise. With a dedicated team in place, the next chapter will be one of continued growth, innovation and lasting impact.





# 6.5 Advancing cross-border payments under South Africa's G20 Presidency

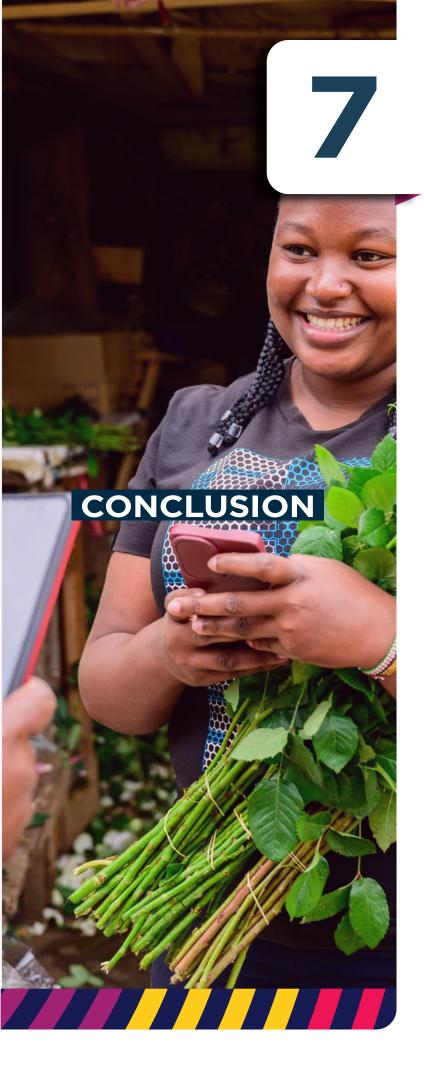
From December 2024 to November 2025, South Africa, as the holder of the G20 Presidency, will have a pivotal opportunity to further enhance the efficiency and effectiveness of cross-border payments globally, with a specific focus on Africa. In alignment with the G20 Roadmap for Cross-Border Payments, South Africa's G20 Presidency is committed to addressing key challenges related to the cost, speed, access and transparency of cross-border payments. A recent progress report by the Financial Stability Board highlighted that the sub-Saharan Africa region lags behind other regions in terms of payment transaction efficiency. In this context, South Africa's leadership will focus on two critical deliverables, supported by the BIS' CPMI.

The first deliverable is centred on leveraging application programming interface (API) harmonisation to promote transparent and safe cross-border payments. The CPMI's report to the G20 on APIs recommends that payment service providers prioritise the development and harmonisation of pre-validation APIs, especially those that support the validation of essential data items within payment messages. A key element of this initiative is the Confirmation of Payee (CoP) process, a pre-validation tool designed to prevent payment errors, the misdirection of funds and fraud. To advance this effort, South Africa's G20 Presidency, in collaboration with the CPMI, will host virtual meetings with key stakeholders in the first half of 2025 to explore existing pre-validation initiatives, identify commonalities, and develop recommendations for greater harmonisation in the implementation of these solutions.

The second deliverable focuses on improving data quality related to cross-border payments. South Africa, with the support of the CPMI, will engage with a wide range of stakeholders – including regional and global think tanks, universities, data providers and consultancies – to gather granular, timely and accessible information on cross-border payment costs, speed and data quality. This initiative aims to identify pain points and region-specific challenges in sub-Saharan Africa as well as explore opportunities to improve payment efficiency within key corridors. Ultimately, the goal is to enhance the transparency and functionality of cross-border payments, particularly for the sub-Saharan Africa region.

These efforts will drive the implementation of the G20 targets for cross-border payments, advancing South Africa's leadership in the global payments ecosystem while addressing critical regional challenges.

For more information on South Africa's G20 Presidency and the progress made on initiatives under the Finance Track, please visit: <a href="https://g20.org/g20-south-africa/">https://g20.org/g20-south-africa/</a>



With the Vision 2025 cycle concluding on 31 December 2025, it is fitting to reflect on the progress made, the the challenges overcome and the invaluable lessons learnt along the way. The journey has been one of continuous evolution, with each milestone shaping strategic direction and strengthening the commitment to progress towards a more efficient, secure and inclusive NPS.

The insights gained in recent years will serve as a foundation for the next phase of the journey, particularly during the transition towards the NPS Vision 2030+.

Looking ahead, our commitment remains unwavering in advancing reforms that foster greater access, innovation and competition within the NPS. A sharp focus on safeguarding the system's integrity while ensuring its long-term sustainability continues. Key initiatives, such as the interchange review, leadership transition and organisational design assessments, will be instrumental in shaping the future of the NPS, ensuring it remains agile and responsive to the evolving landscape. Additionally, our efforts in enhancing cross-border payments, particularly aligned with the G2O's priorities, will continue to bolster South Africa's position within the global payments ecosystem.

#### **Abbreviations**

AACB Association of African Central Banks

API application programming interface

BASA Banking Association South Africa

BIS Bank for International Settlements

CCBG Committee of Central Bank Governors

CMA Common Monetary Area

CPMI Committee on Payments and Market Infrastructures

CPOC Cross-Border Payments Oversight Committee

DCPC Diary of Consumer Payment Choice

DFID digital financial identity

EFT electronic funds transfer

FATF Financial Action Task Force

FIP Protocol on Finance and Investment

FMI financial market infrastructure

FRB FirstRand Bank Limited Group

G20 Group of Twenty

IDP Interchange Determination Project

IMMS Immediate Settlement Payment Scheme

ISO International Organization for Standardization

NPS national payment system

NPS Act National Payment System Act 78 of 1998, as amended

NPSD National Payment System Department

PASA Payments Association of South Africa

PAYIR Payment Information Return

PCH Payment Clearing House

PEM Payments Ecosystem Modernisation (programme)

PFMI Principles for Financial Market Infrastructures

PSMB Payment System Management Body

PSOC Payment System Oversight Committee

PSS Payment System Subcommittee

RMS Registered Mandate Service

RTGS real-time gross settlement (system)

SADC Southern African Development Community

SAMOS South African Multiple Option Settlement (system)

SARB South African Reserve Bank

SCPC Survey of Consumer Payment Choice

SSPG Settlement System Participant Group

TCIB Transactions Cleared on an Immediate Basis

Vision 2025 National Payment System Framework and Strategy: Vision 2025

WG working group