



Notice of 2026

Banks Act, 1990 (Act No. 94 of 1990)

Notice for the exemption by the Prudential Authority of specified payment activities conducted in the national payment system which shall be deemed not to constitute 'the business of a bank' under paragraph (cc) in section 1(1) of the Banks Act, 1990 (Act No. 94 of 1990), as amended

The Prudential Authority hereby exempts, with the approval of the Minister of Finance, under the definition of 'the business of a bank' in section 1(1), paragraph (cc) of the Banks Act, 1990 (Act No. 94 of 1990), as amended, that specific payment activities in the national payment system, as set out in paragraph 2 of this Exemption Notice, from being deemed to constitute 'the business of a bank', subject to the conditions set out in paragraph 4 of this Exemption Notice.

This Exemption Notice comes into operation on the date of publication thereof in the Gazette subject to the coming into operation of the different transitional arrangements of the regulatory framework set out in paragraph 4.1.2(c) (the effective date).

**Fundi Tshazibana
Chief Executive Officer**

Date:

SCHEDULE

1. Definitions

In this Exemption Notice, unless context indicates otherwise, the words and expressions used shall have the same meaning assigned to them in the Banks Act, 1990 (Act No. 94 of 1990), as amended, and the National Payment System Act, 1998 (Act No. 78 of 1998), as amended. Capitalised terms used in this Exemption Notice shall have the meanings ascribed to them in the definitions, unless otherwise indicated.

Similar expressions shall have corresponding meanings.

‘Acquiring of payment instructions’ means a payment activity provided by a payment institution to a payee or a payer to accept and process payment instructions, which results in a transfer of funds to the payee, irrespective of the payment instrument used by the payer.

‘Banks Act’ means the Banks Act, 1990 (Act No. 94 of 1990), as amended.

‘Beneficiary service provider’ means a juristic person who accepts money or the proceeds of payment instructions from multiple payers on behalf of a beneficiary as a regular feature of that person’s business.

‘Closed-loop payment system or closed-loop payment activity’ means a payment system or payment activity, including but not limited to the issuance of e-money, a payment instrument, or money remittance that is not interoperable and is provided or conducted by a single service provider for intended use within a limited network or ecosystem, and both the payer and the payee who are clients of the service provider participate in the same payment system or payment activity provided by the service provider.

‘Crypto asset’ means a digital representation of value that is not issued by a central bank, but is capable of being transferred or stored electronically by natural and legal persons for the purpose of payment, applies cryptographic techniques and/or uses distributed ledger technology.

‘E-money’ means a store-of-value product that (i) is a digital representation of a fiat currency (legal tender); (ii) is a claim against the e-money issuer; and (iii) may be redeemed for money or by transfer into a payment account at face value on demand. E-money is held for payment purposes and may be accepted as a means of payment by persons other than the issuer in an open-loop payment system or be accepted within the issuer’s network or ecosystem in the closed-loop payment system. For the purposes of this Exemption Notice, E-money includes ‘mobile money’, is also referred to as Payment Account C and excludes Payment Account A, Payment Account B, crypto assets and tokenised assets.

‘Exemption Notice’ means this notice in terms of which the Prudential Authority exempts specific payment activities conducted in the national payment system from being deemed to constitute ‘the business of a bank’ under paragraph (cc) in section 1(1) of the Banks Act, 1990 (Act No. 94 of 1990), as amended.

‘Exempted payment activities’ means the payment activities listed in paragraph 2 whether conducted in a closed-loop payment system or open-loop payment system, subject to the conditions stipulated in paragraph 4.

‘Interoperable’ means the technical or legal compatibility that enables a system or mechanism to operate seamlessly and is to be used in conjunction with other systems or mechanisms. Interoperability allows participants within payment systems to clear and settle payment instructions within or between payment systems without the need to participate in multiple systems.

‘Issuance of payment instruments’ means the provision to payer or payee of payment instruments, excluding Payment Account A and Payment Account B, in a closed-loop payment system or open-loop payment system that allows a payer or payee to make a payment or transfer funds or receive funds.

‘Mobile money’ means a form of e-money provided through a store of value that enables users to store, send and receive funds using a mobile device or mobile network.

‘Money remittance’ means a service for the transmission of funds within South Africa, with or without any payment accounts being created in the name of the payer or the payee, where:

- a. funds are received from a payer for the sole purpose of transferring a corresponding amount to a payee or to another payment institution acting on behalf of the payee; or
- b. funds are received on behalf of, and made available to, the payee.

The categories of money remittance include the following:

- funds-in, funds-out service based on a contractual relationship between the money remitter and the payer; and
- funds-in, funds-out service involving a single instruction or transaction.

‘National Payment System Act’ means the National Payment System Act, 1998 (Act No. 78 of 1998), as amended.

‘Open-loop payment system or payment loop payment activities’ means payment systems that are operated by multiple payment institutions that provide interoperable payment methods and services, or payment activities referred to under paragraph 2 allowing end users to make payments to any payee.

‘Payee’ means a natural or juristic person who is the recipient of funds which have been the subject of a payment instruction.

‘Payer’ means a natural or juristic person who holds a payment account and allows a payment instruction in respect of funds from that payment account, or where there is no payment account, a natural or juristic person who gives a payment instruction regarding its own funds.

‘Payer service provider’ means a juristic person that accepts money or proceeds of payment instructions from a payer to make payment on behalf of that payer to multiple beneficiaries as a regular feature of that person’s business.

‘Payment account’ means an account or store of value that is used for the transfer of funds, and includes:

- a. Payment Account A;
- b. Payment Account B; or
- c. Payment Account C.

‘Payment Account A’ means an account provided by an entity that accepts deposits as defined in section 1(1) of the Banks Act.

‘Payment Account B’ means an account provided by an entity that provides credit or credit facility as defined in Section 1 of the National Credit Act, 2005 (Act No. 4 of 2005), as amended.

‘Payment Account C’ is an e-money account that is distinct from a bank account or provision of credit or credit facility.

‘Payment activity’ means any activity contemplated in paragraph 2 hereof.

‘Payment institution’ means a person authorised and/or designated as a clearing system participant and/or exempted, where applicable, in terms of the National Payment System Act and the regulatory framework to perform a payment activity listed in paragraph 2 in terms of this Exemption Notice.

‘Payment instrument’ means a physical or electronic tool or mechanism, which is used to initiate a payment instruction enabling the transfer of funds from a payer to a payee.

‘Prudential Authority’ means the Authority established in terms of section 32 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), as amended.

‘Registered person’ means a person registered in terms of the regulatory framework to operate a closed-loop payment system or conduct a closed-loop payment activity.

‘Regulatory framework’ means the framework to be developed and implemented by the Reserve Bank for the exempted payment activities to be conducted by the payment institutions as contemplated in para 4.1.2 c.

‘Reserve Bank’ means the South African Reserve Bank as referred to in section 2 of the South African Reserve Bank Act, 1989 (Act No. 90 of 1989), as amended.

‘Scheme’ means a set of formal, standardised and common binding rules governing the relationship between payment institutions or an agreed-upon arrangement between payment institutions defining the functional, business,

legal and technical rules for executing payments using a particular payment instrument.

‘Store of value’ means funds stored in a mechanism provided by a payment institution or within a closed loop payment system.

‘Tokenised asset’ means a digital representation of a traditional asset on a programmable platform.

2. Payment activities

2.1 For the purposes of this Exemption Notice, domestic payment activities include the following when conducted as a regular feature of business:

No.	Payment activity
1.	Issuance of E-money
2.	Issuance of a payment instrument
3.	Acquiring of a payment instruction
4.	Payment to third persons Subcategories: a) Beneficiary service provider b) Payer service provider
5.	Money remittance
6.	Clearing
7.	Settlement

3. Exemption

3.1 The Prudential Authority hereby exempts the payment activities listed in paragraph 2 above from the definition of ‘the business of a bank’ as outlined in the Banks Act, as amended, subject to the conditions specified in paragraph 4 below.

4. Conditions

4.1 The exemption provided in paragraph 3.1 above is subject to the following conditions:

4.1.1 The Reserve Bank may allow the exempted payment activity to be conducted either in closed-loop payment systems or in open-loop payment systems.

4.1.2 The Reserve Bank shall:

- a. Regulate, supervise and oversee the exempted payment activities and the payment institutions conducting such payment activities in terms of the National Payment System Act, the regulatory framework and other applicable legislation and directives.

- b. Require that, where necessary or in accordance with the National Payment System Act, the exempted payment activity be integrated into an existing payment clearing house (PCH) or scheme, in the absence of a suitable PCH, that a new PCH or scheme be established prior to such an exempted payment activity being conducted in the open-loop payment systems.
- c. Develop and implement the appropriate authorisation, regulatory, supervisory, enforcement, exit and oversight framework for the exempted payment activities, payment institutions and registered persons conducting such activities, including adequate safeguards for customer funds and the prudential framework.
- d. Require persons conducting the exempted payment activities in the open-loop payment system to comply with the National Payment System Act, the directives and notices issued under it, applicable clearing rules, agreements, regulatory frameworks and policies as well as entry, exit and participation requirements issued by the Reserve Bank, including applicable rules, agreements and requirements of schemes, PCH system operators and settlement system operators.
- e. At all times, require the payment instructions and obligations relating to the open loop exempted payment activity to be cleared and settled within and in accordance with the clearing and settlement requirements and timelines as provided for in the National Payment System Act, directives, PCH agreements, settlement agreements, clearing and settlement rules, scheme rules, clearing and settlement operational procedures or relevant instrument(s) issued, by the PCH system operators and operators of settlement systems, as the case may be.
- f. Approve new and existing entry, participation and exit criteria of operators of clearing and settlement systems and managers of schemes.
- g. Review and may approve rules of operators of clearing and settlement systems and managers of schemes.
- h. Register, supervise and oversee closed-loop payment systems, payment activities and registered persons.
- i. Require a person or payment institution providing e-money to be sponsored by a payment institution or be authorised or registered by the Reserve Bank in terms of the regulatory framework.
- j. Limit the use of exempted payment activities, including e-money, whether issued by a person other than a bank, or by both a bank and a person other than a bank, for payment purposes only and prohibit the use of client funds for credit activities, including the provision of credit or credit facility, or investment activities in respect of the exempted payment activity. The clients of the payment institution issuing the e-money (whether or not a bank) shall not earn interest.

- k. Develop and impose requirements for the redemption of the funds deposited in a store of value.
- l. Prohibit a person other than a bank from conducting the exempted payment activity:
 - i) in the closed-loop payment system without sponsorship by a payment institution or registration with the Reserve Bank, subject to any conditions and requirements that the Reserve Bank may impose; or
 - ii) in the open-loop payment system unless that person is authorised and complies with the regulatory framework set by the Reserve Bank for the exempted payment activity.

5. Amendment and withdrawal of exemption

- 5.1 The Prudential Authority may, subject to the approval of the Minister of Finance, amend or withdraw this Exemption Notice by notice published on the website of the Prudential Authority.

6. Short title and commencement

- 6.1 This Exemption Notice is called the 'Notice for the exemption by the Prudential Authority of specific activities conducted in the national payment system' and comes into operation on the effective date.

Fundi Tshazibana
Chief Executive Officer

Date: