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GENERAL NOTICES • ALGEMENE KENNISGEWINGS

SOUTH AFRICAN RESERVE BANK

NOTICE 3106 OF 2025

SOUTH AFRICAN RESERVE BANK

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

Directive No.1 of 2025

1. Legal framework and background

1.1 In terms of section 10(1)(c) of the South African Reserve Bank Act 90 of 1989, as amended (SARB Act), the South African Reserve Bank (SARB) is required to perform such functions, implement such rules and procedures, and, in general, take such steps as may be necessary to establish, conduct, monitor, regulate and supervise payment, clearing and settlement systems. Furthermore, the National Payment System Act 78 of 1998 (NPS Act) provides for the management, administration, operation, regulation and supervision of payment, clearing and settlement systems in the Republic of South Africa and for connected matters. The power to perform the functions as provided in the SARB Act and the NPS Act is performed by the National Payment System Department (NPSD) within the SARB. The SARB plays an important role in ensuring the safety, efficiency and resilience of the national payment system (NPS).

1.2 The NPS encompasses the entire payment process, from payer to beneficiary, and includes settlement between banks. The process includes all the tools, systems, instruments, mechanisms, institutions, agreements, procedures, rules or laws applied or utilised to effect payment. The NPS is a primary component of the country's monetary and financial system as it enables the circulation of

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money and assists transacting parties in making payments and exchanging value. In terms of section 12 of the NPS Act, the SARB is empowered to issue directives after consultation with the payment system management body to any person regarding a payment system or the application of the provisions of the NPS Act.

2. Objective and purpose

2.1 The purpose of this directive is to:

2.1.1 direct settlement system participants that are routing low-value cross-border electronic funds transfer transactions to and receiving cross-border electronic funds transfer transactions from the Common Monetary Area (CMA) to regularise the execution of these transactions – currently executed through inappropriate systems including the Southern African Development Community real-time gross settlement (SADC-RTGS) system – through an appropriate retail payment system designed for low-value cross-border electronic funds transfers; and

2.1.2 direct settlement system participants to ensure that the execution of low-value cross-border electronic funds transfers to and from the CMA does not have a negative impact on the transparency, efficiency and cost effectiveness of payments to consumers and businesses.

3. Definitions

3.1 In this directive, the 'NPS Act' means the National Payment System Act 78 of 1998 and, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the NPS Act, has that meaning.

3.1.1 'CMA' means the 'Common Monetary Area', the monetary union which comprises the Kingdom of Eswatini, Kingdom of Lesotho, Republic of Namibia and Republic of South Africa.

3.1.2 'High-priority payments' means time-critical payments that settle without depending on the existence of non-urgent payments already in the queue.

3.1.3 'Large-value electronic funds transfer' means an electronic funds transfer exceeding R5 million.

3.1.4 'Large-value payment system' means a funds transfer system that handles large-value electronic funds transfers and high-priority payments.

3.1.5 'Low-value cross-border electronic funds transfer' means a cross-border electronic funds transfer not exceeding R5 million.

3.1.6 'Regularise' means the use of an appropriate payment system that allows payments to be executed in a manner that ensures the achievement of effectiveness, integrity and efficiency of the payment system.

3.1.7 'Retail payment system' means a funds transfer system that handles a large volume of low-value electronic funds transfer payment transactions.

4. Directive

4.1 Settlement system participants that are routing low-value cross-border electronic funds transfers within the CMA through the SADC-RTGS system are directed to:

4.1.1 from the effective date of this directive, start the process to migrate all low-value cross border electronic funds transfers within the CMA to a regional retail payment system designed for low-value cross-border electronic funds transfers, namely the Transactions Cleared on an Immediate Basis (TCIB) payment scheme;

4.1.2 cease executing low-value cross-border electronic funds transfers within the CMA through the SADC-RTGS system by 31 March 2027;

4.1.3 execute all low-value cross-border electronic funds transfers within the CMA through a regional retail payment system designed for low-value cross-border electronic funds transfers, namely the TCIB payment scheme, from 1 April 2027; and

4.1.4 ensure that low-value cross-border electronic funds transfers within the CMA are processed in an efficient, transparent and cost-effective manner without negative impact on consumers and businesses.

5. Conclusion

5.1 This directive is not exhaustive and may be supplemented or amended from time to time.

5.2 To maintain the effectiveness and efficiency of the NPS, all South African participants in the NPS that are, or become involved in cross-border payments as indicated herein, are obliged to act in accordance with the NPS Act and this directive in particular.

5.3 This directive is effective from the date of publication thereof in the *Government Gazette*.

5.4 Contravention of this directive is an offence in terms of section 12 of the NPS Act. Any person convicted of an offence in terms of this directive is liable to a fine or imprisonment, or both a fine and imprisonment.

5.5 Persons who are uncertain as to whether their current or future business practises are aligned with this directive should initiate discussions with the NPSD or the Payments Association of South Africa to clarify the matter.

5.6 Any enquiries or clarification concerning this directive may be addressed to:

Head: National Payment System Department

South African Reserve Bank

P O Box 427

Pretoria

0001

OR the following email address: NPSDIRECTIVES@resbank.co.za.

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