

New Payments Industry Body

PIB Mandate & Recognition
version 1.0

Signed off on 11 February 2022

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PIB Regulatory Recognition and Member Mandate



The PIB requires BOTH regulatory recognition and a member mandate to fulfil all its functions



Decision Point #R1



PIB Regulatory Recognition

As communicated in the December industry workshop, the SARB requests a proposal for the recognition of the PIB (as the current recognition in the Act will be removed). The SARB acknowledged that going from recognition in the Act (PSMB) to nothing is not ideal.

Decision point #R1: What are the probable options for PIB recognition?

Option 1:
In the NPS Act

Option 2: ✓
Some or other recognition in law (arising from a SARB power derived from the NPS Act): must explicitly state that every licensed entity must be a member of the industry body and that the rules of the industry body will be binding on such members. Both of the following are required:

- Mandatory membership as part of licensing conditions AND
- Directive from the SARB (or another equivalent legal mechanism)

Option 3:
Membership enforced as licensing condition (looser recognition in law). Already implied in the design principles.

Option 4:
No regulatory recognition - Member mandate only (no mandatory membership and no mandate in law; however, this is contrary to Design Principles)

Rationale:
Feedback from various community members suggests that Option 3 is not seen as sufficient regulatory recognition, particularly to make PIB rules supersede scheme rules, therefore we recommend option 2 that has a stronger recognition.



✓ Recommendation



SARB PIB Regulatory Recognition Proposal *

In response to the request from the industry on the previous slide, the SARB proposed a two-pillar approach to recognising the PIB. This proposal was presented to the March Industry workshop and received broad acceptance from all participants.

Membership of the PIB as a licensing condition

All entities which require licensing for the payments activities will be required to be members in good standing of a PIB.

This gives the PIB the ability to manage middle-mile interoperability across all parties and further, to enforce the PIB rules and technical standards.

Licensing the PIB

The PIB itself will be licensed by the SARB to perform key functions, including writing rules which will supersede scheme and operator rules and to manage risks created by interoperability.