

Cross-border payment aggregation

Test case

Participants	Participants' core business	What was in the sandbox?	Testing Status
Secure FX Trade Proprietary Limited (Secure FX)	Secure FX is a regulated and registered boutique Treasury Advisor assisting clients with navigating exchange control regulations and facilitating cross-border payments through an Authorised Dealer	<p>In terms of reporting requirements, each and every cross-border transaction must be reported to the South African Reserve Bank's (SARB) Financial Surveillance Department (FinSurv).</p> <p>This sandbox use case explored mechanisms for an international merchant to collect payments from their resident clients in South Africa and remit the funds offshore as a collective sum, while complying with the cross-border reporting requirements.</p>	Testing was successfully completed in December 2024
Access Bank (South Africa) Limited (Access Bank SA)	Access Bank SA is a registered commercial bank and Authorised Dealer in foreign exchange	<p>The purpose of testing was to inform:</p> <ul style="list-style-type: none">• Collection and verification of information from data sources to ensure compliance with Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) obligations in terms of the Financial Intelligence Centre Act, 38 of 2001;• Collection of payments from multiple sources through multiple payment channels into a single account whilst ensuring that accurate records on the original source of funds are maintained; and• Granular level Balance of Payments (BoP) reporting for multiple clients linked to a single cross-border payment (many reports to one payment) aligned to the SARB's reporting requirements for the FinSurv Reporting System.	

		Access Bank SA monitored and reported the cross-border payments to FinSurv.	
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Insights gained during RSB

Balance of Payments (BoP) reporting, under Exchange Control Regulations, requires that transaction and customer information such as the details of the local sender (payer) and foreign beneficiary (international merchant), as well as the value and reason for the transaction, for each cross-border transaction be individually reported on the FinSurv Reporting System. Additionally, each transaction, for example between an individual resident and a foreign merchant in an international e-commerce transaction, must be validated, verified and reported individually by an Authorised Dealer. These transactions cannot be “bulked” in South Africa and remitted offshore (as a single payment) to an international merchant.

Given the growth of the South African e-commerce market with global platforms and online merchants expanding their reach, the participants tested a payment aggregation business model for cross-border transactions. The solution enabled the reporting of transactions for low-value imports from an international e-merchant via credit/debit card payments, aggregated in South Africa, with a bulk payment remitted offshore to the international merchant. By aggregating the payments within South Africa, each payment by a customer was processed as a domestic transaction.

A key component of testing was to assess the accuracy and effectiveness of a party other than an Authorised Dealer, in this instance Secure FX, verifying the underlying transaction and customer information, and compliance with the BoP reporting requirements on the FinSurv Reporting System.

Testing demonstrated that it is technically and operationally possible to bulk payments locally and transmit a single sum offshore to an international e-merchant/platform, while reporting the legislatively required information for each underlying transaction to FinSurv. Given the success of testing, there is a need to consider whether the existing regulatory framework remains appropriate for the current landscape.

The testing provided FinSurv with valuable insights into the factors that should be considered when assessing the need for regulatory intervention. Additionally, it offered a broader understanding of payment aggregation and highlighted the roles of other regulatory bodies, including the National Payment System Department and the Financial Intelligence Centre. Some considerations for regulators are:

- ensuring that appropriate exchange control regulations adequately mitigate risks without unduly hindering innovation and foreign investment into South Africa;
- the impact of aggregating card payments locally on the safety and efficiency of the national payment system;
- the risks associated with a party other than an Authorised Dealer verifying the underlying transaction and customer data;
- the impact of an Authorised Dealer submitting BoP reporting on information they have not verified and subsequent regulatory/policy implications industry wide;

- the nature of payment aggregation as a service, and whether it is a money value transfer service;
- the licensing and registration of payment aggregation service providers, e.g. under a FinSurv authorisation framework, as accountable institutions¹, and/or other; and
- the technical capabilities of current systems to match low-value, high-volume transactions with a bulked cross-border payment.

Determining the appropriate regulatory interventions requires deeper analysis beyond the technical and operational success of the solution tested and warrants further deliberation. Co-ordination and collaboration between regulators is, therefore, important to ensure that the ultimate regulatory approach appropriately mitigates the risks.

Next steps

Following the conclusion of successful technical and operational testing during December 2024, the operations performed within the RSB ceased, pending a determination by the lead regulator, in consultation with the IFWG, as to the exit strategy for participants. After extensive deliberations, a decision has been made for participants to exit the RSB. No dispensation has been granted to the participants to continue with the solution. FinSurv will continue its efforts to develop and implement an appropriate regulatory framework to address cross-border payment aggregation, which will be publicly communicated by FinSurv once finalised.

¹ Referring to businesses listed in Schedule 1 to the Financial Intelligence Centre Act, 38 of 2001 and which are subject to AML/CFT/CPF obligations. The FIC Act and Schedules - [Financial-Intelligence-Centre-Act-2001-Act-38-of-2001.pdf](#)