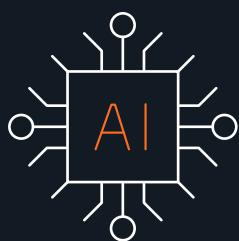


2026 FINTECH YEAR AHEAD

Looking ahead to 2026, fintech is set to transform how financial services are delivered and accessed, driven by rapid technological innovation and evolving market dynamics. Key areas such as machine learning, payments, crypto and blockchain, open finance, embedded finance, and investment platforms are reshaping interactions between businesses and consumers. Across Africa and the broader region, these trends are creating new opportunities for growth, collaboration, and regional engagement, challenging firms to remain agile while navigating a complex regulatory and competitive environment.

1 ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING

At the end of 2025, the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) published a joint survey titled *Artificial Intelligence in the South African Financial Sector*. The survey presented market research into the use of AI across the financial sector, providing insight into the microprudential and macroprudential risks AI may pose to the financial sector. In 2026, we expect to see that further engagement on the adoption of a regulatory framework for AI, including guidelines for ethical use of AI tools. It is worth noting that the proposed AI regulatory framework is not limited to the financial sector and will require collaboration with various regulatory bodies across different sectors.



3 CRYPTO AND BLOCKCHAIN

At the end of 2025, the FSCA confirmed that 300 crypto asset service provider licenses had been issued, highlighting the rapid growth and maturity of South Africa's crypto sector. The crypto asset industry is evolving from retail financial services to wholesale financial services. We expect to see the involvement of more traditional financial institutions providing access to, and investment in, crypto assets (to the extent permitted by regulation).

2026 will be the year of stablecoins, with a focus on the adoption of stablecoin payments regionally across Africa and globally.

Further regulatory guidance and standards are anticipated, particularly addressing cross-border fund flows and market conduct of crypto asset service providers. In particular, the industry anticipates the outcome of the SARB judicial appeal in the Supreme Court of Appeal regarding the applicability of the Exchange Control Regulations to crypto asset transfers in the matter of *Standard Bank v South African Reserve Bank*.

The finalisation of the Conduct of Financial Institution Bill (CoFI Bill) is expected to have provisions dealing with crypto assets.



5 EMBEDDED FINANCE / BUY NOW PAY LATER (BNPL)

In its research on buy-now-pay-later (BNPL), the Intergovernmental Fintech Working Group noted that BNPL currently falls into a regulatory void. Regulatory clarity is expected on whether BNPL products fall within the ambit of the National Credit Act (NCA) or the Financial Advisory and Intermediary Services (FAIS) Act. The National Credit Regulator (NCR) is responsible for compliance with the NCA, while the FSCA is responsible for compliance with the FAIS Act. Further industry engagement by both the NCR and the FSCA is anticipated over the course of 2026.

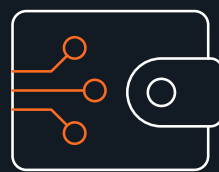
The finalisation of the Conduct of Financial Institution Bill (CoFI Bill) could potentially provide clarity; however, this will depend on how the NCR and FSCA ultimately define their respective regulatory mandates in relation to BNPL products.



2 PAYMENTS

In July 2025, the South African Reserve Bank (SARB) published its position paper on the Payments Ecosystem Modernisation (PEM) programme, titled *Positioning the South African Reserves Bank's Payments Ecosystem Modernisation Programme: A strategic shift to a higher Equilibrium (Position Paper)*. The Position Paper affirmed the policy goals set out in the National Payment System Framework and Strategy (Vision 2025). To support the regulatory amendments required to implement the PEM Programme, the SARB published two draft documents for public comment: the Draft Specific Payment Activities Exemption Notice (Draft Exemption Notice) and the Directive in respect of specific payment activities within the national payment system (Draft Directive).

Looking ahead to 2026, we expect to see the finalisation of the regulatory amendments, enabling greater involvement of non-banks in directly accessing the payment system. The finalisation of the Conduct of Financial Institutions Bill (CoFI Bill) is also anticipated to include provisions addressing payment system-related activities. Additionally, developments in South Africa's Cash Smart Strategy are expected, with the SARB advocating for white-labelled ATMs and the creation of a Cash Management Utility to centralise and modernise the processing, forecasting, distribution and recirculation of cash in South Africa.



4 OPEN FINANCE

Although there were no formal developments in 2025, regulators are expected to build on the work they began in 2024. The formal adoption of a South African open finance framework by the FSCA is still on the cards. We anticipate to see the adoption of guidelines regulating the activities of financial institutions and third-party providers. The finalisation of the Conduct of Financial Institution Bill (CoFI Bill) is also expected to include provisions dealing with open finance-related activities.



6 INVESTMENT AND REGIONAL ENGAGEMENT

Developments in the regulation of payments are expected to drive increased M&A activity within the industry. Furthermore, foreign investment in local market participants, as well as new entrants from international jurisdictions, is anticipated in 2026. We also anticipate to see the creation of more state-owned utility-type entities in the payments space.

In relation to digital assets, partnerships between digital asset providers are likely to grow, as stablecoins gain traction for cross-border payments within the global payments ecosystem.

Additionally, we expect heightened engagement among regional regulators and supervisory bodies to establish regional rules for fintech entities that operate in multiple jurisdictions across Africa.



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