REPORT OF THE PORTFOLIO COMMITTEE ON THE ECONOMIC AND DEVELOPMENT CLUSTER

ON

PAYMENT SYSTEMS BILL, 2025

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1. INTRODUCTION

On the 2nd May, 2025 the Honourable Minister responsible for Finance and Development Planning presented the Payment Systems Bill, 2025 to the National Assembly. In accordance with Standing Order No. 51 (5), the Bill was referred to the Portfolio Committee on the Economic and Development Cluster for consideration.

Following the referral of the Bill, the Committee invited the Ministry of Finance and Development Planning to brief the Committee on the policy context, financial implications, contents and effects of the Bill.

2. PRESENTATION BY THE MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

The Ministry stated that the Government of Lesotho through the Central Bank of Lesotho, proposes for an enactment of a law that aligns with the Southern African Development Community (SADC) Payment Systems Model Law and the SADC Payment Systems Modernisation Project. The purpose of this initiative is to guarantee that every SADC country modernise its payment systems to mitigate risks linked to these systems and, most importantly, to enable a seamless transfer of funds across the region.

The Payment Systems Bill, 2025 enhances the efficiency of the payments market by guaranteeing that all payment service providers are licensed under a uniform law. It brings the supervisory functions of the Central Bank of Lesotho (CBL) into alignment with international standards and best practices, especially the Principles for Financial Markets Infrastructures (PFMIs), of which financial markets infrastructures should adhere to.

The Bill vests CBL with powers and functions to supervise the national payment systems in Lesotho. The Bill also empowers CBL to license all non-bank entities within the payment ecosystem, as well as to conduct inspections, audits, and issue directives.

Lesotho is already witnessing a considerable growth in digital financial services, and this new administration facilitates for a national payment system that is safe, sound, and efficient.

The Bill enforces consumer protection measures, it provides for regulations concerning data privacy, transparency, and anti-money laundering. It also sets out rules regarding collateral arrangements as well as settlement agreement. The Bill stipulates a range of offences and penalties for failure to comply.

The Bill repeals the Payment Systems Act, 2012 and the Exchange Proclamation, 1912.

3. CONSIDERATION OF THE BILL CLAUSE BY CLAUSE

Clauses 1 to 4 were approved.

Clause 5 was approved with the following amendment:

Amendment No. 1

In Clause 5, after sub-clause 1, insert a new sub-clause 2 and renumber sequentially:

"(2) The Council shall comprise of representatives not below senior management level from the following institutions-

(a) all licensed commercial banks operating in Lesotho;

(b) Revenue Services Lesotho;

(c) Office of the Accountant General;

(d) Lesotho Chamber of Commerce and Industry;

(e) non-Bank Payment Service Providers;

(f) Lesotho Communications Authority; and

(g) any other institution as may be determined by the Central Bank.”

Clauses 6 to 20 were approved.

Clause 21 was approved with the following amendment:

Amendment No. 2

In Clause 21, sub-clause (3), line 2, after the word “**requiring**”, delete the word “**the**” and substitute with the word “**such**”.

Clauses 22 to 24 were approved.

Clause 25 was approved with the following amendment:

Amendment No. 3

In Clause 25, sub-clause (1) (e), line 1, after the word “**including**” insert the words “**but not limited to**”.

Clauses 26 and 27 were approved.

Clause 28 was approved with the following amendment:

Amendment No. 4

In Clause 28, sub-clause (1), line 1, after the word “**in**”, delete the words “**the Insolvency Proclamation of 1957 or**”.

Clauses 29 to 32 were approved.

Clause 33 was approved with the following amendment:

Amendment No. 5

In Clause 33, sub-clause (b), at the beginning of line 1, delete the word “**cash**”.

Clauses 34 to 39 were approved.

Clause 40 was approved with the following amendments:

Amendment No. 6

In Clause 40, delete sub-clause (1) and substitute with:

"(1) A person who operates a payment system or provides payment services without a license issued under this Act commits an offence and, upon conviction, is liable to the applicable fine and imprisonment as prescribed in schedule 1."

Amendment No. 7

In Clause 40, delete sub-clause (3) and substitute with:

"(3) A person who contravenes provisions of sections 38 or 39 commits an offence and, upon conviction, is liable to the applicable fine and imprisonment as prescribed in Schedule 1."

Clause 41 was approved with the following amendment:

Amendment No. 8

In Clause 41, delete the whole clause and substitute with the following:

"Penalties

41. (1) The Central Bank may, by written notice and subject to this Act, impose an administrative penalty on a licensee or any person who contravenes -

(a) any provision of this Act; or

(b) any specification, requirement, order in writing, direction, instruction, notice given, or any limit, term,

condition, restriction imposed, or any other action taken in the exercise of any power conferred under this Act.

(2) In the case of a continuing offence, the Central Bank may impose an additional daily penalty.

(3) The applicable penalty referred to in subsections (2) and (3), shall be as prescribed in Schedule 1."

Clause 42 was approved with the following amendment:

Amendment No. 9

In Clause 42, delete the whole clause and substitute with the following:

"General penalty

42. A person who commits an offence under this Act for which no specific penalty is provided for elsewhere in this Act is liable, upon conviction, to the applicable penalty set out in Schedule 1."

Clauses 43 to 47 were approved.

Amendment No. 10

At the end of the Bill, add schedule 1 as follows:

SCHEDULE 1

OFFENCES AND PENALTIES

Offences and Penalties	**Provisions of this Act under:**	**Fines in Maloti**	**No. of Years of imprisonment**	**Penalty in Maloti**	**Additional Penalty**

1. Offences	**Section 40 (1)**	**Not exceeding 50,000**	**Not exceeding 10**	**______**	**______**
2. Offences	**Section 40 (3)**	**Not exceeding 500,000**	**Not exceeding 10**	**______**	**______**
3. Penalties	**Section 41**	**______**	**______**	**Not exceeding 500,000**	**Not exceeding 100, 000**
4. General Penalty	**Section 42**	**Not exceeding 500,000**	**Not exceeding 10**	**______**	**______**

5. RECOMMENDATION

The Portfolio Committee on Economic and Development Cluster submits this report after a careful and thorough consideration and presents it for adoption by the House.

6. CONCLUSION

The Portfolio Committee on the Economic and Development Cluster submits this report and recommends for its adoption by the House.

Annex 1

List of Names of Honourable Members of the Portfolio Committee on the Economic and Development Cluster who Adopted the Report

1. Hon. S. Hakane (Chairperson)
2. Hon. M. Masoetsa
3. Hon. J. Lekunya
4. Hon. H. Letšaba
5. Hon. I. Rantsho
6. Hon. M. Motsoasele
7. Hon. V. Tsheka
8. Hon. M. C. Tekane
9. Hon. T. Malataliana

Annex 2

List of Names of Honourable Members of the Portfolio Committee on the Economic and Development Cluster

1. Hon. S. Hakane (Chairperson)
2. Hon. M. Hloaele
3. Hon. N. Seetsa
4. Hon. M. Masoetsa
5. Hon. M. Maeea
6. Hon. J. Lekunya
7. Hon. H. Letšaba
8. Hon. M. Mpeoa
9. Hon. M. 'Muso
10. Hon. L. Monaheng
11. Hon. M. Seatile
12. Hon. L. Mosoang
13. Hon. I. Rantsho
14. Hon. M. Motsoasele
15. Hon. K. Motseki
16. Hon. I. M. Monokoane
17. Hon. N. Moshoeshoe
18. Hon. V. Tsheka
19. Hon. L. L. Lethole
20. Hon. M. C. Tekane
21. Hon. K. V. Pholosa
22. Hon. T. Malataliana