ProLend
SECURE SOLUTIONS. TOMORROW'S GROWTH.

What is a private lender?

Private lending in South Africa, explained plainly — what it is, whether you are allowed to do it, and where the return comes from.

Most people have never been told this is something an ordinary person can do. It is. This booklet explains what a private lender actually is, what the law says, who borrows the money, and what it pays — without jargon, and without asking you to decide anything.

IN ONE SENTENCE

A private lender is somebody who **lends money and earns the interest as it is repaid**. Not a bank. Not an investor buying shares. A lender — the person the borrower pays back.

In South Africa you are allowed to do it, and you do not need a licence to do it. Page 3 explains why.

INSIDE

THE IDEA

There is a third place to put money.

Most people know two. A bank, which pays them very little. Or the market, which pays them whatever it feels like that year. There is a third, and it is the oldest one of all.

> **A private lender is somebody who lends money and earns the interest as it is repaid.** Not a bank. Not an investor buying shares. A lender — the person the borrower pays back.

When you put money in a bank, the bank lends it out to somebody else and keeps most of the difference. Private lending removes that middle step. The capital goes into the loan, and the interest comes to the person who provided it.

That is the whole idea, and the thing that makes it different from almost everything else sold alongside it: **you are lending, not buying.** There are no share prices to watch and nothing to check every morning. What matters is simply that the loan is repaid — which is why who borrows it, and what stands behind it, matters more than anything else in this booklet.

A BANK

You deposit

The bank lends your money on and keeps most of the difference. Safe, available on demand, and it pays accordingly.

THE MARKET

You buy

You own a share of something and hope it is worth more later. The return depends on a price somebody else sets.

PRIVATE LENDING

You lend

Your capital is lent to a borrower who repays it with interest. The interest is the return. Nothing has to go up.

> The trade is straightforward. A lender gives up the upside — a borrower who does extremely well still only repays what was agreed — in exchange for a return that does not depend on anyone doing extremely well.

LEGAL STANDING

Are you even allowed to lend money and charge interest?

Yes. This is the question that stops most people, because the first answer they find sounds like a closed door. It is worth understanding why it is not.

Look this up and you will be told that anybody lending money at interest must register as a **credit provider** under the National Credit Act. That is true, and it is also not the whole sentence.

The Act regulates **who may grant credit**. The registration obligation attaches to the party whose name is on the credit agreement with the borrower — the one doing the lending. It does not attach to a person who *provides the capital* that gets lent.

THE DISTINCTION EVERYTHING TURNS ON

You provide the capital. A registered credit provider grants the credit. The licence requirement follows the lending, not the money.

This is not a loophole, and it is not new. It is how nearly all lending in the country already works. When you deposit money at a bank, the bank lends it on — you do not become a credit provider by having a savings account.

WHO	DOES WHAT	MUST BE REGISTERED?
You	Provide capital, for an agreed term and rate	No
Credit provider	Grants the credit, administers the loans	Yes — NCRCP number
Borrower	Uses the money and repays it with interest	—

What else the law does

The same Act caps what a borrower can be charged, so rates are not left to agreement. And a rule of South African law called *in duplum* stops interest running once the unpaid interest equals the outstanding capital — a debt cannot quietly double through arrears and keep growing.

Lending here is not unregulated. It is **permitted, and bounded** — which is a considerably better position than either extreme.

WHERE IT COMES FROM

Every rand you earn comes out of a repayment.

That single fact explains almost everything else about private lending — including why the borrower matters more than the rate.

A borrower needs money now and can repay more later. The difference between those two amounts is the price of the money, and it is paid to whoever supplied it. Nothing about the arrangement depends on a market moving, a valuation rising, or a buyer being found later.

What sets the rate

The cost of money	In South Africa that anchor is **prime**, which moves with the Reserve Bank's repo rate. When prime moves, lending rates move with it.
What stands behind it	A loan with something solid behind it costs the borrower less. Security does not make repayment certain — it changes what happens if repayment fails.
Who is borrowing	A borrower class that reliably repays pays less than one that does not. This does the most work and gets the least attention.

How the money actually reaches you

Most arrangements pay interest periodically — commonly monthly — with the capital returned at the end. That shape is why private lending is so often reached for by people who want **income** rather than growth: it produces a payment, not a number on a statement.

Two things follow from that. The return is **income**, taxed as interest rather than as a capital gain or a dividend. And it stops — when the loan is repaid the arrangement ends, and capital that is not placed again is not earning.

> **The honest limit.** Because the return is a repayment, it is not guaranteed the way a bank deposit is. It is a conservative, secured arrangement rather than a market bet — but nobody can promise you a lending return, and anybody who does is telling you something untrue.

WHO IS ACTUALLY BORROWING

The question almost nobody asks.

If the return is a repayment, then who repays determines everything. It is the first thing to ask about any lending arrangement, and it is usually the last thing anyone mentions.

A good answer names a **specific class of borrower** with a specific reason to need money and a specific source of repayment. “Businesses” tells you nothing. A named class tells you what the debt is, why it exists, and where the money to repay it comes from.

> **In ProLend’s local environment,** the borrowers are mostly blocks of flats and housing estates — community schemes — paying for repairs, maintenance or upgrades, and repaying from the levies their owners already pay every month. The need is ordinary, recurring, and tied to property somebody lives in.

That is worth sitting with, because it is unglamorous in exactly the right way. The money is not funding a venture that may or may not work. It is funding a roof, a lift, a security upgrade — on a building whose owners are already paying levies every month, and whose obligation to pay them is not optional.

There is also no fixed end date

A scheme might repay in a few months or take a few years. That is the genuine trade-off in the local route, and it should be said plainly: **this is money you leave to work, not money you draw on.** If you may need it at short notice, it does not belong here.

The four questions

- ? **Who are they?** A named class, not a category.
- ? **Why do they need the money?** A specific, repeatable reason.
- ? **How do they repay?** From what income, on what schedule.
- ? **What happens if they do not?** What stands behind it, and who enforces it.

WHAT IT PAYS

Two routes, and they behave differently.

One stays in rands and moves with South African interest rates. The other is held in hard currency at a rate fixed for the term. Neither is better — they answer different questions.

ZAR · LOCAL

Local

11.5% – 15.5%

A year · indicative, at today's rates

Your money stays in rands. The rate is tied to South Africa's prime rate — if rates go up your return goes up, and if they come down, it comes down too. There is no fixed end date.

GBP / USD / EUR · OFFSHORE

Offshore

12% – 16%

A year · fixed for the term

Held in pounds, dollars or euros at a set rate that does not move during the term. You know the number before you start. Because it is in another currency, the exchange rate also affects what it is worth back in rands.

The arithmetic, on your own number

There is nothing complicated to model. Capital multiplied by the rate is the annual interest; divide by twelve for a monthly figure. If the interest is paid out rather than reinvested, there is no compounding to argue about.

R1 000 000 AT 11%

R9 167

a month, before tax

R1 000 000 AT 13%

R10 833

a month, before tax

R1 000 000 AT 15%

R12 500

a month, before tax

What comes off. A quoted rate is a gross rate. Interest is taxable income at your marginal rate, subject to the annual interest exemption — it is not a dividend and not a capital gain. And capital that is between placements is not earning. Neither is a hidden cost; both are arithmetic worth doing before making plans around a number.

WHAT IT TAKES

Four things you need — and five you do not.

The list of requirements is shorter than most people expect, and the list of things they wrongly believe are required is longer.

01 **Capital you can commit**

Private lending is not a demand account. The money is lent for a term. Do not place money you may need next month.

02 **A registered credit provider**

Ask for their NCRCP number and look it up at ncr.org.za. Two minutes, and the single most useful thing you can check.

03 **Your FICA documents**

Identity, proof of address, proof of bank account, and where the funds came from. An operator who does *not* ask for these is the one to worry about.

04 **A written agreement**

What your capital is used for, what you are owed, when, and what happens on a default. Read it before you commit, or have it read.

What you do *not* need

A credit provider registration	It follows the granting of credit, which the operator does — not you.
An FSP licence	That governs giving *advice*, not placing capital.
A financial qualification	There is no competence requirement to be a lender.
A company or a trust	An individual can place capital directly. So can a trust or a company.
A minimum net worth	Arrangements set their own minimums. The law sets none.

ProLend
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WHERE PROLEND FITS

We are not the lender. That is the point.

ProLend is a private-lending marketing and distribution platform in South Africa. It does not hold your capital, it does not lend, and it does not grant credit.

The lending is administered by **BC Funding Solutions (Pty) Ltd** — a registered credit provider, **NCRCP 11132**, and a licensed financial services provider, **FSP 55147**. That is the structure described on page 3, named: you provide capital, a registered credit provider grants the credit, and the registration obligation sits with them.

You can check that number yourself, at ncr.org.za, before speaking to anybody. We would rather you did.

What a consultant does

ProLend's consultants explain how the arrangements work and introduce clients. **They are not financial advisers and they do not give advice.** If you want a recommendation about your own circumstances, that is a conversation for a licensed adviser — and a good consultant will tell you so.

A REASONABLE FIRST STEP

Put your own number into the calculator. It takes a minute, costs nothing, and commits you to absolutely nothing.

pro-lend.co.za/learn

Important. This booklet is general information about private lending in South Africa. It is education, not financial advice, and it is not an offer or a recommendation to enter into any arrangement. It does not take your circumstances into account.

Returns shown are **indicative at today's rates and are not guaranteed**. Local returns are linked to the South African prime rate and will move as it moves. Offshore returns are in foreign currency and the exchange rate will affect what they are worth in rands. Capital is not guaranteed and private lending is not a bank deposit — there is no deposit insurance behind it.

ProLend is a marketing and distribution platform and is not the lender. Lending is administered by BC Funding Solutions (Pty) Ltd, registered credit provider NCRCP 11132, FSP 55147.