

E-COMMERCE PLATFORMS

The Bank of Namibia does not have any regulatory restrictions for Namibian businesses to access, sell and receive payments on international e-commerce platforms. The Bank of Namibia also does not have any regulatory restrictions for Namibians to own international wallets on third-party payment platforms like PayPal. There are also no restrictions for Namibians with PayPal wallets to withdraw their funds into domestic bank accounts.

Namibian merchants can sell to the international market in one of two ways; establishing an online storefront (your own website with an integrated payment system) or joining an international online marketplace (google, Airbnb, eBay Amazon, etc):

- For a domestic online storefront, a Namibian merchant can approach a commercial bank in Namibia to obtain e-commerce capability (get a merchant account and gateway to receive online payments) or directly approach a licensed payment service provider that offers gateway capabilities. A list of e-commerce payment gateway providers can be obtained from the Payments Association of Namibia (PAN). You may also contact your bank for more information about creating an online store.
- To join an international online marketplace, the merchant would need to approach the international marketplace and create an account with them. The decision of whether that marketplace allows Namibians to create merchant accounts with them is completely a commercial decision and not a regulatory one from a Bank of Namibia perspective. Online marketplaces that have integrated wallets on their sites allow Namibians to be paid through PayPal or similar wallets, but the challenge has always been to withdraw such funds from say a PayPal wallet to a domestic bank account. This decision is entirely PayPal's decision. They have the option of approaching a domestic bank to activate the withdrawal functionality or simply facilitating the payment through a card (a credit push payment). There is no regulatory restriction in this regard. Similar to the example of WooCommerce; this payment functionality only works in countries where WooCommerce has partnered with local banks and / or payment service provider to enable anyone in the world make payments to that country in that country's currency. This means that merchants in a country with WooCommerce are able to receive payment in their currency even though the payment was made from another country. WooCommerce's website specifically invites merchants to approach them and vote for their countries to be included in the list of applicable countries – they have also stated that they look at a number of factors when considering new countries. More information about this process can be found here:

<https://woocommerce.com/document/payments/countries/>

- It is also worth noting that there are online marketplaces that are successfully being used in Namibia without the regulator's intervention. Airbnb for example allows anyone in the world to go online and pay for accommodation in Namibia. The accommodation owners are able to receive their money in their domestic bank accounts through their cards as there are no restrictions in place by the Bank of Namibia. So again, the decision lies mainly with the international online marketplace whether they want to make this functionality available to Namibians. Common reasons as to why big international online marketplaces (like Amazon, Google, YouTube) or third party payment providers (like PayPal or WooCommerce) are hesitant in providing their services to countries like Namibia can be any of the following:

Common reasons as to why big international online marketplaces (like Amazon, Google, YouTube) or third party payment providers (like PayPal or WooCommerce) are hesitant in providing their services to countries like Namibia are as follows:

- No commercial interest to provide the services to Namibian merchants due to low transaction volumes owing to the small population of Namibia
- Prioritising other countries before approaching Namibia
- No interest in listing the Namibia dollar as a convertible currency on their platforms
- Little to no desire by Namibian merchants requesting the e-commerce platforms to allow Namibians to sell on their platforms or to monetize their products
- Not understanding the Namibian regulatory landscape

In most of these cases, the onus lies on merchants to reach out to these marketplaces and make a case for them to have accounts on there and receive payments through their cards (similar to Airbnb). Commercial banks can also partner with these e-commerce platforms to acquire their transactions locally. Domestic payment service providers also have the capability of assisting domestic merchants reach the international market.

From a Bank of Namibia perspective, we strive to ensure a safe and secure national payment system that is accessible to anyone. None of our regulations prohibit cross-border payment systems. The only regulations in place are Exchange Control (EXCON) regulations in terms of cross-border payments reporting for authorised dealers (ADs or banks) and Authorised Dealers with Limited Authority (ADLAs). In this regard, the regulations can be summarised as follows:

- EXCON has no restrictions on cross-border inflows. There is no limit on the amount of money that a person or business can receive from abroad. Only inflows like loans with an obligation of repayment have restrictions or conditions imposed on them.
- EXCON does not have any licensing requirements for cross-border payment systems and e-commerce platforms. Only for ADLAs (exchange bureaus) that are in the business of exchange Namibia dollar for foreign currency at spot rates.
- Cross-border flows are to be reported by banks and ADLAs. In this regard, if a domestic card is used to make or receive payments, such transactions are reported by the card issuing bank to EXCON. There is no obligation on the e-commerce merchant or cardholder in such an instant.
- EXCON does not have specific requirements for withdrawing funds from international wallets into a domestic bank account. In fact, the transaction is only reported as a cross-border transaction once the funds have been received in the domestic bank account.
- A Namibian merchant with an e-commerce platform and sells online to foreign buyers and receives proceeds will be considered as a business dealing in imports and exports by their commercial bank. In this regard, they will be required by their commercial bank to open and maintain a Customer Foreign currency (CFC) account with the commercial bank and also be required to keep funds in such an account for a period of 6 months before the funds are to be converted to NAD. The period can be extended subject to arrangements made between the merchant and their bank. There are no required dealings with EXCON as merchants are expected to approach their banks only.
- Exchange control of exports only applies when merchants are selling Namibian products directly from Namibia, but the act of funding an online wallet to buy stock elsewhere and on sell the stock on an international e-commerce platform online is not considered a Namibian product and therefore is not subjected to the exchange control of exports.
- In terms of outflows, each Namibian is afforded a discretionary allowance limit of N\$1 million which is the amount of foreign currency you can buy from a commercial bank to buy anything abroad. There is also an investment amount limit of N\$5 million so in total, Namibians have a limit of N\$ 6 million per year to buy or invest abroad.

In conclusion, the Bank of Namibia does not have any regulatory restrictions that prohibit Namibian merchants from selling and receiving their funds from international online marketplaces. Merchants are advised to approach their commercial banks and the list of payment service providers registered with the Payments Association of Namibia to unlock their e-commerce potential. Merchants are further advised to contact these international online marketplaces directly and invite them to enable Namibians to open up merchant accounts with them and have access to their payment systems.

Please contact the Payments Association of Namibia (PAN) at info@pan.org.na for more information about payment service providers (banks and non-bank payment service providers) that enable e-commerce.

