



## **MOBIPAY LAUNCH**

Speech by Mr. Michael Mambo Mukete – Assistant Governor of the Bank of Namibia, at  
the launch of MobiPay Payment Solution (Pty) Limited

Windhoek, 21 September 2010

Director of Ceremonies,

Honourable Joel Kaapanda, Minister of Information & Communication Technology,

Honourable CalleSchlettwein: Deputy Minister of Finance

Honourable Alpheus Muheua, Deputy Minister of Labour and Social Welfare,

Honourable Sophia Shanigwa, Governor of Khomas Region

Your Worship, Clr Mathew Shikongo, Mayor of the City of Windhoek

The Board of Directors of MobiCash Payment Solutions,

Captains of the financial sector industry,

Distinguished Invited Guests, Ladies and Gentlemen,

It is an absolute pleasure to be here today to witness the launch of MobiCash Payment Solutions Namibia, which is the first mobile payment services provider in Namibia. The launch comes at an opportune time when many Namibians are excluded from basic and affordable financial services. The Bank of Namibia's commitment to the financial inclusion agenda is reflected as one of its key strategic objectives of broadening access to financial services and financial sector development at large. Thus, mobile payment solution is one of many initiatives that the Bank is promoting to increase financial

inclusion. In this connection, this initiative of enabling money to be transferred across the country from person to person through a mobile solution at affordable costs will go along way in increasing access to financial services in line with broader National Objectives.

Director of Ceremonies,  
Ladies and Gentlemen,

As a nation, Namibia is a wide open country faced with the challenge of vast remote rural regions, which is inhabited predominantly by the adult Namibian population, who have little or no access to basic financial services. In fact, for many years conventional banks and other financial institutions have been encouraged to create better access to financial services to the excluded population. Unfortunately, this process has been slow, since there has been very little incentive for conventional banks and other financial institutions to venture into these remote regions due to the extensive costs associated with establishing wider branch networks to reach underserved communities. It is with this view in mind that, the Bank of Namibia regards this initiative as an innovative solution towards promoting financial inclusion. Therefore, this initiative certainly has the potential to become a catalyst for extending basic financial services beyond the existing branch networks of various financial entities in the country.

### **What are the expectations of the Bank of Namibia from Mobicash?**

Director of Ceremonies, Ladies and Gentlemen, I am equally honoured to express myself on the expectations placed on MobiCash by the Bank of Namibia as a Regulator. One of the responsibilities of the Bank of Namibia is to oversee the National Payment System in accordance with the Payment System Management Act, 2003 (Act No. 18 of 2003). As part of its responsibilities, the Bank is required to authorize all payment service providers, which include providers making use of advanced technologies such as mobile phones.

Therefore, all entities foreseeing to enter the market of providing payment services in Namibia are required to seek the authorization of the Bank before doing so. This is done with the view to minimize inherent risks in the National Payment System and to ultimately safeguard financial stability. The question to ask is- **What is the kind of regulatory and supervisory mechanism that will ensure that the formal financial system delivers affordable financial services to the excluded population with greater efficiency without compromising on acceptable levels of safety and reliability?** As a principle, our regulatory intervention has to be proportional to the risk inherent in each business proposition so that we do not stifle innovation.

Consequently, the expectations placed by the Bank of Namibia on MobiCash Payment Solution will consist of, but are not limited to the following key considerations:

- Firstly, MobiCash are required to ensure that the payment solution they provide meets all the prudential regulatory standards, which include among others, capital adequacy requirements, the maintenance of the acceptable levels of liquidity (i.e. float requirements) to ensure sufficient cash is on hand to meet customer demand at all times. That they ensure that Agents across the country keep sufficient floats as prescribed.
- Secondly, MobiCash must uphold adequate infrastructure to handle the volumes from customer demands. Additionally, they must maintain adequate disaster recovery and secure systems to manage operational risks that may arise from its business operations;
- Thirdly, as Mobile Payment Service Provider, it is the responsibility of MobiCash to ensure that its systems are interoperable with all Mobile Network Operators, such as Leo, MTC and Switch.
- In the end, as part of its obligations Mobicash has to ensure that its system provides adequate transactions monitoring and reporting to the Bank for the

purposes of ensuring compliance with the regulatory requirements, which includes Anti-Money Laundering and Combatting Financing of Terrorism.

Before I conclude, Director of Ceremonies, I would like to commend the Directors of MobiCash for the courage they portrayed during the run-up to this launch. It was a long and difficult road to get where they are today given the systems and structures that they had to put in place, including the extensive assessment they had to undergo at the Bank of Namibia. I therefore wish to urge them to continue working hard towards rolling-out more affordable financial services, not only in major towns and cities, but also to the very remote regions of this country.

In conclusion, Director of Ceremonies, please allow me the opportunity to clarify the position of the Bank of Namibia, relating to the certificate of authorization issued to MobiCash Payment Solutions to provide mobile payment services in Namibia.

Contrary to some media reports, MOBICASH PAYMENT SOLUTIONS (PTY) LIMITED **has not been granted** a certificate of authorization to be a “mobile bank” or to provide “mobile banking services” as such activities would be in conflict with the **Banking Institutions Act of 1998, as it is only banking institutions are allowed to do.**

Instead, MOBICASH has been authorized to provide mobile payment services only. In this regard, a distinction must be made between the concepts “**mobile banking**” and “**mobile payments**”.

While the two concepts sound very similar, it is fundamental difference, which the Bank would like to clarify as follows:

**Mobile banking** – Is used in a bank –led model. In other words, it offered by banks using mainly third party payment services providers. It is considered a primarily channel

that people can use to access information from their own bank accounts. While these transactions may be carried out via mobile phones, the convenience is primarily about access to your own financial information. The mobile banking concept allows customers to use their mobile phones as a means to interact with their own accounts, to facilitate account transfers, bill payments and balance inquiries. In Namibia, banks have started offering these technology related to mobile banking as early as 2006.

**Mobile payment** - on the other hand is a recent channel whereby certain payment services are offered through mobile phones by authorized non-banking entities such as MobiPay. Transactions conducted through a mobile phone include, but are not limited to, purchases of goods and services at point-of-sale devices at various outlets; money transfers between individuals and other mobile related services.

These goods and services are bought using stored electronic value on the mobile phones or on the servers of entities like Mobicash and are not funds in the conventional bank accounts of customers.

Stored electronic value on the mobile phones of customers is generally bought from designated agent outlets or the providers of mobile payment services.

In the case of Namibia, mobile payment services is only provided by MobiCash Payment Solutions (Pty) Limited, which currently is the only authorized entity to engage in this type of business in the country.

Therefore, the public is informed that MOBICASH PAYMENT SOLUTIONS (PTY) LIMITED has been authorization only to services.

I thank you for your kind attention.