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FOR IMMEDIATE RELEASE

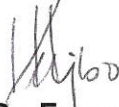
OUTCOME OF THE INVESTIGATION BY THE BANK OF NAMIBIA ON R200 WHATSAPP STOKVEL

1. Following constant public queries seeking information on the legitimacy of the *WhatsApp Stokvel* trending on social media, the Bank of Namibia conducted an investigation on the business activities of *R200 WhatsApp Stokvel* to determine whether such activities contravene the provision of section 55A of the Banking Institution Act, 1998 (Act No.2 of 1998), as amended ("the Act").
2. The outcome of the investigation carried out has revealed that the business activities of the *R200 WhatsApp Stokvel* constitute a pyramid scheme, and therefore, *R200 WhatsApp Stokvel* is in contravention of section 55 (A) of the Act, due to the following reasons:
 - 2.1 Participants of the *R200 WhatsApp Stokvel* are encouraged to recruit new participants in order to become eligible to earn the promised income of N\$1,200.00.
 - 2.2 The scheme does not generate income through the sale of a product or service to participants. The joining fee worth N\$200.00 payable by new participants is the only source of income for the *R200 WhatsApp Stokvel*.
 - 2.3 The N\$200.00 joining fee is used to remunerate participants at the top of the scheme. Thus, as soon as the recruitment of new participants stops, participants at the bottom of the scheme will not receive the promised income of R1,200.00.
3. In view of the above stated reasons, the Bank hereby advises the public as follows:
 - 3.1 The business activities of *R200 WhatsApp Stokvel* which requires promoters to recruit members of the public in order to make an income of N\$1,200.00 contravene section 55A of the Act. Therefore, the promoters of *R200 WhatsApp Stokvel* are hereby directed to cease the operations and promotion of this pyramid scheme immediately. Failure to do so, the Bank will take further appropriate actions as stipulated in the Act.
 - 3.2 Members of the public are hereby directed to stop participating in the business activities of *R200 WhatsApp Stokvel* with immediate effect.
 - 3.3 Those who choose to continue to participate would be liable to a fine not exceeding N\$1,000,000 or imprisonment for a period not exceeding ten years or to both such fine and such imprisonment, if found guilty.

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4. Lastly, the public is hereby urged to always be cautious when approached to take part in business activities that are of suspicious nature, especially those showing characteristics of pyramid schemes stated below:
 - 4.1 The business offers you a chance to join a scheme, where you need to recruit new members in order to make money;
 - 4.2 New members sign up with a joining fee and may be required to continuously pay a subscription fee;
 - 4.3 The business might not offer tangible products/services;
 - 4.4 Your income is based mainly on the number of people you recruit and not on the sale of products to consumers;
 - 4.5 When the products are offered, they are used to cover the business operations, i.e. products offered might not be genuine and usually hard to value;
 - 4.6 Income is based mainly on the number of people you recruit and not on the sales of products sold to consumers.
5. For further information, members of the public are encouraged to contact the Bank.

Issued by:



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