



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

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General Notice

BANK OF NAMIBIA

No. 516

2019

DETERMINATION UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2003

In my capacity as Governor of the Bank of Namibia (The Bank), and under the powers vested in the Bank by virtue of section 14 of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended, I hereby issue this **Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System (PSD-5)**, which Determination shall become effective on date of publication in the *Gazette*.

I. SHIMI
GOVERNOR
BANK OF NAMIBIA

Windhoek, 3 December 2019

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PART I**PRELIMINARY**

1. **Short Title** - Standards for a Basic Bank Account and Cash Deposit Fees.
2. **Application** - This Determination applies to all banking institutions and their agents.
3. **Definitions** - In this Determination, unless the context otherwise indicates, the words and expressions used herein shall have the same meaning assigned to them in the Payment

System Management Act, 2003 (Act No. 18 of 2003), as amended and cognate expressions shall have corresponding meanings:

- 3.1 **“Act”** - means the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended.
- 3.2 **“Agent”** – refers to an entity as defined in the Bank of Namibia’s Guidelines on Agent Banking (BIG-4).
- 3.3 **“ATM third party payments”** - refers to payments effected through an ATM made to a third party who is neither the client nor the issuing bank. The recipient thereof can either be an individual or a business who has a bank account at either the issuing bank or another bank (acquiring bank).
- 3.4 **“Bank”** - means the Bank of Namibia as referred to in section 2 of the Bank of Namibia Act, 1997 (Act No. 15 of 1997), as amended.
- 3.5 **“Banking institution”** - means a public company authorised under the Banking Institutions Act, 1998 (Act No. 2 of 1998), as amended.
- 3.6 **“Business”** – refers to any sole proprietor, association, corporation, company or body, inclusive of non-profit organisations, incorporated or deemed to be incorporated by or under any law in force in Namibia. This definition shall extend to sole proprietors, associations, corporations, companies or bodies which fall under the informal business sector.
- 3.7 **“Basic Bank Account” or “BBA”** - a bank account conforming to the minimum requirements as stated in this Determination.
- 3.8 **“Calendar Year”** shall mean the period from January to December of every year.
- 3.9 **“Cash Deposit Fees”** - means any fees or charges associated with the depositing of cash at a banking institution levied by the banking institution against the account into which the cash is being deposited.
- 3.10 **“Declined transactions”** - refers to transactions that cannot be accepted and effected and are thus rejected. The rejection of the transaction can be caused by various reasons e.g. insufficient funds, exceeding of limit, incorrect card number etc.
- 3.11 **“Earn” or “Earnings”** – refers to any amount of gain, received by or accrued to a person, from a source in Namibia or deemed to be in Namibia, or outside of Namibia on an annual basis. Earnings may be gained through formal or informal employment, or through other means such as remittances, gifts etc. which may not necessarily be concerned with any form of employment for the said person. For purposes of PSD-5, all loans, gratuities and donations shall not be treated as earnings in line with Generally Accepted Accounting Principles.
- 3.12 **“Insufficient funds”** - refers to when an account does not have adequate funds to satisfy a payment demand.
- 3.13 **“Mobile banking third party payments”** - refers to payments effected through mobile phones typically via a bank’s mobile application or cellphone banking platform made to a third party who is neither the client nor the issuing bank. The recipient thereof can either be an individual or a business who has a bank account at either the issuing bank or another bank (acquiring bank).

- 3.14 “Online interbank third-party payments”** - refers to payments effected via a bank’s internet banking platform made to a third party who is neither the client nor the issuing bank. The recipient thereof can either be an individual or a business who has a bank account with another bank (acquiring bank).
- 3.15 “USSD third party payments”** - refers to payments made to a third party who is neither the client nor the issuing bank effected through mobile phones offering a simpler browsing experience through a menu system on the mobile phones. The recipient thereof can either be an individual or a business who has a bank account at either the issuing bank or another bank (acquiring bank).
- 3.16 “Zero-rated” or “Free”** – means exempt from any fees or charges.
- 4. Authorization** - Authority for the Bank to issue this Determination is provided in section 14 of the Act.

PART II

STATEMENT OF POLICY

- 5. Purpose** – The purpose of this Determination is to stipulate standards for a basic bank account (BBA) and cash deposit fees.
- 6. Position of the Bank** - It is the Bank’s position that access to finance is a key driver for economic development. The provision of a BBA and depositing cash free of charge are seen as initiatives that will encourage more Namibians to become part of the formal financial ecosystem, particularly the banking sector. The said initiatives contribute to the access and affordability of financial products and services, which contributes to inclusive economic growth. The Bank further deems it necessary to establish a common terminology of financial services to allow users to compare fees and charges of different financial services and to promote transparency and fair competition in the financial system. It is further the Bank’s position that fees and charges related to payment services should be in the public interest, promote competition, efficiency and cost-effectiveness in line with section 2(d) of the Act. Lastly, the Bank’s position is aligned and supports the national agenda as outlined in the Financial Sector Strategy, where financial inclusion is identified by the government as a key driver for inclusive economic growth and prosperity.
- 7. Scope** - This Determination applies to all banking institutions and their agents.
- 8. Application of the Act** - Unless expressly stated otherwise, the provisions of the Act, as well as the related Determinations and Directives, shall apply to banking institutions and their agents.

PART III

IMPLEMENTATION AND SPECIFIC REQUIREMENTS

- 9. Standards for a Basic Bank Account (BBA)**
- 9.1** Each banking institution must provide at least one bank account to members of the public that conforms to the standards for a BBA as set out in this Determination.

Service Offering	Fees and Charges
1. Opening account	N\$20 or Less or Free
2. Ongoing Balance	None
3. Closing account	Free, No charge

4. Card issuing	1st card free
5. Card replacement	Can be charged
6. Account management / service fee / monthly account fee	Free
7. Cash withdrawal:	
a. (Own) ATM	First three monthly withdrawals are free
b. Cardless	First three monthly withdrawals are free
c. Other bank's ATM	Can be charged
d. Branch	Can be charged
e. Bank agent / merchant	Can be charged
8. Deposits through any channel	Free, No charge
9. Payments:	
a. Debit order (intrabank and interbank)	Can be charged
b. Stop order (intrabank and interbank)	Can be charged
c. In-branch third party payments	Can be charged
d. Online interbank third-party payments	Can be charged
e. ATM third party payments	Can be charged
f. Mobile banking third party payments	Can be charged
g. USSD third party payments	Can be charged
10. Enquiries and statements:	
a. Balance enquiry at ATM (inclusive of mini statement viewing)	Free, No charge
b. Balance enquiry at another bank's ATM	Can be charged
c. Balance enquiry at branch	Can be charged
d. Account statement at branch	Can be charged
e. Bank statement from email and internet	Free, No charge
f. Any beneficiary notifications	Can be charged
g. Balance viewing at branch	Free, No charge
h. Balance printing at ATM (inclusive of mini-statement)	Can be charged
11. Purchases:	
a. Debit card purchases @ Point of Sale or Other Channels	Can be charged
b. Card Not Present (Electronic Purchases)	Can be charged
c. Value add services i.e. airtime, electricity and water via any channel	Can be charged
d. Insufficient funds	Free, No charge
e. Declined transactions	Free, No charge
f. Intra banking payments on internet banking	Free, No charge
12. Subscription fees:	
a. Online banking (access and subscription)	Free, No charge
b. Cellphone banking (access and subscription)	Free, No charge
c. SMS and E-mail (Electronic Notifications)	Can be charged
d. USSD services	Free, No charge
e. Other intra-banking activities which do not involve the transfer of value i.e. management of beneficiaries (adding, updating, deleting beneficiaries etc); updating client profile and bank statements	Free, No charge
NOTE:	
The Fields marked with “ <i>Can be charged</i> ” means that such services can be subjected to charges, however such charges must be justifiable. The Bank will monitor fees and charges to ensure that the Basic Bank Account offering remains affordable to the target market.	
Table 1: BBA Service Offerings and Related Fees and Charges	

- 9.2** Regarding sections 12(d) and 12(e) in Table 1 above, both the acquiring bank and the issuing bank should not charge any fees or charges as no actual transaction was recorded.
- 9.3** Branding of the BBA and related products is at the discretion of each banking institution, however the name of the product should contain the words “basic bank account” to ensure awareness and transparency.
- 9.4** Marketing and advertising material i.e. posters concerning the BBA product with the applicable payment services, and fees and charges should be displayed at the banking institution and its branches as well as electronic platforms i.e. website(s) belonging to the banking institution, as stipulated in the Determination on the Disclosure of Bank Charges, Fees and Commissions (BID-13).
- 9.5** Notwithstanding the preceding paragraph, banking institutions should provide simplified pricing as well as the general requirements for BBA eligibility, and ensure that it is visible, directly accessible and easily identifiable.
- 9.6** Fees and charges applicable to payment services under a BBA must be “Pay-As-You-Use” and not bundled for customers.
- 9.7** For the purpose of the BBA, ATM fees and charges payable by users should be transparent and made known to the customer before they are charged. As an example, a person withdrawing cash from an ATM must be prompted and notified that such a transaction will attract a fee, which fee must be displayed before they can proceed to withdraw.
- 9.8** Banking institutions must notify the Bank at least 30 days prior to the implementation of any changes on the BBA (inclusive of fees and charges), after which the Bank will respond to the notification accordingly. Banking institutions may not proceed with the envisaged change(s) until it receives the Bank’s response.
- 9.9** The BBA must be available to members of the public with an earning of N\$30,300 per annum or less. Each person within the threshold is entitled to a BBA.
- 9.10** A pay slip or fixed income should not be a requirement to qualify for a BBA. Banking institutions must ensure that all existing BBAs within their institution form part of their transactional monitoring controls. Furthermore, where the behaviour of a BBA goes beyond the expected low risk profile associated to low income earners, banking institutions should ensure that the said behaviour is detected timeously and that the corrective risk mitigating actions are taken to ensure compliance with the monitoring expectations set out within the Financial Intelligence Act, (Act No.13 of 2012), which actions may include, but not limited to:
- a) understanding the reasons for change in behaviour;
 - b) sources of actual income observed moving through account;
 - c) nature of client occupation or source of income; and
 - d) where the above options do not yield satisfactory results or provide the necessary comfort, banking institutions should manage the risk by filing suspicious transaction reports, changing the account type or moving client to a suitable client account etc.
- 9.11** The amount to open a BBA should not exceed N\$20.

- 9.12 The Bank may amend the qualifying amount stated under section 9.9 from time-to-time.
- 9.13 It remains the discretion of the banking institution to offer a BBA to individuals above the income threshold stipulated under section 9.9.
- 9.14 Products and services not mentioned in section 9.1 above can be added to the BBA at the discretion of each banking institution with written approval from the Bank.
- 9.15 Banking institutions may develop transparent terms and conditions as well as procedures to govern and implement the provisions outlined in this Determination.

10. Common Terminology for BBA Fees and Charges

- 10.1 For the sake of simplicity, ease of comparison and fair competition, BBAs must have a common terminology for payment services offered to customers.
- 10.2 Each banking institution must adopt the same terminology and presentation format provided under **Table 1** above.
- 10.3 Modifications to the terminology is subject to written approval by the Bank.

11. Cash Deposit Fees

- 11.1 All banking institutions are to provide zero-rated cash deposit fees for all cash deposits on all individual accounts held at the banking institution, including the BBA.
- 11.2 All banking institutions are to provide zero-rated cash deposit fees on all businesses whose business bank accounts, on an annual basis, have received credits of N\$ 1,300,000 or less.
- 11.3 Banking institutions may assess the transactional history of a business' bank account over a period of time i.e. calendar year, to evaluate whether the credits into the said account falls within the N\$ 1,300,000 threshold.
- 11.4 In the event that a business is found to have exceeded N\$ 1,300,000 for the period under assessment i.e. calendar year, such business should be subjected to cash deposit fees. Banking institutions must therefore conduct effective ongoing monitoring and oversight of business accounts.
- 11.5 A business that has recorded an amount of N\$ 1,300,000 or less in the previous period i.e. previous calendar year should not be subjected to cash deposit fees for the next period. Banking institutions must therefore conduct effective ongoing monitoring and oversight of business accounts.
- 11.6 A new business may pay cash deposit fees in its first year of operation if it has exceeded the N\$ 1,300,000 threshold. Banking institutions in determining the new business threshold should apply the guidance provided under section 11.3 of this determination.
- 11.7 Banking institutions are required to have in place clearly documented procedures as well as terms and conditions outlining the management, monitoring and treatment etc. of cash deposit fees.

- 11.8** The abovementioned procedures, and terms and conditions should include and clearly indicate:
- 11.8.1 The treatment of cash deposit fees for businesses must be in line with the thresholds set within this Determination;
 - 11.8.2 The process to be followed in instances where the terms and conditions are breached; and
 - 11.8.3 The process to engage and agree with business clients where cash deposit fees are applicable.
- 11.9** The Bank may amend the qualifying amount stated under section 11.2 from time-to-time.

12. Consumer Protection

- 12.1** Banking institutions and their agents are required to take steps to ensure that customers are provided with accurate information in respect of the various services and products provided under the BBA.
- 12.2** Banking institutions must ensure that all branches are fully equipped i.e. skills, product knowledge etc. to engage customers and to ensure that correct and accurate information is provided to customers on the BBA.
- 12.3** Banking institutions must ensure that the provisions contained herein as well as the banking institutions own respective products and services as related to the BBA and Cash Deposit Fees are consistently applied across all branches.
- 12.4** Banking institutions and their agents shall ensure that their respective engagements conform to provisions as set out within the Guidelines on Agent Banking (BIG-4).
- 12.5** Banking institutions are encouraged to establish internal consumer complaints procedures for purposes of addressing any and all consumer complaints which may arise in relation to this Determination. Banking institutions must ensure that the complaints are addressed in an effective, efficient and transparent manner during the entire complaints process. In the event that the complaints cannot be resolved, after the banking institutions internal complaints procedures have been exhausted, banking institutions must inform customers that they may lodge their complaints to the Bank through the Banking Supervision department for further adjudication.

13. Anti-Money Laundering & Combating the Financing of Terrorism (AML / CFT)

- 13.1** Where applicable, banking institutions on a regular basis, must conduct money laundering and financing of terrorism activities risk assessments and demonstrate compliance with the Financial Intelligence Act, 2012 (Act No.13 of 2012), as well as other relevant accompanying regulations.

PART IV

OTHER REGULATORY REQUIREMENTS

14. Reporting Requirements

- 14.1** All banking institutions will be required to provide information to the Bank, in the manner and format as may be determined by the Bank from time-to-time, to ensure full compliance with this Determination.

15. Remedial Measures

15.1 Failure to comply with this Determination, then the Bank may pursue any remedial measure/s as provided under the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended, or any other relevant legislation in the interest of ensuring stability in the financial system.

16. Effective Date

16.1 This Determination shall come into effect on the date of publication in the *Gazette*. However, existing banking institutions will be granted a six-month grace period to comply with this Determination from the date of publication in the *Gazette*.

17. Repeal of PSD-5

17.1 This Determination repeals and replaces the Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System (PSD-5), published under General Notice No. 295, Government Gazette No. 5544 issued on 29 August 2014.

18. Enquiries

18.1 All enquiries related to this Determination shall be forwarded to:

The Director: Payment and Settlement System Department
Bank of Namibia
P.O. Box 2882
71 Robert Mugabe Avenue
