



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

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WINDHOEK - 3 December 2013

No. 5355

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General Notice

BANK OF NAMIBIA

No. 472

2013

DETERMINATION UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2003 (ACT NO. 18 OF 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 Efficiency of the National Payment System (PSD-7), which Determination shall become effective on 31 December 2014.

I. SHIMI
GOVERNOR
BANK OF NAMIBIA

Windhoek, 17 October 2013

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PART I: PRELIMINARY

1. **Short Title** - Efficiency of the National Payment System (NPS).
2. **Application** - This Determination shall apply to all persons within the NPS.
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 **“Efficiency”** - means the achievement of the principles as established in this Determination.
 - 3.3 **“Fast”** - means payments are processed as close to real-time as possible.

- 3.4 “National Payment System” (NPS)** - means the payment system as a whole, and includes any payment system, settlement system, clearing system and payment system arrangement used in the process of effecting payment between payers and beneficiaries.
- 3.5 “Payment Service”** - means a service enabling cash to be placed on a payment account and all of the operations required for operating a payment account. A service enabling cash withdrawals from a payment account and all of the operations required for operating a payment account. The execution of the following types of payment transaction: direct debits, including once-off direct debits; payment transactions executed through a payment card or a similar device; credit transfers, including standing orders. The execution of the following types of payment transactions where the funds are covered by a credit line for the payment service user, direct debits, including once-off direct debits; payment transactions executed through a payment card or a similar device; credit transfers, including standing orders, issuing payment instruments or acquiring payment transactions and money remittance.
- 3.6 “Reasonable cost”** - means that the price of processing a payment should reflect the cost of processing the payment.
- 3.7 “Real-time”** - means the processing of instructions on an individual basis at the time they are received rather than at some later time.
- 3.8 “Safely”** - means as determined under by the Payment Systems Risk Based Oversight Framework of the Bank of Namibia relating to Operational Risk Management.
- 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** - This Determination provides the guiding principles for assessing the efficiency of the national payment system.
- 6. Scope** - This Determination applies to all system participants, payment instrument issuers and service providers within the NPS. The payment systems within are those dealing with immediate settlement, Electronic Funds Transfers (EFT), card payments, cheque payments, electronic-money payments and any other payment instrument as may be determined by the Bank.
- 7. Application of the Act** - Unless expressly stated otherwise, the provisions of the Act, as well as the related determinations and directives, shall apply to system participants payment instrument issuers and service providers.

PART III: IMPLEMENTATION REQUIREMENTS

8. Efficient Payment System

- 8.1 An efficient National Payment System should ensure the following:
- 8.1.1 Payments are processed fast, safely and at a reasonable cost;
- 8.1.2 Any risks generated should be appropriately managed;

- 8.1.3 Be able to operate without disruption in the event of sudden financial or operational incapacity of a participant, or following other types of financial crises or natural disasters, etc.;
 - 8.1.4 Incorporate delivery-versus-payment arrangements where appropriate, and especially with respect to time-critical transactions;
 - 8.1.5 Incorporate internationally accepted principles as issued from time to time by the Bank of International Settlements;
 - 8.1.6 Ensure that the status of payments is certain at all times, and, in particular, that the attributes of “finality” and “irrevocability” are supported;
 - 8.1.7 Ensure that the payment services are efficient and reliable, and are responsive and relevant to customer needs;
 - 8.1.8 Access to or participation in the payment system should not be denied to any person, if such person meets the set out criteria as set out by the Bank, the Payment System Management Body and/or any other approved service provider; and
 - 8.1.9 The criteria referred to in subsection 8.1.8 for access to or participation in the payment system must be open, flexible, competitive, fair, transparent and equitable, with no unwarranted barriers to entry; and
 - 8.1.10 The rules relating to the processing order of payment instructions should be transparent and should disallow any preferential treatment of payment instructions.
- 8.2 Guidelines for efficiency within specific payment systems may be issued by the Bank from time to time.

PART IV: OTHER REGULATORY REQUIREMENTS

9. Reporting Requirements -

- 9.1 All authorised system participants, service providers and payment instrument issuers will be required to provide confirmation to the Bank, as determined by the Bank, of full compliance with this Determination.

10. Remedial Measures -

- 10.1 Failure to comply with this determination, then the Bank may pursue any remedial measure/s as provided under the Act, or any relevant legislation in the interest of ensuring the efficiency and effectiveness in the National Payment System.

11 Effective Date -

- 11.1. The effective date of this Determination shall be 31 December 2014

12. Enquiries -

All enquiries related to this determination shall be forwarded to:
The Director: Payment and Settlement Systems Department
Bank of Namibia
P.O. Box 2882
71 Robert Mugabe Avenue
