

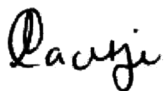


No.: 4

2023

**GUIDELINES UNDER THE BANKING INSTITUTIONS ACT, 1998 (ACT NO.2 OF 1998) AS AMENDED: AGENT BANKING**

In my capacity as Director of Banking Supervision and under the power vested in the Bank by virtue of section 3(1) of the Banking Institutions Act, 1998 (Act No 2 of 1998), I hereby issue the **Guidelines on Agent Banking (BIG-4)**.



**ANCOIS PLAATJE**  
**DIRECTOR: BANKING SUPERVISION**

**30 JUNE 2023, WINDHOEK**

**Guidelines No BIG-4  
AGENT BANKING**

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## PART I

### PRELIMINARY

1. **Short Title** – Agent Banking Guidelines
2. **Authorisation** - These Agent Banking Guidelines are furnished to banking institutions in terms of section 3 of the Banking Institutions Act, 1998 (Act No. 2 of 1998 as amended).
3. **Application** - These Guidelines apply to all banking institutions authorised by the Bank to conduct banking business in Namibia and who wish to participate in agent banking activities.
4. **Definitions** – Terms used within these Guidelines are as defined in the Act, as further defined below, or as reasonably implied by contextual usage.
  - 4.1 **Act** - means the Banking Institutions Act, 1998 (Act No. 2 of 1998) as amended.
  - 4.2 **Agent** - means a single entity that has been contracted by a banking institution and approved by the Bank to provide banking services on behalf of the banking institution using the agent's premises in the manner specified in these Guidelines.
  - 4.3 **Agent banking** - means the provision of financial services to customers by an agent on behalf of a banking institution as permitted under these Guidelines. The services are limited to the permissible activities as outlined in paragraph 12.1 of these Guidelines.
  - 4.4 **Agent network** - means a critical interface between customers and financial services providers, which may comprise an established distribution network, such as post offices or retail chains, or be built from independent, small-scale traders and other retailers.
  - 4.5 **Banking services** – mean retail or commercial deposit or lending business and all other financial services which are customarily provided by banks but limited to the activities permitted in paragraph 12 of these Guidelines.
  - 4.6 **Real-time transaction** - means the electronic processing of transactional data instantaneously upon data entry or receipt of a command.

## PART II

### SPECIFIC PROVISIONS

#### 5. Purpose

5.1 These guidelines provide a framework for agent banking as a solution to achieve the following objectives:

- a) to increase banking services outreach and to promote financial inclusion to the un-banked and under-banked population without risking the safety and soundness of the banking system; and
- b) to reduce the cost of access to financial services.

#### 6. Written notification of intention to establish an agent network

6.1 A banking institution intending to conduct banking business through an agent network must notify the Bank in writing before commencing agent banking business. Written notification must be accompanied by the following:

- a) A copy of the draft contract between a banking institution and the agent specifying the nature of banking services to be conducted by the agent; the duration of the agreement; the responsibilities and accountabilities of the banking institution and the agent; and the termination of the agreement.
- b) The banking institution's approved policies and procedures applicable to agent banking.
- c) A risk assessment report of the operations to be performed through the agent, including the mitigating measures to manage the potential risks in accordance with the banking institution's risk management policies.

6.2 The Bank will assess the notification and inform the banking institution of the outcome.

#### 7. Specific responsibilities attributable to the banking institution

7.1 A banking institution must maintain an effective system of internal control and oversight of the services conducted by the agent on its behalf. The banking institution must ensure that the identification, assessment, monitoring, and reporting of all relevant compliance issues are performed.

7.2 A banking institution must conduct a risk-based review of critical agent banking processes to ensure that the policies, rules, regulations, and operational guidelines

are followed, as well as to ensure that the agent has proper security control policies to safeguard the information, communication and technology systems and data from both internal and external threats.

- 7.3 A banking institution must provide agents with such operation manuals and risk management policy documents as needed to ensure the proper provision of banking services to customers.
- 7.4 A banking institution must provide agents with sufficient training in relation to the banking services rendered to enable the agents to adequately perform the operations and provide the banking services agreed upon. The training for agents should include proper identification of customers, customer service, the confidentiality of the information, cash security, and financial education.
- 7.5 In the fulfilment of AML/CFT requirements, a banking institution must comply with the requirements of the Financial Intelligence Act, 2012 (Act No. 13 of 2012). A banking institution must ensure that the necessary AML/CFT monitoring processes exist, that the necessary actions to be taken by agents in this regard should be communicated to the agents, and the agents' compliance therewith monitored.

## **8. Risk Management**

- 8.1 A banking institution must have a risk management policy to manage potential risks emanating from services that are rendered by agents on its behalf.
- 8.2 A business continuity management plan must be developed by the banking institution to mitigate any significant disruption, discontinuity, or gaps in agents' functions.
- 8.3 A banking institution must put in place appropriate product and operations manuals, accounting procedures and systems and design necessary forms to be used by the agents.
- 8.4 A banking institution must have systems and well-trained personnel to adequately monitor and control agent banking operations on an ongoing basis.

## **9. Suitability assessment of an Agent**

- 9.1 A banking institution must, before appointing an entity to be contracted as an agent, vet and satisfy itself as to the suitability of the proposed entity and shall establish that:
  - a) The entity has not been classified as a distressed or non-performing borrower by a banking institution in the last twelve (12) months preceding the date of signing the contract. That status shall be maintained for the duration of the contract.

- b) The entity possesses an appropriate physical infrastructure, human resources and/or information and communication technology (ICT) infrastructure to provide the services with the necessary degree of efficiency and security.

## **10. Agent eligibility**

10.1 The following entities shall be eligible for appointment as agents under these Guidelines if they fulfil the requirements as stated in these Guidelines:

- a) Sole Proprietorship
- b) Close corporations
- c) Partnerships
- d) Private (Proprietary) Limited companies
- e) Public (Limited) companies
- f) Cooperative societies
- g) Trusts
- h) Any other entity that the Bank may specify from time to time.

10.2 Any entity which is subject to any regulatory authority under any written law is required to obtain the approval of the regulatory authority or the appropriate oversight body or authority prior to being appointed an agent.

## **11. Establishment of an agency relationship**

11.1 A banking institution must conclude a written contract with an agent for the provision of any of the banking services specified in these Guidelines.

11.2 A contract between a banking institution and an agent should further the realisation of the objectives of the Guidelines.

## **12. Permissible activities of an Agent**

12.1 An agent may provide banking services that are not prohibited in Par. 13 of these Guidelines as may be agreed upon with the banking institution.

12.2 It is the responsibility of the banking institution to determine, based on agent risk assessment, which services a particular agent may provide.

12.3 All monetary transactions conducted through an agent must be denominated in Namibia Dollars (N\$).

### **13. Prohibited activities**

13.1 An agent may not:

- a) Operate or carry out an electronic transaction when there is a communication failure in the system.
- b) Carry out a transaction when a transactional receipt or acknowledgement cannot be generated unless receipts can be issued manually.
- c) Charge any fees directly to the customers.
- d) Conduct agent banking business when in the opinion of the banking institution, the initial commercial activity has ceased or diminished. The commercial activity should be viable and able to financially support the agent banking business.
- e) Offer any type of guarantee in favour of any banking institution or customer.
- f) Offer banking services on its own accord (provide on its own account banking services similar to those provided by it under an agency contract).
- g) Continue with the agency business when it has a proven criminal record involving fraud, dishonesty, integrity or any other financial impropriety.
- h) Continue with the agency business when the contract has either lapsed or been terminated by a banking institution.
- i) Provide, render or hold it out to be providing or rendering any banking service which is not specifically permitted in the contract.
- j) Open accounts, grant loans, or carry out any appraisal function for purposes of opening an account or granting of a loan or any other facility except as may be permitted by any other written law to which the agent is subject.
- k) Transact in foreign currency.
- l) Provide cash advances.
- m) Subcontract another entity to conduct agent banking on its behalf.

13.2 A banking institution may specify in the contract any further activities that the agent is prohibited from undertaking.

### **14. Non-exclusivity of an agency agreement**

14.1 A contract between a banking institution and an agent may not be limited to exclusivity.

14.2 An agent may provide agent banking services for multiple banking institutions provided that:

- a) a separate contract for the provision of agent banking services with each banking institution is in place; and
- b) the agent has the capacity to manage the transactions for different banking institutions.

- 14.3 A banking institution seeking to contract a person who has already been contracted by another banking institution to conduct agent banking must assess the capacity of the agent to manage transactions for a different banking institution in terms of physical infrastructure, technological capacity and adequacy of funds or float of the agent.

## **15. Supervision of Agents**

- 15.1 A banking institution is responsible for monitoring and supervising the activities of its agents.
- 15.2 A banking institution should at all times have precise and accurate information on the numbers and volumes of transactions carried out for each type of service by each agent and monitor effective compliance with set limits and establish other prudential measures in each case.
- 15.3 A banking institution is required to furnish the Bank with the information referred to in 15.2 herein upon request.
- 15.4 A banking institution must implement measures to control operating risks, including having clause(s) in the contract establishing the liabilities of the agent vis-à-vis the banking institution.
- 15.5 A banking institution's staff or authorised persons may conduct periodic visits to ensure that agents operate strictly within the requirements of the law, guidelines and contract, and such visits shall be documented for disclosure as required by the Bank.
- 15.6 Notwithstanding the responsibility imposed on banking institutions to monitor and supervise their agents, the Bank may, at any time, exercise its regulatory and supervisory powers under the Act and may request such data or information or carry out such inspection as it deems necessary.

## **16. Real-time transactions**

- 16.1 All transactions involving deposit, withdrawal, payment, or transfer of cash from or to an account should be in real-time, and a banking institution must ensure that agents are able to conduct those transactions in real-time.

## **17. Minimum consumer protection measures**

- 17.1 As a minimum, the following requirements must always be complied with:



- a) A banking institution must establish mechanisms that will enable its customers or users to appropriately identify their agents and the services provided through such agents.
- b) Agents must issue receipts for all transactions undertaken through them. A banking institution should provide its agents with equipment that generates receipts or acknowledgements for transactions carried out through agents.
- c) Where an agent acts as a receiver and deliverer of documents, an acknowledgement must be provided for all documents received or delivered by the agent to or from the customer.
- d) Customers aggrieved by services rendered by the agent may lodge a complaint with the respective banking institution in line with the set customer complaints procedures.

## **18. Disclosures**

- 18.1 An agent must clearly disclose to the banking institution's customers, in writing and in a comprehensive manner, at its premises:
  - a) The name of the banking institution it is providing services for and the banking institution's logo.
  - b) A closed list of banking services offered by the agent.
  - c) Bank charges related to various banking products and services and where applicable, the minimum and maximum charges imposed. All bank charges should be disclosed in a transparent manner.
  - d) The dedicated telephone line through which customers can contact the banking institution.
- 18.2 The agent must not represent to the public, in any manner whatsoever, that it is a banking institution.

## PART III

### REPORTING REQUIREMENTS

#### 19. Submission of data and statistical returns to the Bank

A banking institution must submit, on a quarterly basis, not later than the 26<sup>th</sup> day of the next quarter, data and other information on agent operations, including:

- a) The number and geographical distribution of agents.
- b) Incidents of fraud, theft, or robbery.
- c) Customer complaints.
- d) Measures taken to address customer complaints.

**Questions relating to these Guidelines should be addressed to the Director, Banking Supervision Department, Ms. Ancois Plaatje, at Bank of Namibia, Tel: +264 61 283 5256 or email: [ancois.plaatje@bon.com.na](mailto:ancois.plaatje@bon.com.na).**