

**Date:** 20 April 2018  
**Attention:** News Editor  
**Ref:** 9/6/2

FOR IMMEDIATE RELEASE

**RECOGNITION AND DESIGNATION OF NAMCLEAR (PTY) LIMITED (NAMCLEAR) AND NAMIBIA INTER-BANK SETTLEMENT SYSTEM (NISS) AS SYSTEMICALLY IMPORTANT FINANCIAL MARKET INFRASTRUCTURE (FMI) BY THE BANK OF NAMIBIA**

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1. The Payment System Management Act (Act No. 18 of 2003), as amended, mandates the Bank of Namibia to perform functions to ensure the safe, secure, efficient and cost-effective operation of the National Payment System (NPS).
2. In executing this mandate, the Bank ensures that the NPS conforms to international standards for payment systems, such as the Principles for Financial Market Infrastructure (PFMIs).
3. Accordingly, on 17 January 2018 the Bank resolved to designate the Namibia Interbank Settlement System (NISS) and Namclear as systematically important Financial Market Infrastructures (FMIs) in line with the requirements of the PFMIs.
4. In this regard, the Bank considered, among others, the following criteria to designate the mentioned clearing and settlement systems:
  - i. Volumes and values transacting through the particular system;
  - ii. The number of participants participating in the system;
  - iii. How interdependent the system is with any other payment systems and markets;
  - iv. The impact on the national economy should the specific system fail;

- v. The use of information and activities emanating from the system in monetary policy operations of the Bank of Namibia;
  - vi. The size and concentration of financial risks within the payment system.
5. Namclear provides automated clearing services for all interbank transactions emanating from Cheque, Card and Electronic Fund Transfer (EFT) transactions in the financial system. Namclear is of systemic importance in that it is the only FMI within the NPS that provides interbank clearing services and duly has an impact on the NPS when assessed against the abovementioned criteria.
  6. NISS is a Real Time Gross Settlement System (RTGS) that processes and settles all time critical payments within the NPS under the principle of finality and irrevocability (which means transactions once settled in NISS cannot be undone as their settlement is treated as final). NISS also settles cleared EFT, Card and Cheque transactions from Namclear. Hence, NISS is of systemic importance in that it is the only FMI that settles payment transactions finally and irrevocably within the NPS.
  7. It is required that a designated systemically important payment system observe and apply the principles for financial market infrastructures and in particular provide relevant information to its participants, relevant authorities and the broader public. Members of the public who wish to familiarise themselves with the Principles can find the document on [www.bis.org/cpmi/info\\_pfmi.htm](http://www.bis.org/cpmi/info_pfmi.htm).
  8. In terms of the PFMIs, the Bank is furthermore required to publicly announce the designation of any systemically important payment system or market infrastructure. To this effect, a designation notice has been issued and is available at: [www.bon.com.na](http://www.bon.com.na)

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