



GUIDELINES FOR PAYMENT INTERMEDIATION SERVICE PROVIDERS IN THE NATIONAL PAYMENT SYSTEM OF NAMIBIA

Date: 23 March 2018

1. Purpose

- 1.1. The purpose of these Guidelines is to provide the conditions under which a service provider can provide payment intermediation services in the National Payment System (NPS), as per section 7(1) of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended (hereinafter referred to as “the Act”).

2. Application

- 2.1. These Guidelines will apply to –

- a) All registered service providers and persons who intend to register as service providers to provide payment intermediation services in the NPS as per section 7(1) of the Act; and
- b) The category of persons under section 7(1) (a) and (b) of the Act who intend on appointing service providers as agents to provide payment intermediation services on their behalf in the NPS.

3. Authorisation

- 3.1. The authority to issue these Guidelines is provided for by the Exemption of Service Providers Government Notice No.14, published in the Government *Gazette* No.6524 dated 1 February 2018.

4. Position of the Bank

- 4.1. The Minister, by Government Notice in the Government *Gazette*, after consultation with the Bank of the Namibia (the Bank) and the Payments Association of Namibia (PAN), subject to the conditions contained herein, has exempted a category of persons, namely, service providers to provide payment intermediation services in the NPS. The

purpose of allowing service providers to provide payment intermediation services is to promote and enhance competition, innovation, financial inclusion and the provision of efficient and cost effective payment services in the NPS.

5. **Definitions** – Unless the context otherwise indicate, a word or expression defined in the Act has the same meaning in these Guidelines:
 - 5.1. **"Act"** – means the Payment System Management Act, 2003 (Act No.18 of 2003), as amended.
 - 5.2. **"Agent"** – means a Payment Intermediation Service Provider or "PISP" providing payment intermediation services on behalf of the category of persons listed under section 7 (1) (a) and (b) of the Act, and as exempted by the Minister in the Government Notice.
 - 5.3. **"Bank"** – means the Bank of Namibia as referred to in section 2 of the Bank of Namibia Act (Act No. 15 of 1997), as amended.
 - 5.4. **"Government Notice"** – means the Government Notice No.14 on the Exemption of Service Providers from section 7(1) of the Act, published in the *Government Gazette* No.6524 dated 1 February 2018.
 - 5.5. **"PAN Entry and Participation Criteria"** – means the document that outlines the official assessment principles used by PAN to assess the operations of new and existing service providers.
 - 5.6. **"Payments Association of Namibia" or "Body" or "PAN"** – means the Payment System Management Body established in terms of section 3 of the Act.
 - 5.7. **"Payment intermediation"** – means accepting money or payment instructions as a regular feature of a person's business, from any other person for the purpose of making a payment on behalf of that other person to a third person to whom the payment is due.
 - 5.8. **"Payment Intermediation Service Provider or "PISP"** – means a service provider who accepts money or payment instructions as a regular feature of their business, from any other person for the purpose of making payments on behalf of that person to a third person to whom that payment is due.

5.9. “the Minister” – means the Minister of Finance.

6. Payment Intermediation Service Providers

6.1. Registration by PAN: A service provider that intends on providing payment intermediation services with or without being an agent of the category of persons referred to under section 7 (1) (a) and (b) of the Act, must register with the PAN as a payment intermediation service provider (PISP). The registration of a PISP must be done in accordance with the Exemption Notice, the PAN Entry and Participating Criteria and these Guidelines.

6.2. Use of Agents: A category of persons under section 7(1) (a) of the Act seeking to appoint an agent to provide payment intermediation services on its behalf must conform to the Agent Banking Guidelines issued by the Bank under the Banking Institution Act, 1998 (Act No.2 of 1998), as amended.

6.3. Limitation: Authorisation granted by PAN to provide payment intermediation services will not include nor be deemed to include the authorisation to issue payment instruments or electronic money in the NPS or to conduct any banking related business other than the intended service.

6.4. Management of Pooled Funds: A service provider that intends on providing payment intermediation services is required to hold a merchant “pool” account with a sponsoring licensed banking institution to safeguard funds that are collected for the purpose of payment intermediation. Funds intermediated through a “pool” account must be paid over to a recipient to whom the funds are due within an acceptable period of time as specified in the PAN Entry and Participation Criteria.

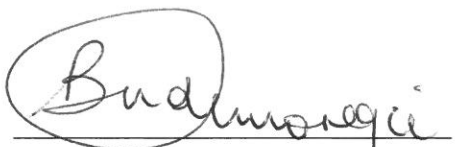
6.5. Service Level Agreements: A service provider that intends on providing payment intermediation services must ensure sound Service Level Agreements with all third parties involved in the provision of payment intermediation services. This includes agreements entered into with banking institutions where the “pool” account is held and merchants or persons to whom the service is being rendered to.

- 6.6. Capital Adequacy:** A service provider that intends on providing payment intermediation services must hold, at the time of authorisation and during their operations, initial and ongoing capital requirements as may be specified in the PAN Entry and Participation Criteria.
- 6.7. Data Security Standards:** A service provider that intends on providing payment intermediation services must conform to acceptable data security standards as may be specified in the PAN Entry and Participation Criteria, to ensure that client information and data is always protected and kept confidential.
- 6.8. Compliance to the Act and its Regulations:** A service provider that intends on providing payment intermediation services must ensure that it complies with the relevant provisions of the Act and all its accompanying regulations i.e. Determinations, Directives, Notices, Guidelines and Circulars.
- 6.9. Consumer Protection:** A service provider that intends on providing payment intermediation services must adhere to consumer protection principles as may be specified in the PAN Entry and Participation Criteria to ensure that the payment intermediation services are safe, efficient, cost effective and in the public interest.
- 6.10. Anti-Money Laundering / Countering the Financing of Terrorism (AML / CFT):**
A service provider that intends on providing payment intermediation services is required to demonstrate to PAN, how their proposed businesses / services would be structured to mitigate potential Money laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) risks. Existing registered service providers are required to demonstrate to PAN, the relevant ML, TF and PF risk management measures related to existing and new services they would like to offer, before approval is granted for such new services.
- 6.11. Oversight and Reporting:** A service provider that intends on providing payment intermediation services will be required to submit to PAN, in a prescribed format, information / statistics regarding the payment intermediation services, indicating updates since the last report as well as cumulative totals throughout a calendar year.

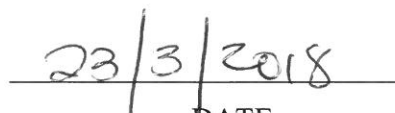
7. General

- 7.1. All service providers who are currently providing or engaged in payment intermediation services must implement the necessary operational changes to ensure compliance with the Exemption Notice, the PAN Entry and Participation Criteria and these Guidelines within six (6) months from the effective date of these Guidelines.
- 7.2. Persons who are uncertain as to whether their current or future business practices are aligned to the provisions of these Guidelines should initiate discussions with the Payment and Settlement Systems Department of the Bank of Namibia or the PAN.
- 7.3. These Guidelines are not exhaustive and may be supplemented and / or amended from time to time.
- 7.4. **Effective Date:** These Guidelines will become effective on date of signature.
- 7.5. **Enquiries:** All enquiries related to these Guidelines must be forwarded to:

Director: Payment and Settlement Systems
Bank of Namibia
P.O. Box 2882
71 Robert Mugabe Avenue
Tel: +264-61-2835111


BARBARA DREYER-OMOREGIE

DIRECTOR: PAYMENT AND SETTLEMENT SYSTEMS


DATE