



# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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WINDHOEK - 17 December 2012

No. 5098

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## General Notice

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### BANK OF NAMIBIA

No. 448

2012

#### DETERMINATION UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2003 (ACT NO. 18 OF 2003), AS AMENDED

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 conduct of card transactions within the National Payment System (PSD-4), which Determination shall become effective on 30 June 2013.

**I. SHIMI**  
**GOVERNOR**  
**BANK OF NAMIBIA**

Windhoek, 30 September 2012

**Payment System Determination (PSD-4)**  
**CONDUCT OF CARD TRANSACTIONS WITHIN THE NATIONAL PAYMENT**  
**SYSTEM**

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**PART I: PRELIMINARY**

1. **Short Title** - The conduct of card transactions within the National Payment System.
2. **Authorization** - Authority for the Bank to issue this Determination is provided in section 14 of the Act.
3. **Application** - This Determination shall apply to persons engaged in card transaction processing and the acquiring of merchants in Namibia.
4. **Definitions** - In this determination, unless the context indicates otherwise, the words and expressions used herein shall have the same meaning assigned to them in the PSM Act, as amended and cognate expressions shall have corresponding meanings.
  - 4.1 **“Act”** means the Payment System Management Act, 2003 (Act No. 18 of 2003) as amended.
  - 4.2 **“Cross-border Merchant Acquiring”** means the acquiring of transactions from merchants located in a country other than the country in which the acquiring bank is physically established.

- 4.3 **“Closed-loop or Private Label System”** means a system designed to only be used at the issuer’s locations, such as retail stores, casinos, e-commerce businesses, restaurants, transport services, haulage services, courier services, etc.
- 4.4 **“Domestic Merchant Acquirer”** means a financial institution legally registered and incorporated in Namibia that contract with domestic merchants to accept card payments for the payments of goods or services.
- 4.5 **“Foreign or International Merchant Acquirer”** means a financial institution legally registered and incorporated outside Namibia that contract with domestic merchants to accept cards as payment for goods or services.
- 4.6 **“Merchant Acquirer”** means a financial institution that contract with a merchant to accept cards as a payment for goods or services.
- 4.7 **“Merchant”** means a person accepting cards as a payment for goods or services. In terms of e-commerce, means an authorised acceptor of card payments for the electronic payment of goods or services online or via the Internet. In terms of traditional brick-andmortar point-of-sale (POS), means an authorised acceptor of card as payment for goods or services in person.
- 4.8 **“Domestic card transactions”** means all transactions from domestic cards issued and used either in a closed-loop (or private label) or an open-loop system.
- 4.9 **“Domestic interbank card transactions”** means all transactions involving or connecting two or more domestic financial institutions.
- 4.10 **“Domestic intrabank card transactions”** means all transactions involving or connecting one financial institution.
- 4.11 **“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 payments between payers and beneficiaries.
- 4.12 **“Open-loop System”** means a system that gives cardholders the opportunity to spend money or access cash wherever the card brand is accepted, i.e. Visa, MasterCard, etc.

## **PART II: STATEMENT OF POLICY**

5. **Purpose** - The Bank is issuing this determination to provide for the conduct of card transactions within the Namibian NPS.
6. **Scope** - This determination governs the conduct of card transactions within the National Payment System in Namibia.
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 the conduct of card transactions in Namibia.

**PART III: IMPLEMENTATION****8. Merchant Acquiring**

- 8.1 The following are prohibited:
- 8.1.1 Cross-border acquiring of domestic e-commerce merchants by foreign or international acquirers; and
  - 8.1.2 Cross-border acquiring of traditional brick-and-mortar point-ofsale (POS) domestic merchants by foreign or international acquirers.
- 8.2 Merchant acquirers shall effect the necessary changes on current and future e-commerce and traditional brick-and-mortar POS merchant agreements so as to ensure that domestic merchants, either e-commerce or traditional brick-and-mortar POS, are acquired by domestic acquirers.

**9. Card Transaction Processing**

- 9.1 Domestic card transactions include all transactions from domestic cards issued and used either in closed-loop (or private label) or open-loop systems.
- 9.2 All domestic intrabank card transactions shall be switched via a domestic financial institution.
- 9.3 All domestic interbank card transactions shall be switched via the domestic switch.
- 9.4 All international card transactions shall be switched via international card switches (i.e. Diners Club, American Express, China Union Pay, Visa, MasterCard, etc.).
- 9.5 All regional card transactions shall be switched via the designated regional switch.

**PART IV: OTHER REGULATORY REQUIREMENTS****Repeal of PSDIR-3**

- 9.1 This Determination repeals and replaces the Directive on the Conduct of Card Transactions within the NPS, PSDIR-3, published on 16 April 2008.

**10. Remedial Measures**

- 10.1 Failure to comply with this determination, 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 relevant legislation in the interest of ensuring a safe and efficient National Payment System.
- 10.2 This determination is not exhaustive and may be supplemented and/or amended from time to time.

**11. Effective date**

- 11.1 The effective date of this Determination shall be 30 June 2013.

**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  
Tel: +264-61-2835111  
Fax: +264-61-2835228

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