

BANK OF NAMIBIA

CIRCULAR BIA 4/07

TO: ALL BANKING INSTITUTIONS

DATE: 11 JULY 2007

DEFINITION OF BRANCHES, AGENCIES, SPECIALIZED UNITS AND HEAD OFFICE SUPPORT UNITS

1. Background

The definition of branches and agencies, in particular, has been topical between banking institutions and the Bank of Namibia (BoN) over the past two years. In its quest to resolve the differences, BoN decided to address the issue at the Bankers Association of Namibia's level. After consultations with all banking institutions, consensus was reached on the criteria to be used in determining the category of units reported to the BoN. This circular has been formulated on the basis of those criteria.

It should be noted that banking institutions are currently required to report their branch network in the form BIR 200 (Income Statement Return) in terms of Circular BIA 2/05. In that circular, banking institutions are required to only report the number of branches and agencies, hence the return, as it is now, does not accommodate reporting of other categories of units defined in this Circular.

2. Purpose

The purpose of this Circular is two-fold:

- To clarify the definition of branches and agencies and to provide definition of other categories of units found in the banking set-up; and
- To achieve consistency in reporting the branch network which allows for comparisons between banks.

3. Definitions

3.1. Branch

A business unit is to be defined as a Branch, subject to the following criteria:

- Business is conducted from its own premises;

- Has its own management or is under the control of a shared management;
- Provides a full spectrum of “normal” banking facilities and services.

3.2. Sub-branch

A business unit, while technically an agency, is to be defined as a Sub-branch, subject to the following criteria:

- The business is conducted under the control of a dedicated parent branch;
- Has its own management or is under the control of / shared management;
- It has its own premises from where business is being conducted; and
- It provides a full spectrum of “normal” banking facilities and services.

3.3. Agency

A business unit which meets the following criteria is to be defined as an agency:

- Business is conducted under the control of a dedicated parent branch;
- It has its own premises from where business is being conducted;
- The number of “stops” on a round trip is not to be taken into consideration for the determination of the number of representation points;
- It provides a limited spectrum of banking facilities and services such as cash withdrawals, deposits, collection of cheque books, statements, etc and balance enquiries; and
- Has no onsite management.

3.4. ATM

Devices are to be classified as ATMs if housed in or at branch premises or off-site capable of dispensing cash, (with or without a depository function) together with statements, transfer and account enquiry functionalities. “Cash dispensers” in use by merchants / shops are to be excluded.

3.5. Specialized Units

A business unit meeting the following criteria is to be defined as a specialized unit:

- Renders a specialized financial service to its customers and not specifically to branches of the bank; and
- Business is conducted under control of its own management and from own premises.

Such units would include Finance (H/P & Lease) branch, Treasury Department, Cash Service Centre, Trustee branch, Corporate & Business banking and such units which deal directly with customers.

3.6. Head Office Support Units

Head Office Support units could also be included in the return for the sake of ease of reference by financial institutions wishing to refer specific issues to that unit or customers wishing to refer matters to “higher authority”. These units are for specific support of its branches and would not, as a rule, deal with customers.

4. Reporting Requirement

Banking institutions are hereby required to reclassify their branch network in terms of this Circular. Banking institutions shall continue to report their branch network and submit their return BIR 200 in accordance with the Circular BIA 2/05. However, until such time that the BIR 200 is revised to include sub-branches, banking institutions shall report sub-branches as agencies.

5. Effective Date

The effective date of this Circular is 1 September 2007. All banking institutions are expected to comply with the provisions of this circular.

6. Additional Copies

Two additional copies of this Circular are enclosed for the use of your banking institution’s independent auditors. The attached “ Acknowledgement of Receipt “ duly completed and signed by both the Managing Director of the banking institution and the said auditors should be returned to this Office at your earliest convenience.

Lionel Matthews
DIRECTOR