

BANK OF NAMIBIA

No. 11

16 June 2025

DIRECTIVE UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2023 (ACT NO. 14 OF 2023)

In my capacity as Governor of the Bank of Namibia (the Bank), and under the powers vested in the Bank by virtue of section 44 of the Payment System Management Act, 2023 (Act No.14 of 2023), I hereby issue the **Directive on E-money Interoperability through the Implementation of the Instant Payment Switch in the National Payment System (PSDIR-11)**, which Directive shall become effective on the date of signature.



JOHANNES !GAWAXAB
GOVERNOR

Windhoek, 16 June 2025

DIRECTIVE ON E-MONEY INTEROPERABILITY THROUGH THE IMPLEMENTATION OF THE INSTANT PAYMENT SWITCH IN THE NATIONAL PAYMENT SYSTEM

1. Definitions

In this Directive, unless the context indicates otherwise, the words and expressions used herein shall have the same meaning assigned to them in the Payment System Management Act, 2023 (Act No. 14 of 2023), and cognate expressions shall have corresponding meanings.

- 1.1. **“Act”** means the Payment System Management Act, 2023 (Act No. 14 of 2023);
- 1.2. **“Bank”** means the Bank of Namibia referred to in section 2 of the Bank of Namibia Act, 2020 (Act No. 1 of 2020);
- 1.3. **“Electronic money or e-money”** means monetary value as represented by a claim on its issuer, which is –
 - (a) stored electronically, magnetically or digitally;
 - (b) issued on receipt of funds (legal tender) of an amount equivalent to the monetary value issued;
 - (c) accepted as a means of payment by persons other than the issuer; and
 - (d) redeemable on demand for cash in Namibia Dollar;
- 1.4. **“Instant payment switch or IPS”** means the central payment and clearing system operated by Instant Payment Namibia (IPN) to facilitate the real-time processing and routing of instant payment transactions between instant payment switch participants;
- 1.5. **“Interoperability”** means the ability of different payment systems, networks, applications and other infrastructure of participants or persons to connect or interface;
- 1.6. **“National payment system or NPS”** means the entire payments ecosystem and includes all the payment systems, clearing systems, settlement systems and the rules, standards, arrangements, procedures, laws, agreements, technologies, payment instruments and institutions that are used in the processing and transferring of funds and securities;
- 1.7. **“Payment instruments”** means any device, procedure or a process authorised by the Bank by which a payment instruction is issued for the purpose of obtaining money, making payments or transferring funds;
- 1.8. **“Payment service provider”** means a person, including a banking institution, licensed under the Act to provide payment services as specified under the Schedule of the Act and
- 1.9. **“Payment system”** means an authorised system that enables the payment and

transfer of funds or value, and includes –

- (a) a clearing system or settlement system; and
- (b) the rules, procedures, standards, technologies, instructions, institutions, participants, infrastructure and persons related to that system.

2. Purpose

- 2.1. The purpose of this Directive is to direct payment service providers issuing payment instruments to ensure e-money interoperability through the instant payment switch by **26 February 2026**.

3. Position of the Bank

- 3.1. In line with the *Position Paper on Interoperability in the National Payment System*, the Bank aims to achieve full interoperability across all retail payment streams by 2025. This objective is underpinned by the principle of interoperability, as articulated in the *Namibia National Payment System Vision and Strategy (2021–2025)*. The Bank, through its subsidiary currently known as Instant Payments Namibia, has embarked on implementing an interoperable instant payment solution with the objective, among others, to achieve e-money interoperability. The Bank deems this solution a digital public infrastructure that will maximise interoperability and play a pivotal role in promoting financial inclusion and benefiting the people of Namibia. As a public good, the IPS is critical in:
 - a) enabling seamless interoperability across various e-money processes and payment service providers, as well as various stores of value; and
 - b) facilitating affordable and low-cost payment use cases,to benefit the Namibian consumers and help financial inclusion in the country.
- 3.2. It is the Bank's position that the absence of interoperability among e-money services introduces inefficiencies and hinders financial inclusion efforts aimed at bridging the gap between the banked, underbanked and unbanked segments of the population. Therefore, e-money interoperability through the shared IPS digital public infrastructure will ensure that e-money functions as an integrated payment instrument alongside other payment instruments, offering consumers greater access and flexibility, introducing affordable, fast payments and customer-centric use cases to enable and deepen financial inclusion. As a digital public infrastructure, the IPS requires broad participation to fully realise its interoperability benefits.
- 3.3. It is further the Bank's position that domestic instant payment mechanisms should be sufficiently scalable to enable cross-border fast and instant payment interlinking, to improve the functioning of the financial system and facilitate cross-border trade.
- 3.4. In promoting and ensuring the achievement of interoperability in the NPS, the

Bank herewith directs:

- 3.3.1 All payment service providers issuing payment instruments to ensure e-money interoperability through the IPS by **26 February 2026**.
- 3.3.2 All payment service providers issuing payment instruments, payment system operators, and IPN are to ensure that the required technical teams and instant payment programme processes are put in place to ensure that interoperability through the IPS is achieved, in line with 3.3.1 of this Directive.
- 3.3.3 All payment service providers issuing payment instruments and the IPN, to report monthly to the Bank, on the implementation progress to ensure compliance with this Directive.

4. Effective Date

- 4.1. This Directive takes effect on the date of signature.

5. Expected Results

- 5.1. All payment service providers issuing payment instruments to make the necessary adjustments to its payment systems to enable e-money interoperability through the IPS and ensure compliance with this Directive.

6. General

- 6.1. This Directive is not exhaustive and may be supplemented and/or amended from time to time.
- 6.2. Contravention of this Directive is an offence in terms of section 44(2) of the Act and is subject to penalties under section 40 of the Act.

7. Enquiries

Any enquiries or clarification concerning this Directive may be addressed to:

The Director: National Payment System and Financial Surveillance Department
Bank of Namibia
P O Box 2882
71 Robert Mugabe Avenue
Windhoek

Signed:



JOHANNES !GAWAXAB
GOVERNOR