GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

N$2.27 WINDHOEK - 15 January 1999 No. 2026

CONTENTS

Page

GENERAL NOTICES

No. 16 Determinations under the Banking Institutions Act, 1998 (Act No. 2 of 1998): General Determinations on Fraud and other Economic Crime 1

No. 17 Determinations under the Banking Institutions Act, 1998 (Act No. 2 of 1998): Determinations on the Compulsory Suspension of Cheque Accounts by Banking Institutions 6

No. 18 Determinations under the Banking Institutions Act, 1998 (Act No. 2 of 1998): Determinations on the Disclosure of Bank Charges, Fees and Commissions 10

General Notices

BANK OF NAMIBIA

No. 16 1999

DETERMINATIONS UNDER THE BANKING INSTITUTIONS ACT, 1998 (ACT NO. 2 OF 1998)

In my capacity as Governor of the Bank of Namibia (The Bank), and under the powers vested in the Bank by virtue of section 71(3)(b) of the Banking Institutions Act, 1998 (Act No. 2 of 1998), I hereby issue the General Determinations on Fraud and Other Economic Crime (BID-9), which Determinations shall become effective on 18 January 1999.

T K ALWEENDO
GOVERNOR

Windhoek, 18 December 1998

BID-9

GENERAL DETERMINATIONS ON FRAUD AND OTHER ECONOMIC CRIME

Overview

Given the growing incidence of fraud and other forms of financial and economic crime in a global perspective, banking institutions should be continually vigilant against such undesirable activities. Apart from causing financial loss to the banking institutions the various forms of economic crime may have far reaching consequences, not only to the afflicted banking institution but can also undermine public confidence in the banking system. Banking institutions are therefore required to bolster their surveillance systems and institute adequate and appropriate internal controls in combating fraud.

While it is accepted that there are costs attached in stepping up anti fraud efforts and in placing improved control mechanisms, banking institutions should bear in mind that their security costs represent additional barriers and hence costs to the criminal also. The prevention of fraud and other forms of economic crime should be regarded as part of risk management.

Given the far reaching consequence of fraud, the Bank of Namibia deems necessary, the setting up of a reporting mechanism and a database on the perpetration of these activities within Namibia. It is envisaged that the reporting mechanism and the database will constitute an effective means to monitor and keep abreast of these undesirable activities and to coordinate measures and develop strategies in the war against economic crime.

1. Reporting Requirements and Procedures

Banking institutions shall report to the Bank of Namibia, any fraudulent or criminal activity or any attempted fraudulent or criminal activity perpetrated against and/or involving the banking institutions whether by insiders or outsiders. For this purpose, banking institutions are required to complete the forms which are attached as Annexures A and B (BID 9).

1.1 Annexure A

The form shall:-

1.1.1 be used to report each individual case involving an amount equal to or more than N$10 000.

1.1.2 be submitted to the Bank not later than 14 days of the detection of the fraud or attempted fraud, and

1.1.3 be duly completed and signed by an officer with managerial responsibilities.

In addition:-

1.1.4 for the purposes of item 4(c): enter the amount estimated to be recovered, including a claim on a third party such as insurance claims, etc.

1.1.5 detailed information such as an investigation report and other relevant information should be attached where available.

1.2 Notwithstanding the submission of a formal report as required under item 1.1 above, banking institutions shall immediately, upon having detected frauds perpetrated against them involving an amount exceeding N$500,000, inform the Senior Manager, Bank Supervision Department of the Bank of Namibia, through telephone or otherwise, on the details of the fraud.

1.3 In order to push forward the development of the fraud database, as a one-off exercise, all banking institutions shall report all prior frauds and other economic crime (where each individual case equals to or more than N$10 000) perpetrated or attempted against them since the beginning of the year, that is, from 1 January 1998. Such information which should be reported by completing the form contained in Annexure A, should be submitted to the Bank not later than 31 January 1999.

1.4 Annexure B

1.4.1 The form shall:-

(a) be submitted each quarter and report in aggregate individual amounts of less than N$10 000 each.

(b) be duly completed and signed by the Principal Officer and the Chief Accounting Officer of the banking institution concerned.

1.4.2 Where more than five branches are involved, report only the five branches with the highest amounts involved.

1.4.3 Reporting on fraud and other economic crime for an aggregate of individual amounts less than N$10 000 each shall be submitted by 21 January 1999 for the period between 1 October 1998 and 31 December 1998, and thereafter 21 days after each calender quarter.

Report on Fraud and Other Economic Crime
(Confidential and not available for inspection by the public)

ANNEXURE A
BID 9

Name of Banking Institution .....
Branch Name .....
Date .....

1. Report number		
2, Date of occurrence		
3. Date of detection		
4. Amount involved		
a. Lost to date:		
b. Recovered to date:		
c. Further estimated recovery:		

5. a. Name of company/person involved (victim):

b. Principal person suspected or charged:

6. Modus operandi (manner in which fraud/economic crime occurred):

7. Remedial action taken:

8. Feature of fraud/economic crime: (Please Tick)	Yes	No
8.1. Manipulation/forgery of negotiable instruments		
8.2. Forgery of authorised signatures		
8.3. Manipulation of accounting or other bank records		
8.4. ATM computer fraud		
8.5. Computer related fraud		
8.6. Fraud committed with insider assistance		
8.7. Fraud committed by outsiders		
8.8. Inadequate internal controls		
8.9. Failure to adhere to bank's procedures		
8.10. Inadequate supervision		
8.11. Other features :		

Note: Fraud shall include robberies, embezzlements and theft of assets.

.....
Reporting Officer's name

.....
Date

.....
Signature

Report on Fraud and Other Economic Crime
(For individual amounts of less than N$10 000)

ANNEXURE B
BID 9

(Confidential and not available for inspection by the public)

Name of Banking Institution .....
For the quarter ended .....

1.	Total number of cases	
2.	Aggregate amount involved (*)	
3.	Number of branches involved	
4.	Details per branch and amounts involved	
	Branch name	N$ '000
5.	Categories of fraud and other economic crime and amounts involved	N$ '000
	Credit card fraud	
	Computer fraud	
	ATM fraud	
	Cheque fraud	
	Theft of cash	
	Theft of assets	
	Securities fraud	
	Treasury operation fraud	
	Instalment credit fraud	
	Currency counterfeit fraud	
	Armed robbery	
	Other fraud - please specify major categories	

Notes: 1. Fraud shall include robberies, embezzlements and theft of assets.
2. Securities Fraud refers to fraud relating to treasury bills, banker acceptances, etc.
* N$ '000

....
Principal Officer Chief Accounting Officer

Date ..... Date .....

BANK OF NAMIBIA

No. 17 1999

DETERMINATIONS UNDER THE BANKING INSTITUTIONS ACT, 1998
(ACT NO. 2 OF 1998)

In my capacity as Governor of the Bank of Namibia (The Bank) and under the powers vested in the Bank by virtue of section 71(3) of the Banking Institutions Act, 1998 (Act No. 2 of 1998), I hereby issue Determinations on the Compulsory Suspension of Cheque Accounts by Banking Institutions (BID-12), which Determinations shall become effective on 1 April 1999.

T K ALWEENDO
GOVERNOR

Windhoek, 18 December 1998

BID-12

DETERMINATIONS ON THE COMPULSORY SUSPENSION OF CHEQUE ACCOUNTS BY BANKING INSTITUTIONS

Overview

The Bank of Namibia is responsible for the safety and soundness of the payments system in Namibia. The payments system is an enabler of economic activity in that it provides the conduit essential for effecting payments, domestically and internationally. The credibility of the payments system is therefore of paramount importance.

The prevalence of cheques which are referred to drawer due to insufficient funds is a matter of concern as this impacts negatively on the credibility and efficiency of the payments system.

The Bank of Namibia has therefore issued these Determinations to provide for the compulsory suspension of cheque facilities where a cheque account is mismanaged or abused by the customer.

Banking institutions are encouraged to continuously educate and inform their clients on the proper management of cheque accounts and on the provisions of these Determinations. Clients should further be informed that the issuing of cheques with insufficient funds available in the cheque account in respect of which the cheque is being issued, constitutes a criminal activity punishable at law.

1. **Screening of new applications**

All applications for new cheque facilities shall be subject to the following screening:

1.1 Interbank confirmation of previous cheque account status,
1.2 Checking of I T C record,
1.3 Confirmation of monthly income, and
1.4 References on previous financial commitments.

2. Internal control systems

Banking institutions are expected to develop and maintain internal control systems which further aim at reducing the occurrence of refer to drawer cheques due to insufficient funds. Such are for instance prompt and regular follow ups with customers who appear to be experiencing difficulty in the management of their accounts.

3. Suspension of a cheque account facility

A cheque account in respect of which five cheques are referred to drawer due to insufficient funds over a period of three months shall immediately be suspended and, as a minimum requirement, the following further action shall forthwith be taken by the banking institution at which such an account is held:

3.1 In the case of a first time offender the cheque facility shall be suspended for a period of six months.

3.2 In the case of a second time offender the cheque facility shall be suspended for a period of one year.

3.3 In the case of a third time offender the cheque facility shall be suspended for the next five years.

3.4 During the period of suspension as provided for under paragraphs 3.1, 3.2, and 3.3, the customer shall not be entitled to a cheque facility with the banking institution effecting the suspension. After the suspension period has elapsed, the cheque facility may be reinstated at the discretion of banking institution and the customer is permitted to apply for cheque facilities with any other banking institution in Namibia.

3.5 The suspension of the cheque account at the branch of the banking institution shall immediately be reported to the head office of the banking institution concerned.

3.6 For the purposes of these Determinations, the compulsory suspension of a cheque facility shall, as a minimum requirement, only compel a banking institution to withdraw the cheque book facilities of the client concerned for the duration of the suspension period.

4. Data base

Every banking institution shall, at its head office maintain a list of all accounts which have been suspended in terms of paragraph 3 above. Such a list must be updated every three months.

The list shall also be made available for inspection and verification by the Bank.

5. Prohibition

No banking institution shall open a new cheque account for a person whose account has been suspended in terms of paragraph 3 above. Thus prior to the opening of a new cheque account a compulsory interbank check must be conducted.

The head office of a banking institution shall be responsible for ensuring that no persons whose accounts have been suspended are permitted to open new cheque accounts at any of it's branches in Namibia.

6. Alternative facility(ies)

Where a cheque facility has been suspended in terms of these Determinations, alternative arrangements may be made to enable the customer to transact with the banking institution, but no cheque books may be issued to the customer for the duration of the suspension period.

7. Exemption

A banking institution may, in exceptional circumstances, approach the Bank where special circumstances exist in the case of a first time offender, for approval not to suspend that person's cheque facility.

8. Reporting Requirement

Every banking institution shall, within 21 days of the end of each sixth calender month, complete and submit to the Bank the form annexed hereto and marked "Annexure A" BID-12.

ANNEXURE A
BID-12

REPORT ON COMPULSORY SUSPENDED CHEQUE ACCOUNT FACILITIES
(Confidential and not available for inspection by the public)

BANKING INSTITUTION: ..... FOR THE PERIOD ENDED: .....

	Customer	Account No.	Value of Cheques Returned	No of Cheques returned	Category of Offender	Branch	Date Suspended	Balance at Suspension Date
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

....
Principal Officer Chief Accounting Officer

....
Date Date

BANK OF NAMIBIA

No. 18 1999

DETERMINATIONS UNDER THE BANKING INSTITUTIONS ACT, 1998
(ACT NO. 2 OF 1998)

In my capacity as Governor of the Bank of Namibia (The Bank) and under the powers vested in the Bank by virtue of section 71(3)(b) of the Banking Institutions Act, 1998 (Act No. 2 of 1998), I hereby issue the General Determinations on the Disclosure of Bank Charges, Fees and Commissions (BID-13), which Determinations shall become effective on 1 March1999.

T K ALWEENDO
GOVERNOR

Windhoek, 18 December 1998

BID-13

DETERMINATIONS ON THE DISCLOSURE OF BANK CHARGES, FEES AND COMMISSIONS

Overview

A well established role of banking regulation is to ensure that bank customers are provided quality services at competitive prices. In several international jurisdictions, the protection of consumer interests feature prominently in banking regulation. Consumer protection objectives, which incorporate meaningful disclosure of bank charges, fees and commissions (hereafter referred to collectively as 'bank charges'), are generally consistent with good banking principles. In this respect, it is expected that banking institutions will, in pricing banking services, be sensitive to the desirability of making charges for basic banking services as fair and as affordable as possible. Whilst it is not the intention of these determinations to regulate the tariff structure of any banking institution, it has been found appropriate to issue minimum requirements on disclosure of the cost of certain basic banking services. Accordingly, banking institutions shall ensure the adoption of disclosure policies, procedures and practices that comply with these determinations.

1. Scope and Coverage of Disclosure

Banking institutions are encouraged to set out their fees structure in a comprehensive manner on the various banking services provided, listing out the basis upon which bank charges are computed and where applicable, the minimum and maximum charges imposed. As a minimum requirement, maximum bank charges levied with regard to services/transactions listed in **Annexure A** shall be disclosed to the public.

2. Form and Manner of Disclosure

2.1 Bank charges shall be displayed in a conspicuous place and manner in each banking chamber and shall be made accessible to walk-in banking customers in a manner that obviates the need to queue up at bank counters

to access such information. For this purpose, banking institutions shall ensure that each of its branches dealing with retail customers shall set up display boards which contain the required information. Such information should be conspicuous and electronically or otherwise printed on display boards. In addition, the display board shall include a statement that information on bank charges not covered in the display may be obtained from bank staff on request by the customer.

2.2 Banking institutions shall ensure that the displayed information on bank charges is regularly updated and shall not impose bank charges on customers in excess of the displayed structure or compute such charges in a manner inconsistent with the displayed basis. Banking institutions shall ensure that the highest standards of integrity and fair treatment of customers are upheld. It is therefore incumbent on the management and Board of Directors of banking institutions to set out standards of good banking practice and ensure strict compliance with such standards.

3. Reporting Requirement

Every banking institution is required to submit a copy of its proposed disclosure documents on bank charges to the Bank of Namibia for its approval by 31 March 1999 and the Bank reserves the right to direct the banking institution to make amendments or modifications that are deemed appropriate in respect of the disclosure of fees.

After the implementation of these Determinations banking institutions shall on an annual basis submit a copy of their disclosure documents on bank charges. These submissions, shall be made to the Bank of Namibia within 21 days of the end of the calendar year, that is, by the 21st of January each year. Notwithstanding the annual submission, banking institutions shall notify and inform the Bank within two weeks of any changes in their fee structure taking place in between the formal submission dates.

4. Customer Complaints Procedure

Each banking institution shall establish internal procedures and policies for the proper handling of customer complaints. Banking institutions shall also inform customers of such procedures.

ANNEXURE A

GENERAL BANK CHARGES AND FEES

1. CHEQUE ACCOUNTS

1.1 Opening of account

1.1.1 Client using facility for the first time

1.2 Closing of account

1.3 Withdrawals

1.3.1 Service fees

1.4 ATM

1.4.1 ATM transactions

1.4.1.1 Local - ATM
Withdrawal (per transaction)
Balance enquiry
Mini statement
Inter account transfer

1.4.1.2 Saswitch - ATM
Withdrawal (per transaction)
Balance enquiry
Mini statement
Inter account transfer

1.4.2 First issue of ATM card

1.4.3 Replacement of lost and/or damaged ATM card

1.5 Cheques

1.5.1 Cheque books

1.5.2 Counter cheques (per cheque)

1.5.3 Returned cheques (for technical reasons)

1.5.4 Unpaid cheques (for lack of funds)

1.5.5 Referral fees (contacting customer to avoid dishonouring paper)

1.5.6 Special presentation of cheques

1.5.7 Encashment of cheques drawn on other banks

1.5.8 Stop payment of cheques

1.6 Transfer/payments

1.6.1 Stop orders (per transaction)
Additional are telegraphic and telex charges

1.6.2 Magtapes/debit orders
Stop payment

1.6.3 Swift

1.6.4 Telegraphic transfers (plus service fees)

1.7 Electronic banking (Internet Banking)

1.7.1 Current account

1.7.2 Savings account

1.7.3 Transfers/Payments on "Self Service Terminal"

1.8 Deposits

1.8.1 Cash deposit fees

1.8.2 Postdated cheques (per cheque)

1.9 Deposit books

1.10 Various

1.10.1 Stop payments (per payment)

1.10.2 Statements (monthly)

1.10.3 Copies of old statements (per statement)

1.10.4 Statements (provisional)

1.10.5 Search fee

1.10.6 Photocopies

1.10.7 Fax charges

1.10.8 Auditors certificates

2. SAVINGS ACCOUNTS

2.1 Opening of account

2.2 Minimum balance

2.3 Closing of account

2.4 Deposits

2.4.1 Cash

2.4.2 Cheques

2.5 Withdrawals

2.5.1 ATM

2.5.2 At teller with ATM card or withdrawal slip

2.5.3 At other branches

2.6 Savings ATM card

2.6.1 First issue of ATM card

2.6.2 Replacement of damaged and/or lost ATM card

2.6.3 Mini statement

2.6.4 Balance enquiry

2.7 Savings book

2.7.1 Replacement of lost book

3. ADVANCES AND OVERDRAFT FACILITIES

3.1 Penalty interest (on the amount exceeding the arranged overdraft limit)

3.2 Overdraft notices/reminders

3.3 Annual review of facility

3.4 Commitment fees for overdrafts

4. RESIDENTIAL HOME LOANS

4.1 Property guarantees (mortgage bond transfer)

4.2 Property valuations

4.3 Bond registration fee

5. ASSET BASED FINANCE

5.1 Opening of account

6. SAFE CUSTODY AND SECURITIES

6.1 Closed custody

6.1.1 Envelopes and boxes

6.1.2 Safe deposit lockers

6.2 Open custody

7. INTERNATIONAL BANKING

7.1 Bank notes and travellers' cheques

7.1.1 Purchases

a) Repurchased from returning CMA Residents

b) Travellers' cheques negotiated from foreign visitors

7.1.2 Sales

7.2 General

8. EXCHANGE CONTROL WORK

8.1 Additional holiday allowance

8.2 Additional student allowance

8.3 Additional maintenance allowance

8.4 Attestation fees

8.5 Credit card endorsements

8.6 General

9. INTERNATIONAL PAYMENTS

9.1 Incoming
SWIFT transfer, bank draft, mail transfer

9.2 Outward

9.2.1 SWIFT transfer

9.2.2 Bank draft

9.2.3 Mail transfer

9.2.4 Teletransmission fee

9.3 General

10. GUARANTEES AND LETTERS OF CREDIT

10.1 Advising commissions

10.2 Confirming commissions

10.3 General

11. COLLECTIONS AND LEGAL

11.1 Letters

11.2 Reminders

11.3 General