

BANK OF NAMIBIA

No. 9, as amended

27 August 2024

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 the User Fees and Charges and Speed of Cross-border Common Monetary Area (CMA) Low-Value Transactions (PSDIR-9) ,as amended**, which Directive shall become effective by **30 September 2024**.



**JOHANNES !GAWAXAB
GOVERNOR**

Windhoek, 27 August 2024

DIRECTIVE ON THE USER FEES AND CHARGES AND SPEED OF CROSS-BORDER COMMON MONETARY AREA (CMA) LOW-VALUE TRANSACTIONS (PSDIR-9), AS AMENDED

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. **“CMA”** means the Common Monetary Area.
- 1.3. **“Cross-border CMA low-value transactions”** means transactions within the CMA with a transaction value below N\$5,000,000.00 routed and processed through the SADC RTGS.
- 1.4. **“Corporate beneficiary”** means a juristic person receiving a payment.
- 1.5. **“Corporate sender”** means a juristic person sending a payment instruction.
- 1.6. **“Current CMA interim solution”** means the EFT systems and payment rail used by First National Bank Namibia, Bank Windhoek, Standard Bank Namibia, and Nedbank Namibia to process EFT transactions within the CMA.
- 1.7. **“Individual beneficiary”** means a natural person receiving a payment.
- 1.8. **“Individual sender”** means a natural person sending a payment instruction.
- 1.9. **“Inward payment”** means a Cross-border CMA low-value transaction initiated through a banking institution from a CMA country other than Namibia.
- 1.10. **“PSD – 9”** means the Determination on the Conduct of Electronic Fund Transfers (EFT) in the National Payment System.
- 1.11. **“Outward payment”** means a Cross-border CMA low-value transaction initiated through a Namibian banking institution to banking institutions in other CMA countries.

- 1.12. **“SADC-RTGS”** means the regional cross-border real-time gross settlement system for the Southern African Development Community.
- 1.13. **“SWIFT”** means Society for Worldwide Interbank Financial Telecommunications
- 1.14. **“Speed”** means the time it takes for a financial transaction to complete and reflect in the beneficiary’s bank account.
- 1.15. **“User fees and charges”** means the fees and charges levied to the sender and / or beneficiary of a Cross-border CMA low-value transaction.

2. Purpose

- 2.1. The purpose of this Directive is to direct banking institutions that are migrating their existing CMA low-value EFT transactions from the current CMA interim solution to the temporary settlement arrangement through the SADC-RTGS to ensure that these transactions adhere to the speed and user fees and charges requirements stipulated in this Directive.

3. Position of the Bank

- 3.1. In line with the requirements of PSD-9, banking institutions currently participating in the CMA interim solution have opted to migrate the processing of CMA low-value EFT transactions to the SADC-RTGS. The implication of this move is that these transactions will now be processed through SWIFT for settlement in the SADC-RTGS which may delay the speed of the transactions and increase banking institutions’ operational costs, which may ultimately translate into higher fees and charges to the customers compared to the current CMA EFT rail.
- 3.2. It is the position of the Bank that the temporary arrangements to migrate the processing of the cross-border CMA low-value EFT transactions to the SADC-RTGS for settlement should not unduly impact the customer experience.
- 3.3. To ensure that both individual and corporate customers are not severely impacted by the migration, the Bank herewith directs the following:

3.3.1. Outward payment

- a) Banking institutions may not charge an individual sender or a corporate sender more than N\$20.00 for an outward cross-border CMA low-value transaction below N\$1,000,000.00.

- b) Banking institutions may not charge an individual sender or a corporate sender more than N\$30.00 for an outward cross-border CMA low-value transaction between N\$1,000,000 and N\$5,000,000.00.

3.3.2. Inward payment

- a) Banking institutions may not charge an individual beneficiary or a corporate beneficiary more than N\$25.00 for an inward cross-border CMA low-value transaction below N\$1,000,000.00.
 - b) Banking institutions may not charge an individual beneficiary or a corporate beneficiary more than N\$35.00 for an inward cross-border CMA low-value transaction which is between N\$1,000,000 and N\$5,000,000.00.
 - c) The transaction speed for an inward cross-border CMA low-value transaction should not be more than 2 business days from the time when it reaches the intended banking institution.
 - d) A banking institution must credit a client's bank account as soon as technically possible but within 2 business days from the time the funds are received by the banking institution.
- 3.4. Fees and charges for cross-border CMA low-value transactions may not be expressed as a percentage of the transaction value.
- 3.5. To ensure that the speed of transactions is not adversely impacted, the Bank has granted an exemption (Refer to Exchange Control Circular No. 2024/01) from the requirements of Section J (D) (ii) of the Currency and Exchanges Manual for Authorized Dealers read together with Section B.1 (C) of Business and Technical Specification Operational Manual and Section C.1 (A) of the Business and Technical Specification – Integrated Form, regarding the following:
- 3.5.1. Individuals' cross-border CMA low-value inward transactions below N\$1,000,000.00 into Namibia, provided the purpose of the transaction is disclosed in the SWIFT customer transfer message, in a clear and unambiguous manner.
 - 3.5.2. Corporates' cross-border CMA low-value inward transactions below N\$5,000,000.00 into Namibia, provided the purpose of the transaction is disclosed in the SWIFT customer transfer message, in a clear and unambiguous manner.

- 3.6. Banking institutions are required to correctly report all transactions to the Bank in accordance with the relevant regulatory returns.

4. Effective Date

- 4.1. This Directive takes effect on 30 September 2024.

5. Expected Results

- 5.1. All banking institutions are expected to make the necessary adjustments to their cross-border CMA low-value transactions to 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 Payment System Management Act, 2023 (Act No. 14 of 2023) and is subject to penalties under section 40 of the Payment System Management Act, 2023 (Act No. 14 of 2023).

7. Enquires

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 IGAWAXAB
GOVERNOR