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**MEDIA STATEMENT ON THE  
PHASING OUT OF CHEQUES AS A  
PAYMENT INSTRUMENT WITHIN THE  
NATIONAL PAYMENT SYSTEM (NPS)**

**27 JUNE 2019**

The Bank of Namibia, Payment Association of Namibia, and Namclear hereby announce the discontinuation of cheques as a payment instrument in Namibia effective from 30 June 2019.

As the winding off period takes effect, stakeholders and the public are hereby informed that the last processing day for a cheque to be cleared by the cheque payment stream will take place on Saturday, 29 June 2019. Thereafter the deactivation and decommissioning process will be initiated which involves making sure that all cheque participant members in Namclear are removed from the payment applications followed by the shutting down of the cheque payment stream completely.

As part of the Namibian National Payment System reform initiative to establish local payments infrastructure, undertaken by the Bank of Namibia, the Payments Association of Namibia, Namclear and the banking industry, the cheque system went live in September 2005, almost two years after the establishment of Namclear as the automated clearinghouse in November 2003.

After this, the industry embarked on a cheque strategy, with incremental reductions to the cheque item limit over the years. Taking into consideration the risks to the National Payment System associated with the initial high cheque item limit of N\$5 million, the limit was reduced to N\$500 000 through the issuance of the Determination on the Reduction of the Item Limit for Cheque Payments within the Namibian National Payment (PSD-2). In 2015, the item limit was reduced to the current N\$100 000.

These efforts not only assisted in mitigating the fraud risks relating to the cheque payment instrument, but also to take a phased approach towards the ultimate phasing out of cheques.

Coupled with this, the industry has noted a move in Namibia towards the non-acceptance of cheques by the business community. Since 2007, there has been a steady decline in the cheque volumes and as an example, the cheque volumes processed over the past 5 years between 2014 and 2018 significantly decreased by 79.81%.

Therefore, the move to phase out cheques by the banking industry is a decision that is supported with the intention not to inconvenience the public, but to minimise the risks, such as fraud, and in due consideration of the inefficiencies and costs associated with cheques as a payment instrument.

It should be noted that the cheque payment instrument is one of the most embattled instruments when it comes to fraudulent transactions, due to the conduct of cheque operations and the manual processes involved, which when compared to the alternative payment streams such as Electronic Funds Transfer and Card etc., prove to be inefficient.

Having stated the above, the Namibian banking industry will continue to provide alternative payment methods and instruments such as Electronic Funds Transfers (EFT), card and electronic money (e-money).

Overall, the Bank of Namibia, the Payments Association of Namibia, Namclear and the banking industry welcome the move to and the focus on offering more efficient cost-effective electronic and digital payment systems to the public.

### **Key Takeaways – Speeches**

“In line with our NPS Vision 2020, as well as national strategies such as the NDP5 and Vision 2030, we are working towards achieving an internationally reputable National Payment System. As a central bank, we will continue to create a strong and enabling legal framework to ensure a modernized payment system, while ensuring a safe and secure NPS.” – Mrs Barbara Dreyer, Bank of Namibia

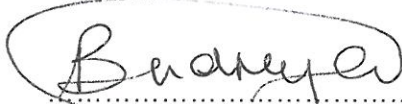
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**About the stakeholders:**

*The **Bank of Namibia** has a statutory responsibility for the payment and settlement systems in Namibia enshrined in the PSM Act 2003, as amended. In ensuring the safe, secure, efficient and cost-effective operation of the NPS, the Bank is tasked with the authorisation of participants in the clearing and settlement systems, licensing of service providers, registering of payment instruments and to oversee, inspect and monitor the National Payment System, the system participants, service providers and non-bank payment institutions.*

*The **Payments Association of Namibia** is a not-for-profit association established in 2005 by an Act of Parliament, to set, manage and develop standards governing payments clearing and settlement within Namibia. PAN is the primary vehicle in Namibia for payments industry collaboration, with a mandate to improve the safety, reliability, equity, convenience and efficiency of the Namibian payments system.*

***Namclear** is a locally owned and operated financial market infrastructure that provides local clearing of interbank or interoperable transactions between the National Payment System participants and of which transactions include electronic fund transfers (EFT), card and cheque payments, as well as settlement with the Bank of Namibia.*