

BANK OF NAMIBIA

GUIDELINES FOR AN EFFICIENT EFT DEBIT ORDER SYSTEM

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1. Purpose

The purpose of these guidelines is to provide the Bank of Namibia's position on how to introduce efficiencies in the Electronic Funds Transfer (EFT) Debit Order System.

2. Application

These guidelines shall apply to all banking institutions, service providers and issuers of payment instruments as defined in the *Payment System Management Act, 2003, as amended* (the Act) that participate in the EFT Debit Order System.

3. Definitions

Unless the context otherwise indicates, a word or expression defined in the *Payment System Management Act, 2003, as amended* or the *Determination on the Efficiency of the National Payment System (PSD-7)* has the same meaning in these Guidelines.

4. Guidelines for an Efficient EFT Debit Order System

4.1 It is the position of the Bank that an efficient EFT Debit Order system is one that meets the following minimum guiding standards:

4.1.1 Has a Centralised System for Mandate Management (CSMM) or a similar solution. This system or solution should have the following:

4.1.1.1 Be complimented by an effective and uniform governance process based on stakeholder agreed

operating/business rules guided by the Payment System Management Body.

4.1.1.2 Should offer all users of all banking institutions equal possibilities and the same rules for mandate preparation, regardless of the bank used by the debtor and the creditor.

4.1.2 A central repository of all banking institutions and non-bank users of the debit order system.

4.1.3 Access and participation criteria in the debit order system that is open and transparent to all participants.

4.1.4 Rules regarding the processing order of payment instructions should be transparent and should disallow any preferential treatment of payment instructions in favour of an account-holding bank;

4.1.5 An early settlement window or two settlement windows during the day for the debit order transactions.

4.1.6 Has a narrow operational deadline for the execution of batch debit order transactions.

4.2 In implementing these standards, it is the position of the Bank that a Steering Committee be constituted with representation from the banking institutions, service providers and corporates who currently make use of the debit order system to understand and deliberate on the various aspects of these requirements that will help to design the solution as per the market requirements. Working groups should be constituted to focus on critical aspects such as mandate management, messaging standards, routing mechanisms, etc.

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