

Understanding Cybersecurity and Banking Fees and Charges in the National Payment System



Edition 5

2023

Foreword by the Director: National Payment System

The Bank of Namibia (the Bank) Strategy 2022 to 2024 promotes digital transformation, which makes cybersecurity an important regulatory priority. As such, the Bank of Namibia (the Bank) prioritises cybersecurity to protect the financial system in a digitalised environment. Consequently, in 2022, the Bank and industry formed a Cyber Security Council to examine and collaborate on cybersecurity matters and develop strategies to curb cyber fraud. Furthermore, the Bank issued the *Determination of Operational and Cybersecurity Standards within the National Payment System (PSD-12)*, which aims to strengthen cybersecurity measures and operational resilience in the National Payment System (NPS).

This newsletter summarises the newly adopted PSD-12, which will be effective on 1 July 2023, and highlights what PSD-12 means for the public.

In addition to the aforementioned, this newsletter also highlights comparable fees and charges of selected-regulated banking products to promote transparency.

We trust that the information provided in this newsletter will add value to consumers' interaction with financial products. It is incumbent upon the public to acquaint themselves with the fees and charges regulations and ensuring that the fees charged on banking products such as the Basic Bank Account comply with the regulations of the Bank.

In closing, the Bank remains accessible to discuss and engage with the public on the complexities of banking fees and charges and other matters related to the National Payment System.

I wish you a phenomenal year ahead.

Barbara Dreyer



Moudi Hangula
Editorial



Julius Nakale



Ester Ngwena

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Cybersecurity and Fraud Prevention in the NPS

On 21 December 2022, the Bank of Namibia (the Bank), published a regulation titled the *Determination of the Operational and Cybersecurity Standards within the National Payment System (PSD-12)*, which shall take effect on 01 July 2023.

PSD-12 applies to Financial Market Infrastructures (FMIs), Designated Non-Bank Financial Institutions (NBFIs), Banks, Retail Payment Systems (such as electronic funds transfers, payment card, electronic money etc.), Payment Service Providers (PSPs) and any other entities licensed or authorised within the National Payment System, including entities participating in the Financial Technology (FinTech) Innovations Regulatory Framework of the Bank.

Julius Nakale – Senior Analyst: NPS Oversight



Reasons why we issued PSD-12

The Bank issued PSD-12 to protect users of the NPS from cyber-attacks and fraud due to the increasing use of digital payments and online theft attempts, among other reasons. Please see the statistics below regarding Fraud in the NPS between 2013 and 2022.

Figure 1 – Total Fraud Volumes 2013 to 2022

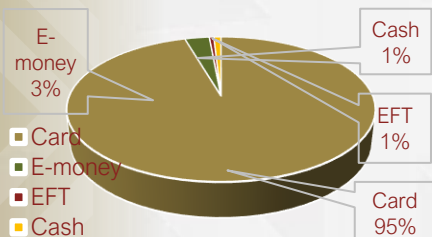
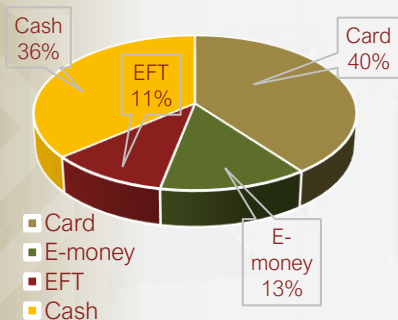


Figure 2 – Total Fraud Value 2013 to 2022



As shown in Figure 1 and Figure 2 above, more than 99% of payment fraud incidents and 64% of all payment fraud value committed over the past 10 years, were conducted online.

What does PSD-12 mean to you?

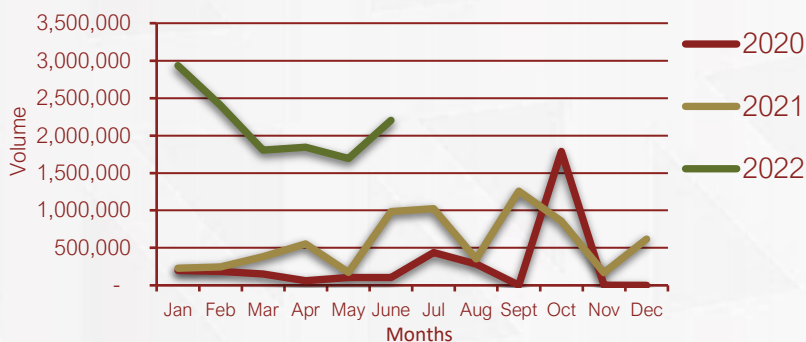
For the convenience and protection of consumers, PSD-12 introduce various changes which include the following:

1. When you buy something online or in a mobile app and you enter your password or PIN number to make a payment, you will be asked for another type of verification to make sure it's really you making the payment. This is called "two-factor authentication" and it helps protect your account from fraud or unauthorised access.
2. When you enter your personal information such as your name, address, and credit card number over the internet, there's a risk that someone else might see it and use it to steal your money. To prevent that, your information will be hidden by your financial service providers using special codes that make it unreadable to anyone who doesn't have the key to unhide it.
3. The regulation will compel all applicable financial service providers to have their important systems that are used for making payments, available for at least 99.9% percent of the time, to ensure that you are not inconvenienced when trying to make payments.

We kindly advise you to remain vigilant and carefully review all payment transactions reflected on your statements that did not require a secondary authentication. If you notice any such transactions, we recommend that you promptly report them to your financial services provider to ensure the necessary actions are taken.

Refer to Figure 3 below which further elaborates the magnitude of cyberattack

Figure 3 – Cyberattack Attempts



In 2022, the number of attempts to steal information through the internet increased by almost 100% compared to the previous two years. This is because more people are using the internet since the COVID-19 pandemic started. All cyberattack attempts have the potential to be successful, which could result in the loss of money and personal information. It's not a question of if a big cyberattack will happen, but when.



Fees and Charges on various Banking Products and Services

One of the Bank's objectives is to introduce policy interventions aimed at enhancing financial inclusion through affordable access to financial services in Namibia. The focus in this section is on fees and charges comparisons on some services on the Basic Bank Account (BBA) and Electronic-Money Wallets.

Ndeshihafela Shipila – Senior Settlement Analyst



The following licensed banking institutions are required by the Bank to provide the public with at least one BBA product:



Virtual
Technology
Services (VTS)



These are the institutions licensed to issue e-money by the Bank.

It is the Bank's position that access to finance is a key driver for economic development. The provision of a BBA and depositing cash free of charge, are seen as initiatives that will encourage more Namibians to become part of the formal financial ecosystem, particularly the banking sector. The said initiatives contribute to the access and affordability of financial products and services, which contributes to inclusive economic growth. Given the aforesaid, the Bank issued a regulation, the *Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System (PSD-5)*. The main objective of PSD-5 is to mandate all banks to introduce a bank account tailor-made for low-income earners and abolish Cash Deposit Fees for all individuals and businesses whose business bank accounts, on an annual basis, have received money of N\$1,300,000 or less. PSD-5 further requires banking institutions to, amongst others:

1. Provide simplified pricing and ensure that eligibility requirements for the BBA are visible, directly accessible, and easily identifiable.
2. Ensure that fees and charges applicable to payment services under a BBA are charged on a "Pay-As-You-Use" principle and not bundled for customers.
3. Ensure that ATM fees and charges payable by users are transparent and made known to the customer before they are charged.
4. Ensure that the BBA is available to members of the public with an annual earning of N\$30,300 or less.
5. Ensure that a pay slip or regular income is NOT required for customers to qualify for a BBA.

The Bank thus encourages the public to approach the relevant banking institutions and enquire about the BBA services to increase uptake and reap the benefits availed through the regulations requiring this mandatory banking product.

The following pages highlight comparable fees and charges for Electronic Funds Transfers (EFTs), Basic Bank Accounts card replacement (BBAs) and E-Money Wallets.



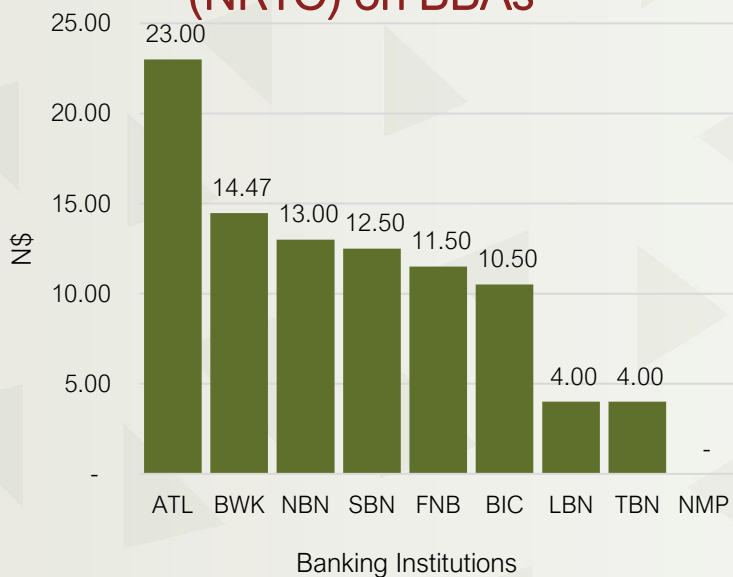
Electronic Funds Transfers (EFTs)

All EFTs are processed on NamPay, a payment system which was launched by industry in 2019, in response to a regulation issued by the Bank. This section contains information regarding comparable EFT fees and charges as at 30 September 2022.

Moudi Hangula – Manager: Oshakati Branch



Near Real-Time Credits (NRTC) on BBAs



NRTC is an EFT stream that enables the fast payment or transfer of money within a short span of time (usually within less than 5 minutes) to a beneficiary in Namibia.



Bank Atlantico charges the highest NRTC fee per transaction at N\$23.00, followed by Bank Windhoek at N\$14.47, and Nedbank at N\$13.00 per transaction.

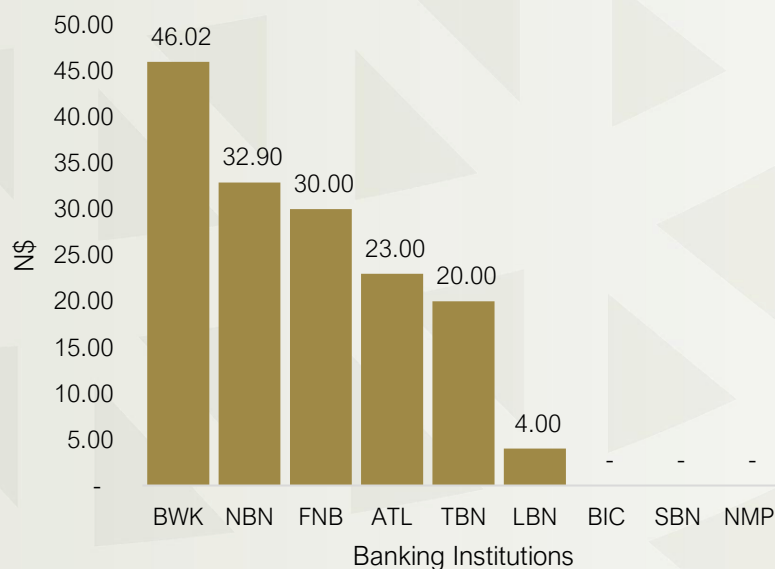


Letshego Bank and Trustco Bank charges the lowest NRTC fees per transaction.



NamPost does not offer Near Real-Time Credits/

Enhanced Credits (ENCR) on BBAs



ENCR is an EFT stream that enables the transfer of money to a beneficiary in Namibia.



Bank Windhoek charges the highest ENCR fee, followed by Nedbank then First National Bank.



Letshego Bank charges the lowest ENCR per transaction at N\$4.00.



Bank BIC, Standard and NamPost do not offer or mention the fees on ENCR transactions on BBAs.



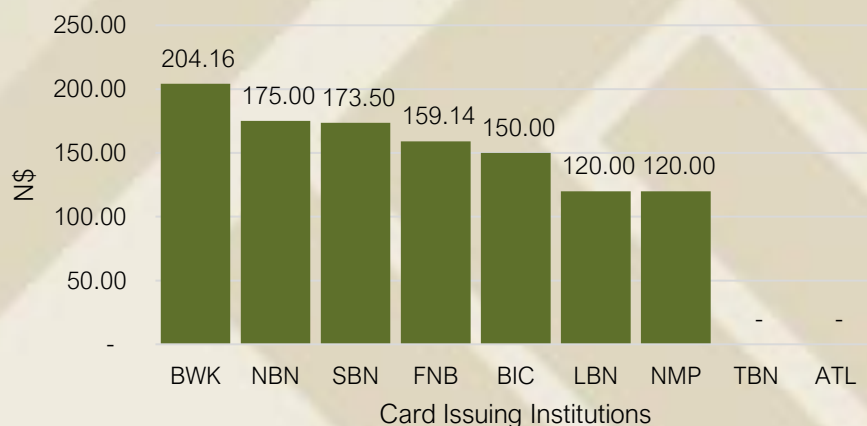
Card Replacement and Sending Electronic-Money

All Card transactions are processed on NamSwitch, a payment system which was launched by industry in 2012, in order to modernise and nationalise the NPS. This section contains comparable Card fees and charges information on Basic Bank Accounts as at 30 September 2022.

Ester Ngwena – Senior Analysts: NPS Policy and Data Analytics

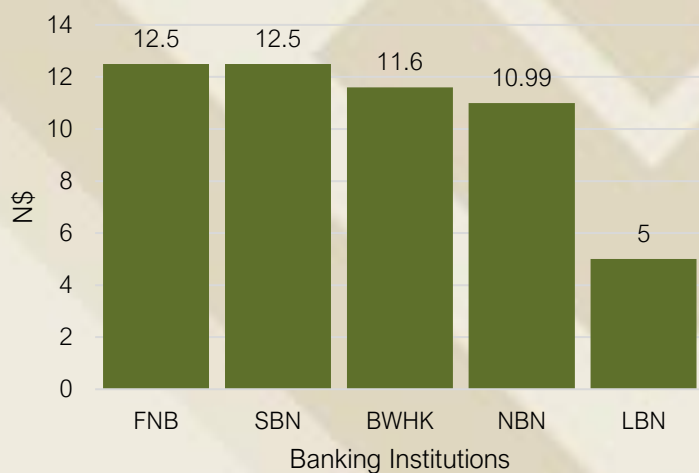


Card Replacement Fees on BBAs



Bank Windhoek charges the highest when it comes to replacing a payment card, followed by Nedbank then Standard Bank. Trustco Bank and Bank Atlantico do not participate in card issuing business.

Sending Electronic-Money



First National Bank and Standard Bank charge the highest when it comes to sending e-money, followed by Bank Windhoek, then Nedbank. Letshego charges the lowest in this category.

Readers are encouraged to engage with their financial services providers on various fees and charges and ensure that the fees charged on their financial products are in line with the Bank of Namibia's regulations.

All enquiries related to this newsletter may be forwarded to:

The Director: National Payment System Department

Bank of Namibia

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