



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

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General Notice

BANK OF NAMIBIA

No. 323

2020

DETERMINATION UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2003, AS AMENDED

In my capacity as Governor of the Bank of Namibia (the Bank), and under the powers vested in the Bank by virtue of section 14 of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended, I hereby issue this **Determination on Standards for Fees and Charges for Payment System Services within the National Payment System (PSD-10)**, which Determination shall become effective on the date of publication in the Government *Gazette*.

J. !GAWAXAB
GOVERNOR
BANK OF NAMIBIA

Windhoek, 21 July 2020

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PART I: PRELIMINARY

1. **Short Title** - Standards for Fees and Charges for Payment System Services
2. **Application** - This Determination will apply to all persons who intend to issue payment instruments in terms of Section 5 of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended (the Act), and thus provide payment system services. Banking institutions and non-bank payment instrument issuers who intend to provide payment system services are required to do so in accordance with this Determination. Banking institutions and non-bank payment instrument issuers will be collectively referred to as “payment instrument issuers”. All (new applicants and existing) payment instrument issuers will be subjected to an assessment process, based on this Determination, in order to ensure compliance with the standards herein. All payment instrument issuers must be able to demonstrate their full compliance within six (6) months after issuance and publication of this Determination in the *Gazette*.
3. **Definitions** - In this Determination, unless the context otherwise indicates, the words and expressions used herein will have the same meaning assigned to them in the Act and cognate expressions will have corresponding meanings:

- 3.1 “**Act**” means the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended.
 - 3.2 “**banking institution**” means a public company authorised under the Banking Institutions Act, 1998 (Act No. 2 of 1998), as amended.
 - 3.3 “**Enhanced Debit Orders**” or “**ENDO**” refers to the enhanced collection process of debit orders under the Enhanced Electronic Funds Transfer system (NamPay).
 - 3.4 “**payment instrument issuer**” refers to all banking institutions and non-bank payment instrument issuers.
4. **Authorisation** - Authority for the Bank to issue this Determination is provided for by Section 2(2)(d) and Section 14 of the Act.

PART II: STATEMENT OF POLICY

5. **Purpose** - The purpose of this Determination is to provide for standards for fees and charges that payment instrument issuers must comply with in the issuance and provision of payment system services in Namibia.
6. **Scope** - This Determination will apply to all persons (banking institutions and non-bank payment instrument issuers) who intend to issue payment instruments and provide payment system services in Namibia.
7. **The Position of the Bank** - It is the Bank’s position that setting standards for fees and charges for payment system services will result in improved public access to affordable financial products which is a key driver for economic development. It is the Bank’s further position that fees and charges related to payment services should be in the public interest, promote competition, efficiency and cost-effectiveness in line with section 2(2)(d) of the Act.
8. **Application of the Act** - Unless expressly stated otherwise, the provisions of the Act, as well as the related Determinations and Directives, Guidelines and Circulars, will apply to all payment instrument issuers.

PART III: IMPLEMENTATION

9. **Standards for Fees and Charges** - Payment instrument issuers must comply with the following standards for fees and charges, as may be applicable -
 - 9.1. In determining the respective pricing for payment services and products, payment instrument issuers are required to have a structured process in place to ensure governance of fees and charges. At a minimum the following standards should be observed:
 - (a) Payment instrument issuers should establish, implement, and maintain pricing philosophies and procedures which must be approved by the Board or Board appointed committee of the payment instrument issuer (the institution).
 - (b) The Board must ensure that the pricing philosophy and procedures provide enough detail and are aligned to the institution’s strategic direction.
 - (c) Any proposed changes to the pricing philosophies and procedures must be approved by the Board.
 - (d) The Senior Management of the institution must closely oversee the implementation of the pricing philosophy and procedures.
 - (e) The institution through its Senior Management must submit their pricing philosophy and procedures to the Bank, in the event where they have been amended.

- 9.2. Payment instrument issuers are prohibited from imposing fees and charges for the following payment services that exceed the below fees as outlined for each service and as may be applicable to the service rendered by the issuer:
- (a) Internal and external dishonoured payments and honouring fees or unpaid debit orders: 1.5% of the value of the debit order amount, with a minimum fee of 1.5 times the costs of a standard debit order fee charged by the respective banking institution and a maximum of N\$200.00 per month for the same transaction irrespective of the number of tracking days in a cycle.
 - (b) No tracking fee(s) are to be charged on ENDO transactions.
 - (c) No fees are to be charged for declined on-us and off-us automatic teller machines (ATM) or point of sale (POS) transactions.
 - (d) Declined online purchase (i.e. e-commerce) transactions: Minimum (N\$5.00) and Maximum (N\$10.00).
 - (e) Printing and certifying monthly bank statements: Maximum of N\$1.00 per page for all bank statements, including car, property and personal account statements.
- 9.3. Payment instrument issuers shall not recover the charges and fees prohibited and capped by this Determination by passing them on as additional/increased fees and charges to other payment services and products.
- 9.4. Payment instrument issuers must ensure the disclosure of all fees and charges at ATMs prior to the completion of the transaction and afford the customer the option to either continue with the transaction, or cancel it, without any fines, charges or penalties as may be related to the intended transaction that the customer opted out of.
- 9.5. Payment instrument issuers must ensure that payments services and products are offered in a transparent and simple manner and allow for customers to access and understand the information to make informed choices and decisions.
- 9.6. Payment instrument issuers are prohibited from charging customers for erroneous transactions on the part of the payment instrument issuers. In the event where an erroneous transaction is recorded, a payment instrument issuer shall ensure that such a transaction, inclusive of fees accrued to the transaction, is reversed within 14 calendar days of detection or when a complaint is lodged by a customer.
- 9.7. Payment instrument issuers are prohibited from charging both the sender and the recipient for a single transaction for e-money services.
- 9.8. For e-money services, customers must be allowed a minimum of one free monthly withdrawal or cash out, for either on-us or off-us transactions.
- 9.9. E-money issuers are prohibited from charging customers for e-money PIN requests and / or renewals.

PART IV: OTHER REGULATORY REQUIREMENTS

10. **Oversight** - The Bank reserves the right to inspect all records, data, or other relevant information of a payment instrument issuer to ensure compliance with this Determination.
11. **Administrative Penalties** - A payment instrument issuer that contravenes or otherwise fails to comply with this Determination will be subjected to administrative penalties as provided under the Act.

12. **General** - This Determination is not exhaustive and may be supplemented and / or amended from time-to-time.
 13. **Effective Date** - This Determination shall come into effect on the date of publication in the *Government Gazette*. However, existing payment instrument issuers will be granted a six (6) month grace period to comply with this Determination from the date of publication in the *Government Gazette*.
 14. **Enquiries** - All enquiries related to this Determination must be forwarded to:
Director: Payment and Settlement Systems
Bank of Namibia
P.O. Box 2882
71 Robert Mugabe Avenue
Tel: +264-61-2835111
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