

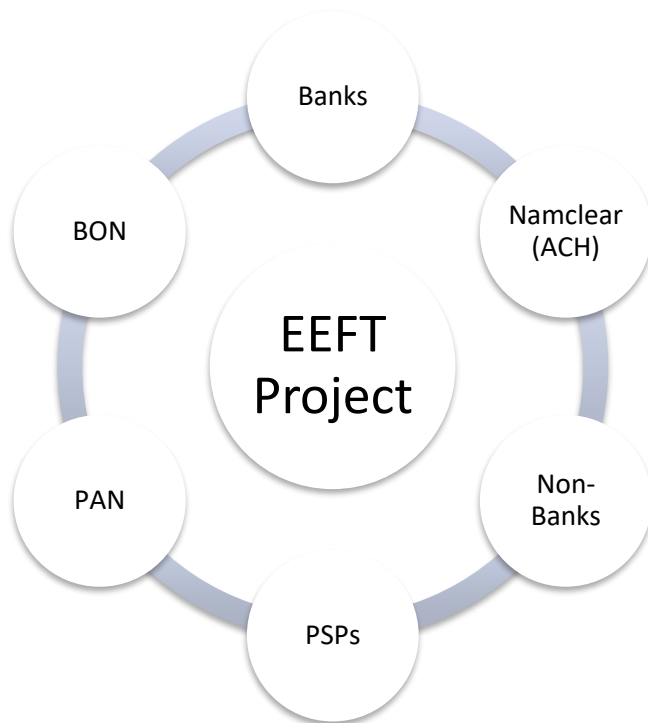
# Payments Association of Namibia

## NamPay



# Delivery of an Efficient Payment System

*The solution ensures compliance with the Bank of Namibia (BON) directive to ensure efficiency within the National Payments System*



- ✓ EFT Payments are processed fast, safely and at a reasonable cost
- ✓ Risks involved in efficiencies are appropriately managed across the value chain
- ✓ Ensure operation without disruption in the event of a sudden financial, operational or natural crisis and/or disaster



- ✓ Incorporation of internationally accepted principles
- ✓ Ensure that the status of EFT payments are certain at all times
- ✓ Ensure that the EFT payment services are efficient and reliable, and are responsive and relevant to customer needs
- ✓ The rules relating to the processing order of payment instructions should be transparent and should disallow any preferential treatment of payment instructions



# What is NamPay

## *A Payment System Revolution*

Namibia is soon to be on the forefront of a global financial system revolution to modernise payments.



### High Level **Features** Include:

EFT System Replacement for all banks and the clearing house, Namclear

Implementation of international ISO 20022 standard for EFT

Greater efficiency, safety and control

Three (3) new Payment Streams for Debit Orders and Credit Transfers

Banks will migrate their customers over an 18-month period



# Understanding ISO 20022

*ISO 20022 is a repository of standard messages used between financial institutions.*

## What it is

- ✓ Can be used across Payments, Card, Forex, Securities and Trade
- ✓ In Namibia it is currently only applied to EFT payments, clearing and settlement
- ✓ Provides a standard format that gives the rules for how to develop the messages and the documentation of these messages
- ✓ Comprehensive set of guidelines, technical standards and structures
- ✓ Scalable for future enhancement and provides opportunities for growth without whole-system changes and major industry risk

## What it is not

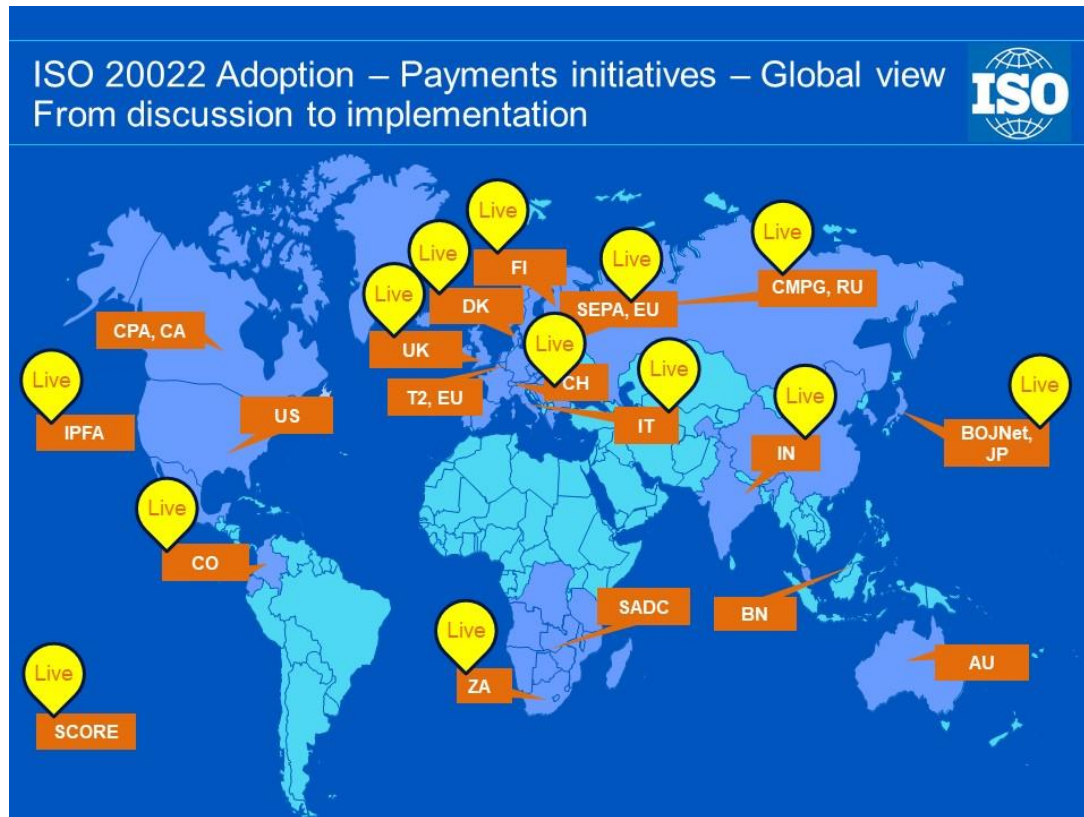
- A compliance-driven worldwide standard
- A set of business processes that works the same everywhere it is implemented
- Does not prescribe how the messages are used and the industry rules needed for control
- It is not a small initiative and requires whole-industry change to implement it initially
- It is not a direct replacement of the current EFT system and needs customers to adopt it's usage due to the initial impact





# Understanding ISO 20022

*ISO 20022 is currently being implemented across most mature banking markets in the world*

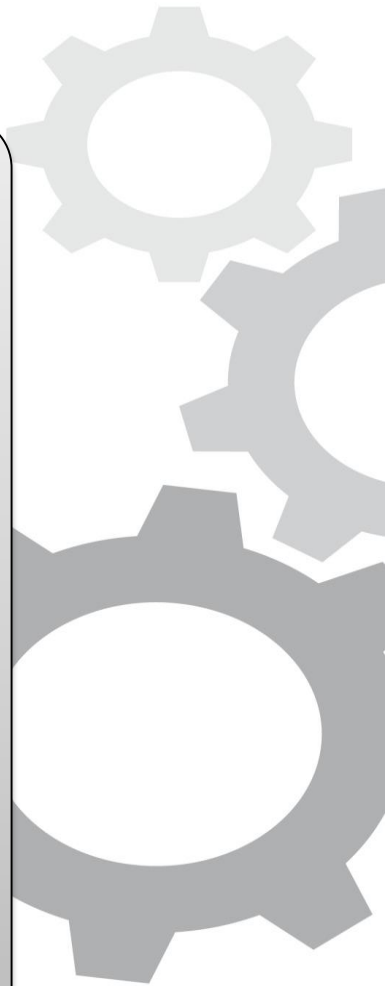
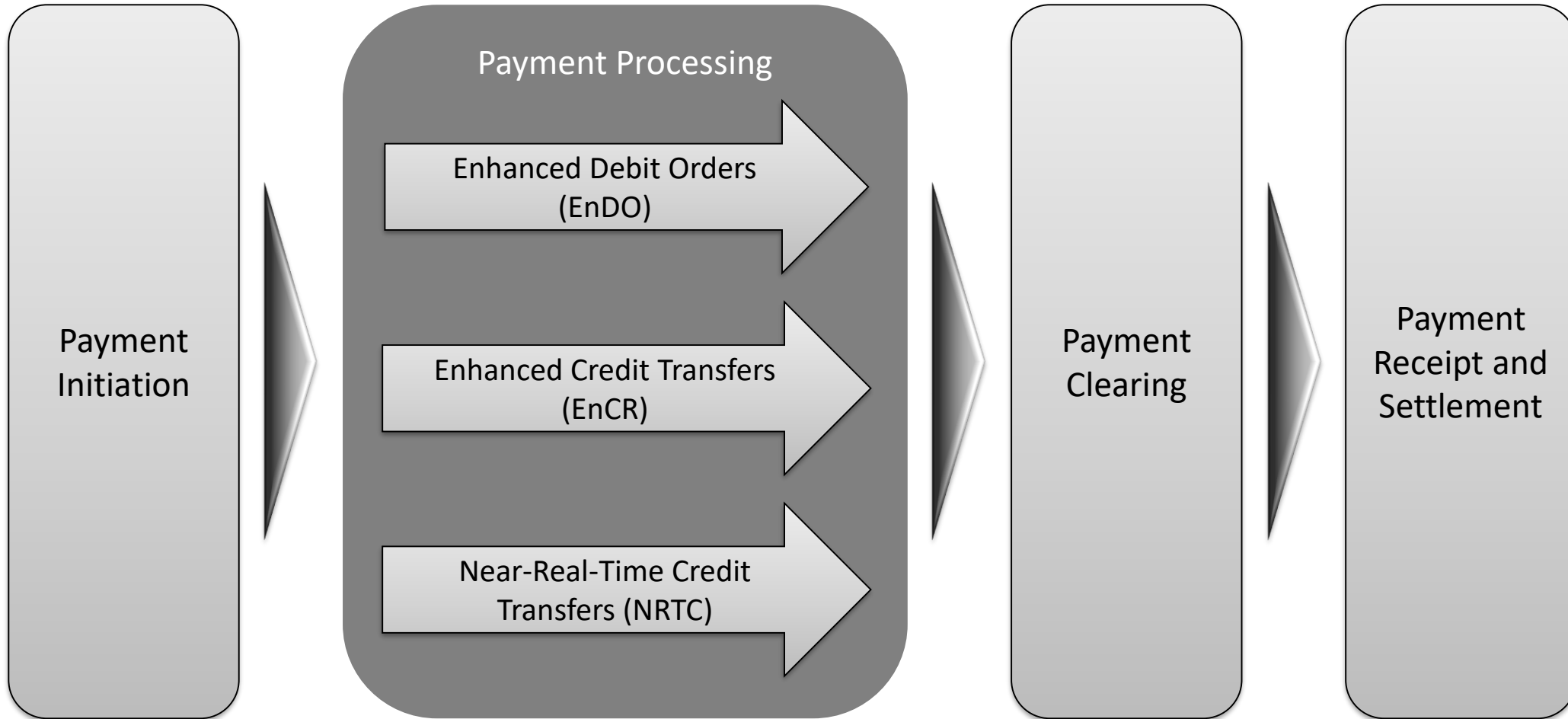


- ✓ Implemented in 12 regions in the world including some of the biggest financial economies
- ✓ 6 known implementations in progress (including Namibia)
- ✓ Expected that there are many other countries analysing it for implementation



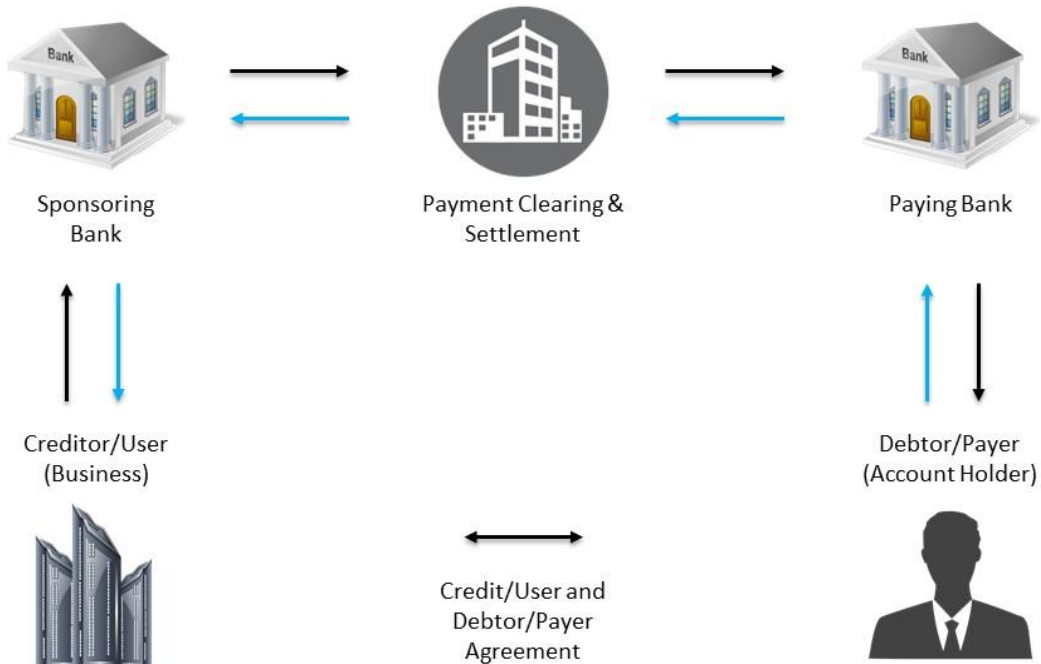
# NamPay Debits and Credits

*NamPay will replace the existing EFT value chain end-to-end*



# Enhanced Debit Orders (EnDO)

*Current debit order system will be replaced by an enhanced collection process, ENDO*



Some key **features** include:

- Collector registration
- Credit tracking
- Full randomisation of debits
- Unpaids replaced by Unsuccessful
- Fully electronic dispute process



# Enhanced Debit Orders (EnDO)

*What benefits can be expected from the EnDO system?*

## **Benefits to the National Payments System (NPS)**

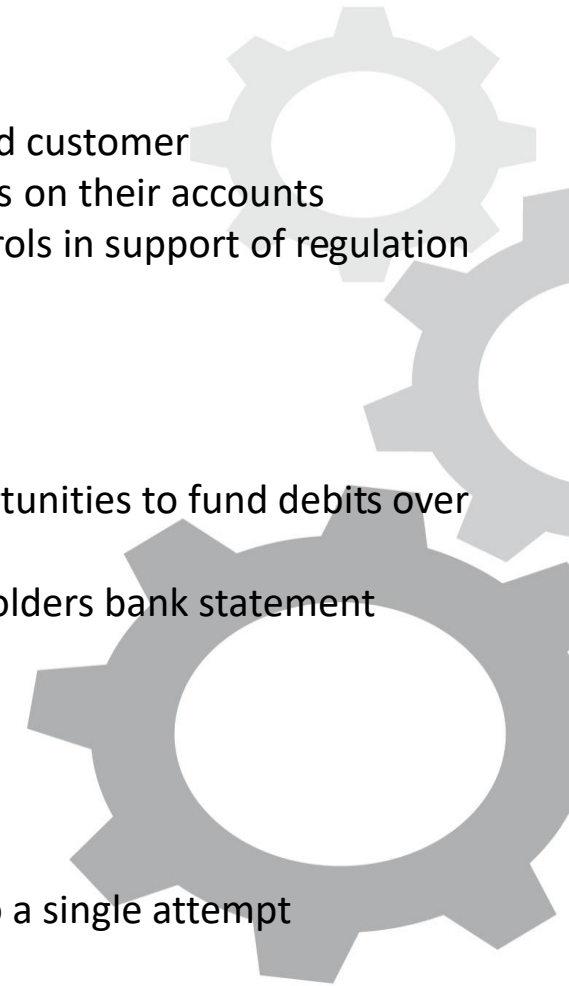
- ✓ Debit orders are processed entirely electronically from the original source (payment initiation) to the end customer
- ✓ More detailed information will be provided to the end consumer to identify and interpret all debit orders on their accounts
- ✓ Less fraudulent or rogue debit orders across the industry due to stricter and more robust rules and controls in support of regulation
- ✓ Fewer manual steps in the overall process of clearing debit orders between banks and customers

## **Benefits to the Debtor/Payer**

- ✓ Increased convenience and greater ability to understand all debit orders to the account holder
- ✓ Unsuccessful debit orders will not be “unpaid” in the traditional EFT process which provides more opportunities to fund debits over a period of time, however the repercussions of unsuccessful debits still apply
- ✓ Identification of the debit order originator by abbreviated short name that will appear on the account holders bank statement
- ✓ Fully electronic and simpler process for disputing invalid debits processed to account holders

## **Benefits to the Creditor/User**

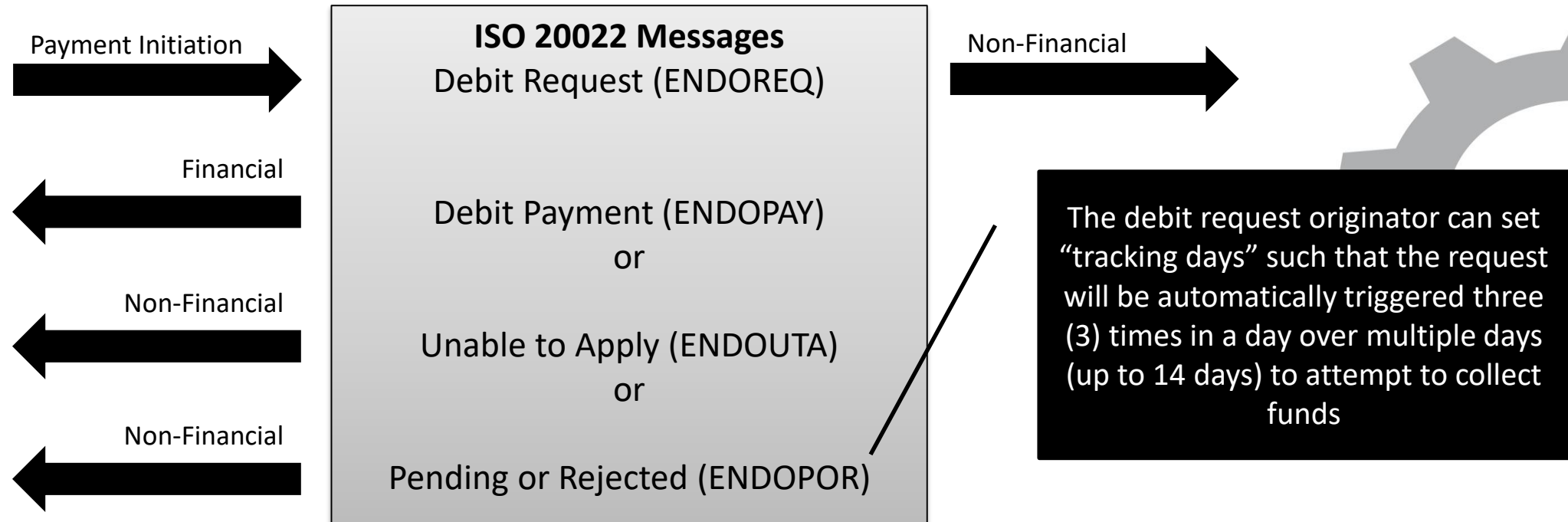
- ✓ Early morning processing which allows for greater efficiencies in daily collection periods
- ✓ No preferential treatment of transactions due to randomisation
- ✓ Repeatable tracking process available to improve collection of funds over a period of time as opposed to a single attempt
- ✓ Current business day processing where funds are cleared and settlement within 24hrs
- ✓ “Unpays” replaced by a successful/unsuccessful process that will result in more efficient collections and reduce the number of disputes
- ✓ Overall business processes are better streamlined which is less time-consuming for the collector





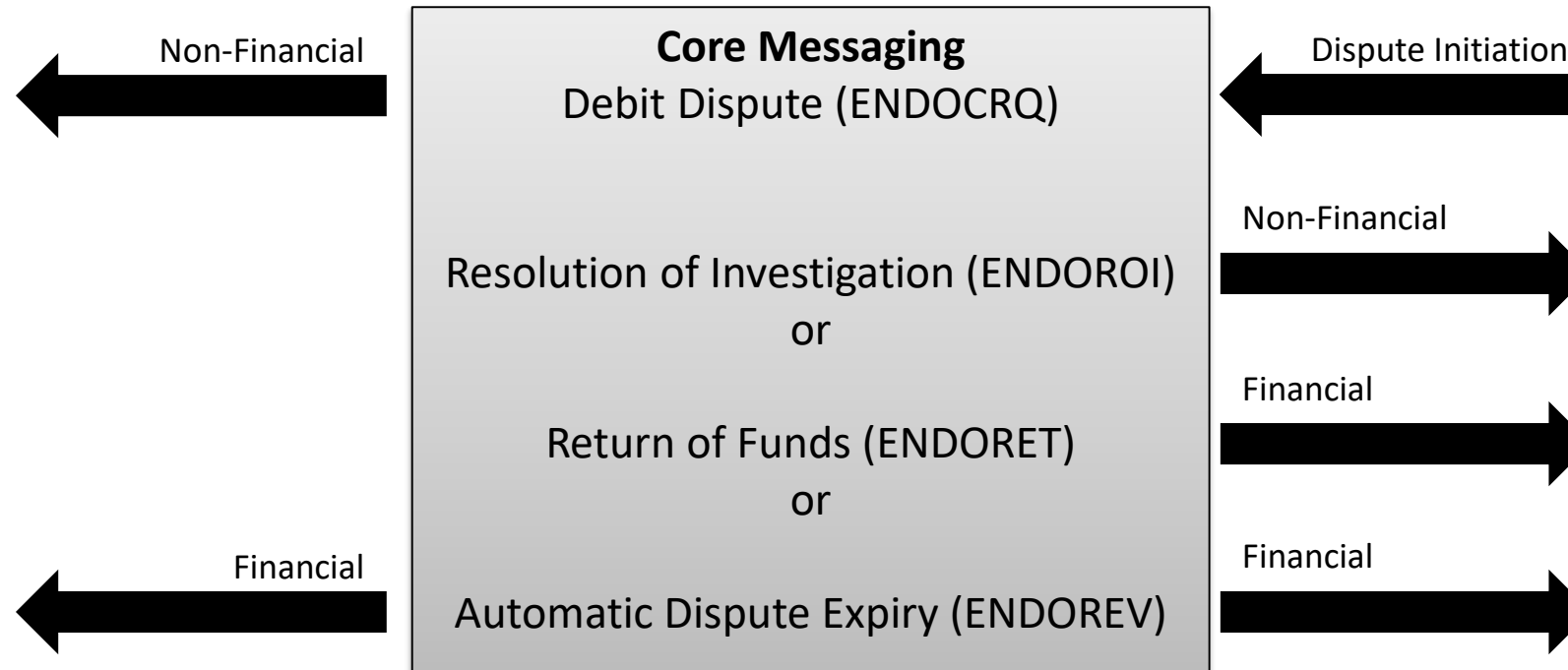
# Enhanced Debit Orders (EnDO)

*Examples of Common EnDO transaction flows – Debit Request Process*



# Enhanced Debit Orders (EnDO)

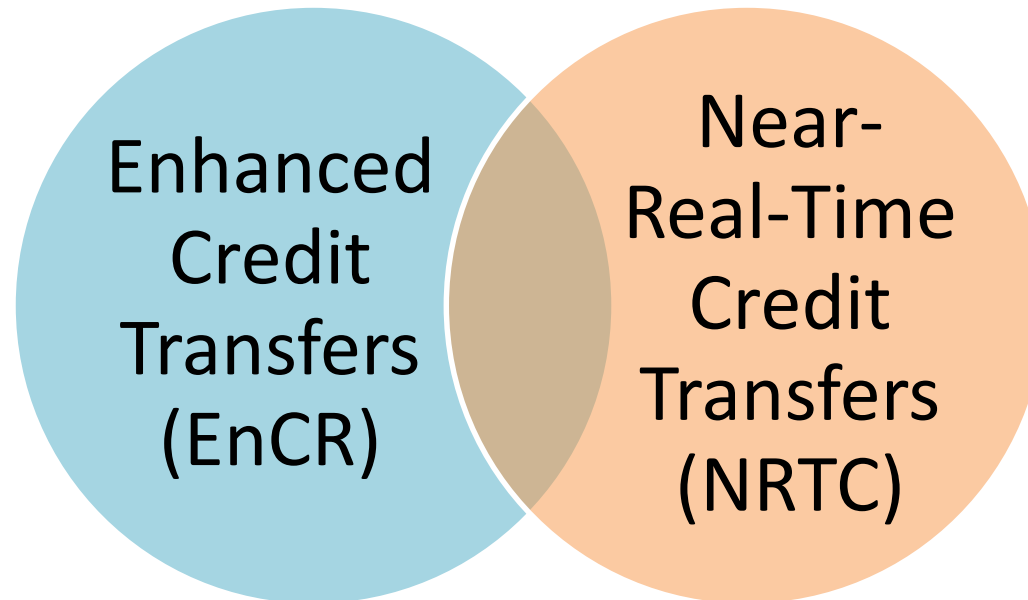
*Examples of Common EnDO transaction flows – Debtor Dispute Process*



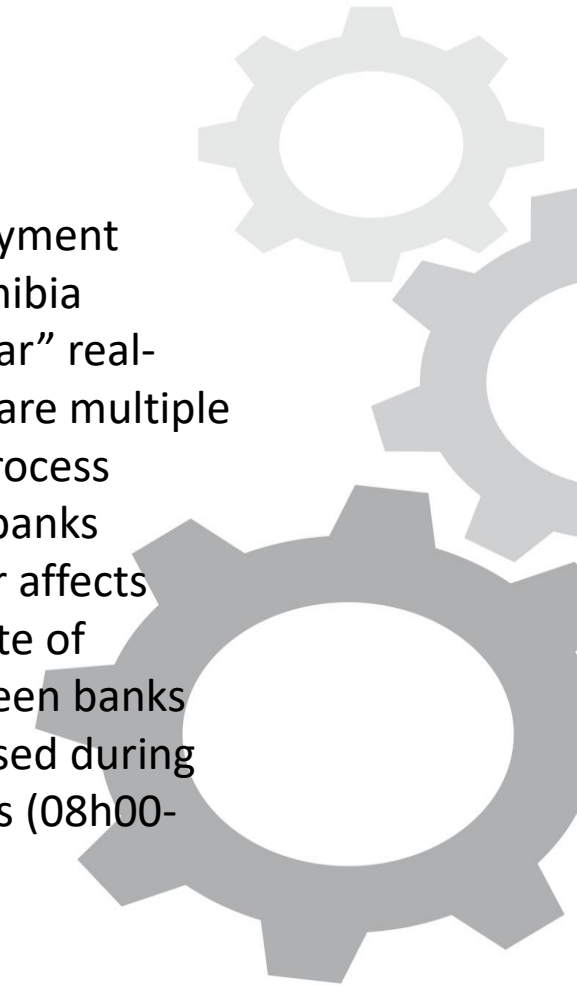
# Enhanced Credit Transfers

*The Credit Transfer stream comprises of two payment methods*

- Replaces the current EFT credit system
- Provides capability to transfer payments in batches and in bulk
- Typically used for daily EFT payments (P2P), salary payments, etc
- Able to use SameDay and Dated Services (businesses)



- Brand new payment stream in Namibia
- Process is “near” real-time as there are multiple steps in the process between the banks
- Credit transfer affects within 1 minute of transfer between banks
- Can only be used during business hours (08h00-16h00)



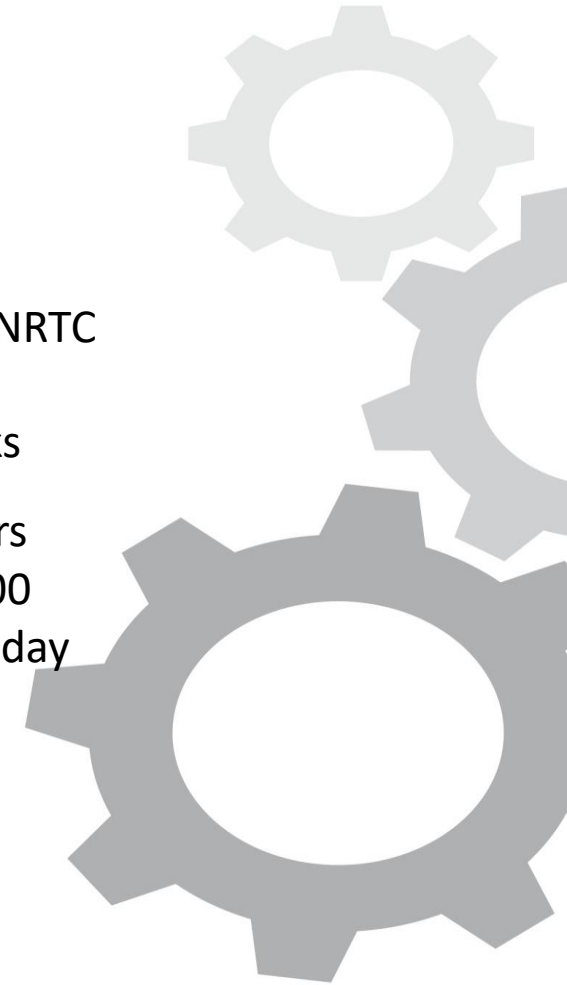
# Enhanced Credit Transfers (ENCR & NRTC)

*Current credit payment system will be replaced by two new streams that will enhance the way that money can be transferred across all banks*



Some key **features** include:

- Immediate payments with the NRTC stream that will effect within 1 minute between different banks
- Normal credit payment transfers (ENCR) between 08h00 to 16h00 daily enables clearing on same day
- Track payments at any time
- Better anti-money laundering controls





# Enhanced Credit Transfers (ENCR & NRTC)

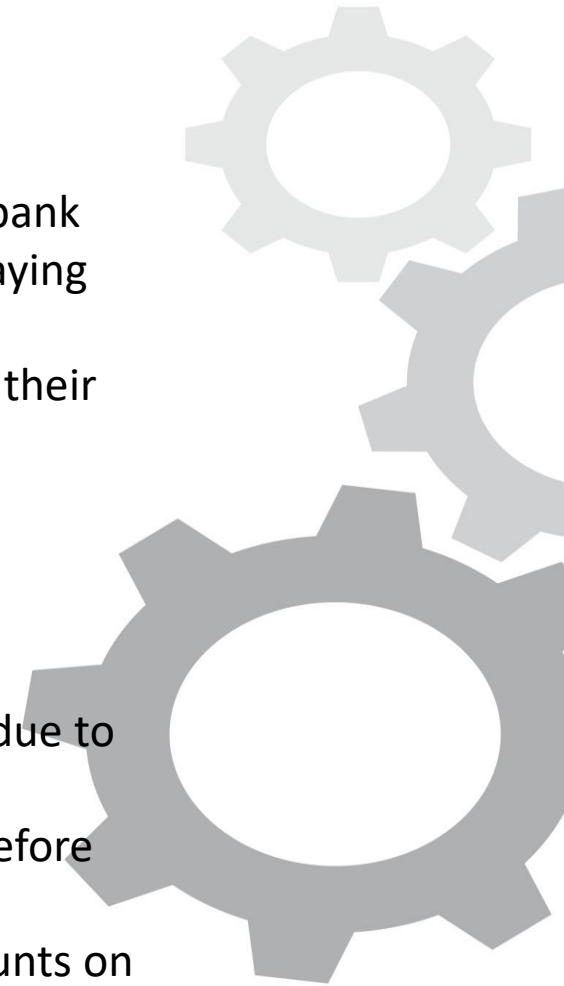
*What benefits can be expected from the ENCR and NRTC systems?*

## **Benefits to the Debtor/Payer**

- ✓ Payments can be made in real-time from any customer to any other customer, regardless of bank
- ✓ Notification and confirmation of the beneficiary receiving payment will be provided to the paying consumer
- ✓ Audit trail and notifications will be available for EFT transactions to allow consumers to track their payments

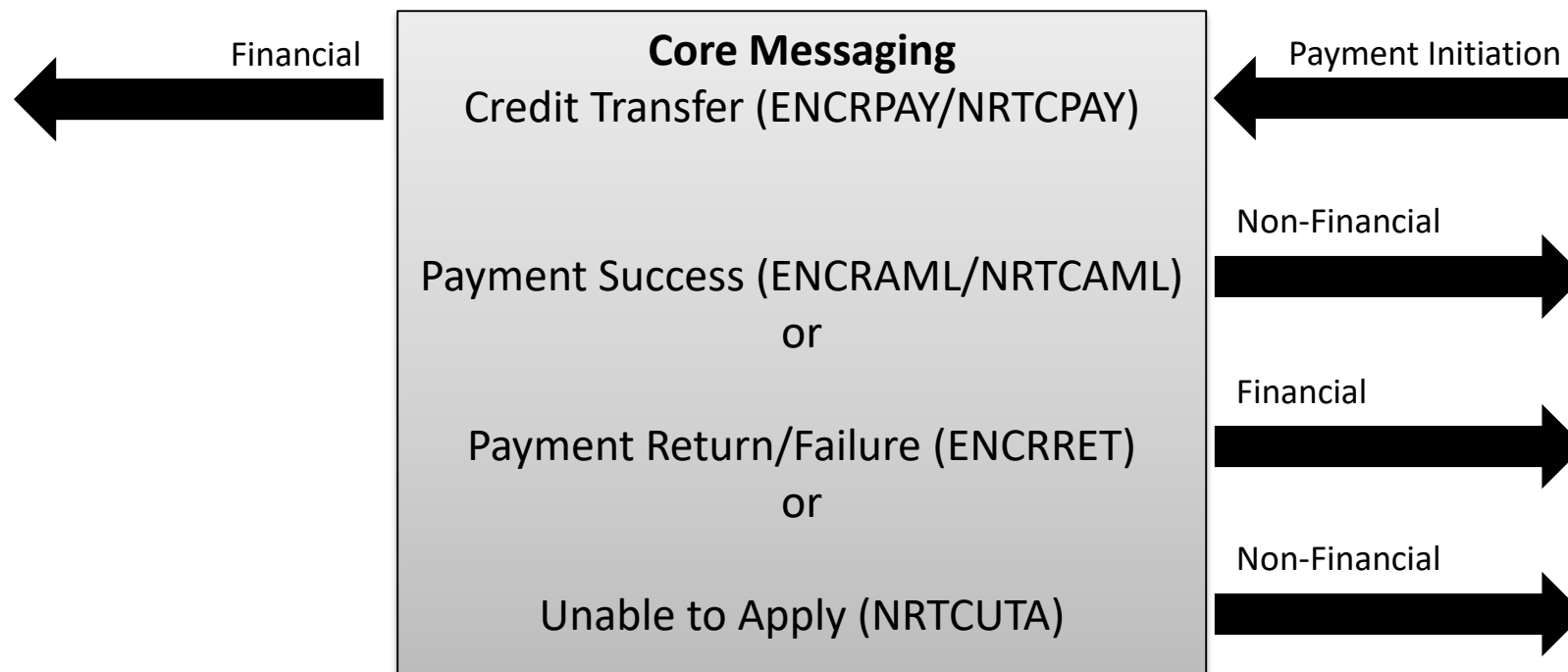
## **Benefits to the Creditor/Beneficiary/User**

- ✓ More detailed information will be provided to the end consumer to identify and interpret all payments made to their accounts
- ✓ Fraudulent transactions will reduce across all EFT payments streams in the banking industry due to more robust rules
- ✓ Payments are cleared onto beneficiary accounts as received in the business day and are therefore not subject to overnight or multiple day clearances
- ✓ Payments made in the working day between 08h00 and 16h00 will clear on beneficiary accounts on that day. Any transactions after 16h00 will be processed the next morning



# Enhanced Credit Transfers (ENCR & NRTC)

*Examples of Common EnCR/NRTC transaction flows – Same Day Payment Transfer*



# Where to Get More Information

*There are multiple sources of detailed information on the web*

For more info on NamPay, visit the PAN Website: <http://www.pan.org.na/>

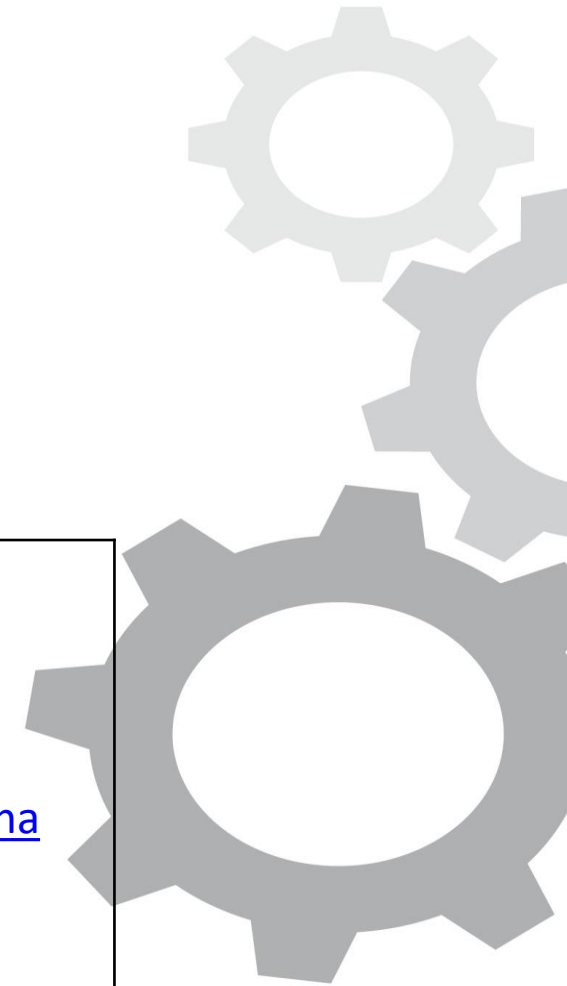
Official ISO 20022 website: <https://www.iso20022.org/>

Wikipedia website: [https://en.wikipedia.org/wiki/ISO\\_20022](https://en.wikipedia.org/wiki/ISO_20022)

SWIFT Standards website: <https://www.swift.com/standards/about-iso-20022>

**Customers** are encouraged to contact their banks for more information:

Atlantico	+264 83 330 7000	<a href="mailto:sic@atlantico.co.za">sic@atlantico.co.za</a>
Bank BIC	+264 83 330 9199	<a href="mailto:Clientsupport@bankbic.na">Clientsupport@bankbic.na</a>
Bank Windhoek	+264 61 299 1200	<a href="mailto:Info@bankwindhoek.com.na">Info@bankwindhoek.com.na</a>
Bank of Namibia	+264 61 283 5111	<a href="mailto:info@bon.com.na">info@bon.com.na</a>
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THANK YOU

