

Namibia National Payment System Vision 2020



Content

Foreword	1
Executive Overview	3
National Strategic Alignment	4
NPS High Level Statements	5
Situational Analysis	6
NPS Vision 2020: Strategic Scorecard 2016 – 2020	9

1. Foreward

The journey of developing and implementing the National Payment System (NPS) Vision and Strategy commenced more than a decade ago during the year 2000, with key milestones having been achieved during the pioneering years to establish a localized Namibian Payment System that can be better positioned to facilitate enhancements and innovative developments in pursuit of the Republic of Namibia's Vision 2030.

These key milestones achieved during the first ten (10) years include the implementation of the Namibia Inter-Bank Settlement System (NISS – the domestic RTGS) in 2002; the promulgation of the Payment System Management Act, 2003 (Act No. 18 of 2003) as amended; establishment of Namclear Pty Limited (the domestic payment clearing house) in 2003; the Electronic Funds Transfer System (EFT) in 2004; the Cheque Processing System (CPS) in 2005; the establishment of the Payments Association of Namibia (PAN) in 2005 and the domestic card switch(NAMSWITCH) in 2008, inter alia.

The NPS Vision 2015 contained six strategic focus areas with clearly defined strategic imperatives. The six objectives were (i) Oversight of the NPS, (ii) Access and participation in the NPS, (iii) Interoperability and standards in the NPS, (iv) NPS infrastructure and technology, (v) Cross-border remittances and (vi) Regional participation in SADC and CMA.

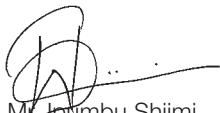
The strategic imperatives that should be celebrated as achievements during the Vision 2015 five-year (2010-2015) strategic period include the establishment of the PAN Stakeholder Forum in 2012 to enhance the inclusiveness and access of the NPS; changes to the Payments System regulatory environment (e.g. access to the clearing and settlement system by both banks and non-banks; promulgation of the Payment Systems Management Amendment Act, Act 6 of 2010 – empowering the Bank to set standards for fees and charges for service delivery among others); the implementation



of instruments to promote financial inclusion (e.g. Electronic Money); compliance of the Banking Industry to international Payment Card Industry Data Security Standards; great strides were made towards the establishment of a Central Securities Depository in line with the Namibia Financial Sector Strategy; Namibia has implemented the SADC Integrated Regional Electronic Settlement System (SIRESS) and is chairing the SADC Payment Scheme Management Body (PSMB) meetings since its inception, as part of the regional participation in SADC and Namibia is also the deputy chair of the CCBG subcommittee for Payment Systems.

Perhaps the greatest celebration must be the improved collaboration between all relevant stakeholders on the journey of enhancing the NPS in the interest of the Namibian nation. However, more can still be done in this regard as will be presented in this new NPS Vision 2020.

We are proud of our achievements and now want to build on them. The newly formulated NPS Vision 2020 seeks to further enhance the NPS and shall require the dedication, commitment and pro-active collaboration from all national stakeholders to achieve our vision: To be an internationally reputable National Payment System safeguarding the interests of all stakeholders in support of Vision 2030.



Mr. Ipumbu Shiimi

Governor

Bank of Namibia

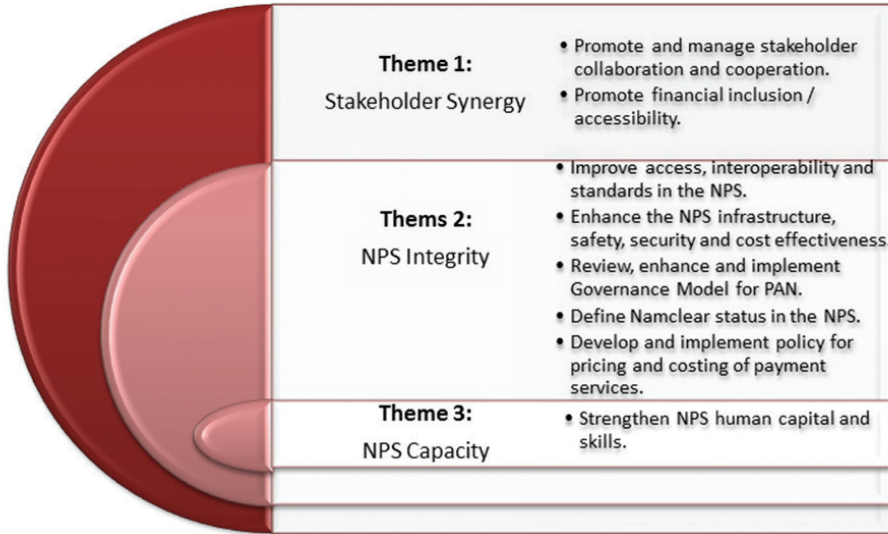
2. Executive Overview

The NPS mandate is derived from the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended: “to ensure the safe, secure, efficient and cost effective operation of the national payment system.”

This mandate requires collaboration, participation and investment from all stakeholders. Therefore the development of this Vision 2020 required the participation from all Namibian strategic stakeholders. These stakeholders participated in a highly interactive and consultative process during the first two quarters of 2015 to reflect on the achievements and challenges experienced during the implementation of Vision 2015 strategic period. All stakeholders then worked together to craft a relevant and appropriate Vision 2020 that would serve as catalyst to mobilize resources on the journey of optimally executing the NPS mandate.

The NPS stakeholders also reviewed the national priorities and defined the vision as “to be an internationally reputable National Payment System safeguarding the interests of all stakeholders in support of Vision 2030”. This shall be achieved through effectively executing the mission: “to enable, enhance, maintain and oversee a reliable, efficient and secure National Payment System”. In order to fulfil this new vision and mission stakeholders will be required to work together within the behavioural parameters of the seven (7) mutually agreed core values of the NPS: (i) Collaboration, (ii) Integrity, (iii) Respect, (iv) Transparency, (v) Fairness, (vi) Innovation and (vii) Excellence.

In our quest to continually improve, the NPS Vision 2020 shall focus on three (3) strategic themes and eight (8) Strategic Objectives over the next five (5) years, as illustrated hereunder:



3. National Strategic Alignment

The NPS Vision 2020 aligned its strategic imperatives to the Financial Sector Strategy in achievement of Vision 2030.

4. NPS High Level Statements

4.1 NPS Mandate

To ensure the safe, secure, efficient and cost effective operation of the National Payment System.

4.2 NPS Vision

To be an internationally reputable National Payment System safeguarding the interests of all stakeholders in support of Vision 2030.

4.3 NPS Mission

To enable, enhance, maintain and oversee a reliable, efficient and secure National Payment System.

4.4 NPS Core Values

Collaboration	We embrace stakeholder unity to achieve synergy on the journey of achieving the vision.
Integrity	We uphold sound business ethics that safeguard the interests of the National Payment System at all times.
Respect	We value and treasure the contribution of people from all walks of life.
Transparency	We share relevant information freely and accept responsibility for our actions.
Fairness	We are consistent in our application of policies, procedures, regulations and rules.
Innovation	We are pro-active in sourcing ideas and solutions that propels the NPS forward.
Excellence	We are in pursuit of perfection in everything that we do.



5. Situational Analysis

The NPS stakeholders conducted an in-depth strategic situational analysis by reflecting on the stakeholder needs and by defining the strengths, weaknesses, opportunities and threats of the NPS, to serve as base-line data to craft the strategic objectives for the next five years.

5.1 Key Strengths

- * Secure payments.
- * Availability of access channels.
- * Innovative solutions in the payments market.
- * Strong legal foundation of the NPS.
- * Recognition of the non-banking sector.
- * Promotion of self-regulation.
- * Well managed clearing and settlement systems.



5.2 Key Weaknesses

- * Lack of transparency on procedures in participation in the clearing system.
- * Reliance on external capacity due to insufficient payment skills locally.
- * Lack of clear governance and ownership model of Financial Market Infrastructures.
- * Lack of efficient industry decision making processes.
- * Lack of clear procedures for enforcement of industry rules.
- * Lack of funding model for Industry-wide payments projects.
- * Lack of clear position on close-loop systems and interoperability.
- * Lack of clear procedures for dispute resolution.
- * Ineffectiveness of industry project and testing management.

5.3 Key Opportunities

- * Improved collaboration and commitment from stakeholders.
- * Strategic partnerships between banks and non-banks.
- * Positioning Namibia as a leader in the SADC Payments Project.
- * Increased usage of electronic payments by government and general public.
- * Financially included market (69%) to be further explored.
- * Provision of financial services to the financially excluded market (31%).
- * Enhance mobile payments to overcome limitations in infrastructure.
- * Expand efficiency and utilization of clearing and settlement systems.

5.4 Key Threats

- * Increased reliance on non-interest revenue.
- * Institutional interests placed above national interests.
- * Control from holding companies outside Namibia.
- * Payments fraud / cyber-crime and resource constraints from law enforcement agencies in investigating and combating fraud.
- * Inhibiting legislation from other sectors that impact on the NPS.
- * Inconsistent application of legislation and regulations.
- * Prevalence of preferential practices.

- * Perceived lack of a level playing field between existing participants and new participants.
- * Unclear definition between issues that constitute competitiveness and those that constitute collaboration.
- * Lack of priority on critical NPS projects.

6. NPS Vision 2020: Strategic Scorecard 2016 – 2020

Vision

To be an internationally reputable National Payment System safeguarding the interests of all stakeholders in support of Vision 2030.

Mission

To enable, enhance, maintain and oversee a reliable, efficient and secure National Payment System.



Targets

Theme	#	Strategic Objectives	Strategic Measures	Baseline (2015)	2016	2017	2018	2019	2020	#	Strategic Initiatives	Accountable	Completion Date
Stakeholder Synergy	S1	Promote and Manage Stakeholder Collaboration and Cooperation	% of Industry Projects Completed on Time and on Budget (Milestones per Annum)	New	50%	65%	80%	90%	95%	S1.1	Develop and implement Industry Project Management Framework and assign an independent qualified project manager to manage all industry projects.	PAN	31.3.2016
			% Participation and cooperation in SADC Regional Payments Project and Regional Bodies	100%	100%	100%	100%	100%	100%	S1.2	Coordinate and monitor participants to ensure representation and participation at all relevant forums.	PAN/BAN/ BON	31.12.2020
			% Compliance with Regional Standards, Rules and Timelines	100%	100%	100%	100%	100%	100%	S1.3	Coordinate and monitor participants to ensure representation and participation at all relevant forums.	PAN/BAN/ BON	31.12.2020

Theme	#	Strategic Objectives	Strategic Measures	Baseline (2015)	2016	2017	2018	2019	2020	#	Strategic Initiatives	Accountable	Completion Date	
Stakeholder Synergy	S2	Promote Financial Inclusion / Accessibility	Number of point of sale (POS) (banking) per 10 000 adults.	54	58	64	71	77	84	S2.1	Industry to work on expanding merchant/ agent base	Banking Industry	31.12.2020	
			Number of point of sale (POS) (non-banking) per 10 000 adults.	12	14	16	17	19	20	S2.2	Industry to work on expanding merchant/ agent base	Payment Instrument Issuers/ Banking industry	31.12.2020	
			Number of ATMs per 10 000 adults	6.88	7.02	7.08	7.15	7.21	7.28	S2.3	Industry to work on expanding merchant/ agent base	Banking Industry / Payment Instrument Issuers	31.12.2020	
National Payment System Integrity	N1	Improve Access, Interoperability and Standards in NPS.	% of Authorised Payment Instruments utilized across 2 or more institutions.	New					70%	N1.1	Establish baseline for indicator. BON to investigate and monitor interoperability and provide position on interoperability in the NPS Industry to increase number of payment instruments used across institutions to meet agreed targets	BON	31.12.2015	
			% Compliance to Agreed Standards	New	100%	100%	100%	100%	100%	100%	N1.2	Identify all industry accepted standards. Establish a baseline measure and monitor	PAN	31.06.2016

Theme	#	Strategic Objectives	Strategic Measures	Baseline (2015)	2016	2017	2018	2019	2020	#	Strategic Initiatives	Accountable	Completion Date	
National Payment System Integrity	N2	Enhance NPS Infrastructure, Safety and Security and cost-effectiveness	% of NPS Core Systems Available	99%	99%	99%	99%	99%	99%	N2.1	Industry to ensure compliance with agreed standards	BON	Annually	
			Develop and implement standards for security	New	50%	100%					N2.2	Continuous monitoring and reporting on availability	BON/PAN/ FMI's/Industry	Annually
			% Compliance achieved in governance compliance audit / assessment.	New	100%	100%	100%	100%	100%	100%	N2.3	Determine minimum security standards Implement security standards Define / clarify roles and responsibilities within the NPS; Define and Clarify Stakeholders' Level of Representation and decision making authority	BON	30.06.2016
National Payment System Integrity	N3	Review, Enhance and Implement Governance Model								N3.1	Facilitate annual Governance Compliance Audit.	PAN/BON	30.12.2016	
National Payment System Integrity	N4	Define Namclear Status in the NPS	Review and implement ownership, governance and funding model	New	50%	100%				N4.1	Research and develop alternatives for Namclear ownership, governance and funding	BON	30.06.2016	
National Payment System Integrity	N4	Define Namclear Status in the NPS								N4.2	Adopt and implement preferred model	Namclear	30.06.2017	
National Payment System Integrity	N4	Define Namclear Status in the NPS								N4.3	Monitor and maintain model	BON/PAN	Quarterly	

NPS Integrity	Theme	#	C1	NPS Capacity
Policy for pricing and costing of payments services	Strategic Objectives		Strengthen NPS Human Capital and Skills	
Develop policy for pricing and costing of payment services	Strategic Measures		% Achievement on Annual NPS Human Capital Plan	
New	Baseline (2015)		New	
100%	2016		100%	
100%	2017		100%	
100%	2018		100%	
100%	2019		100%	
100%	2020		100%	
N5.1	#		C1.1	
Develop policy for pricing and costing of payment services and implement	Strategic Initiatives		Develop NPS Human Capital Strategy and disseminate into Annual Human Capital Plans, implement and monitor progress.	
BON	Accountable		PAN	
31.12.2017	Completion Date		2017, then Annually.	

We would like thank the following stakeholders for their active participation and input during the deliberations that culminated in this document.

Lily Brandt	Chairperson
Barbara Gowaseb	Bank of Namibia
Sergio De Sousa	Bank of Namibia
Brian Geikhoibeb	Bank of Namibia
Sencia Kaizemi-Rukata	Bank of Namibia
Annette Rathenam	Payments Association of Namibia
Mberipura Hifitikeko	Payments Association of Namibia
Lydia Iiyambo	Payments Association of Namibia
Ben Herunga	SME Bank Limited
Venencia Olobilwe	SME Bank Limited
Chris Coetzee	Bank Windhoek
Chris Diemer	Bank Windhoek
Albert Matongela	First National Bank
Herman Kruger	First National Bank
Moody Tembo	Nedbank
Zane Kotze	Standard Bank
Bradwyn Beukes	Standard Bank
Sedrick Van Turah	Mobipay
Pieter Swanepoel	RealPay
Ekhardt Marais	RealPay
Fabian Tait	Namclear
Davis Lewies	Pioneer Group
Ron Weber	Micro Lending Association
Fidel Iipumbu	Mobitek Pty Ltd
Shalongo Nambala	Mobitek Pty Ltd



Mr Ipumbu Shiimi
Governor
Bank of Namibia



Mrs Lily Brandt
Chairperson
PAN



Mr Lionel Mathews
Chairperson
Banker's Association of Namibia

