



PAYMENTS ASSOCIATION OF NAMIBIA

### PAN Purpose

To manage and regulate fairly, equitably and transparently the participation, innovation and development of the National Payment System and its stakeholders, to the benefit of the Namibian nation.

### PAN Vision

To be a guardian of a safe and reliable National Payment System that conforms to international standards.

### PAN Mission

To maintain a world-class payment system that meets domestic, regional and international requirements.

### PAN Core Values

1	<b>Collaboration</b>	We embrace stakeholder unity to achieve synergy on the journey of achieving our Vision.
2	<b>Integrity</b>	We uphold sound business ethics that safeguard the interests of stakeholders at all times.
3	<b>Respect</b>	We value and treasure the contribution of people from all walks of life.
4	<b>Transparency</b>	We share relevant information freely and accept responsibility for our actions.
5	<b>Fairness</b>	We are consistent in our application of policies, procedures, regulations and rules.
6	<b>Innovation</b>	We are proactive in sourcing ideas and solutions that propel the National Payment System forward.
7	<b>Excellence</b>	We are in pursuit of perfection in everything that we do.

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# Management Council



Annette Rathenam

Candy Ngula

Chris Diemer

Koos Keyser

Shaun Seboa



# Management Council continued



Sencia Kaizemi-Rukata

Pieter Swanepoel

Gerhard Riedel

Zane Kotzé

Tulinasho Shilamba

Louis Potgieter



# Executive Office



Mbapeua Kauuova  
PAYMENT ANALYST

Annette Rathenam |  
CHIEF OPERATING  
OFFICER

Saima Herman  
MANAGER:  
REGULATORY AND  
COMPLIANCE

Loide Amweero  
OFFICE  
ASSISTANT

Tulinasho Shilamba  
FINANCE AND ADMINISTRATION  
MANAGER & SECRETARY TO THE  
PAN MANAGEMENT COUNCIL

Sarafina Nelenge  
UTILITY  
OFFICER

Lydia Iiyambo  
ADMINISTRATIVE  
OFFICER

## PAN Organogram

Koos Keyser  
Chris Diemer  
Zane Kotzé  
Candy Ngula  
Annette Rathenam  
Louis Potgieter  
Sencia Kaizemi-Rukata  
Shaun Seboa  
Gerhard Riedel  
Tulinasho Shilamba  
Pieter Swanepoel  
MANAGEMENT COUNCIL

Annette Rathenam  
CHIEF OPERATING OFFICER

Tulinasho Shilamba  
FINANCE AND ADMINISTRATION MANAGER  
& SECRETARY TO THE PAN MANAGEMENT COUNCIL

Saima Herman  
REGULATORY AND COMPLIANCE MANAGER

Mbapeua Kauuova  
PAYMENT ANALYST

Lydia Iiyambo  
ADMINISTRATION OFFICER

Loide Amweero  
OFFICE ASSISTANT

Sarafina Nelenge  
UTILITY OFFICER

## List Of Abbreviations

ATM	Automated Teller Machine
CPOC	Cross-border Payment Oversight Committee
EFT	Electronic Fund Transfer
EMV	Europay, Mastercard and Visa
EnCr	Enhanced Credit (Transfer)
EnDO(S)	Enhanced Debit Order (System)
ID	Identity Document
ISO	International Organization for Standardization
NISS	Namibia Inter-bank Settlement System
NPS	National Payment System
PAN	Payments Association of Namibia
PCH	Payment Clearing House
PCI DSS	Payment Card Industry Data Security Standard
PIN	Personal Identification Number
POS	Point-of-sale
PSD	Payment System Determination
PSD-7	Payment System Determination on Efficiency within the National Payment System
PSF	PAN Stakeholder Forum
PSMB	Payment Scheme Management Body
Q1(2/3/4)	First (second, third, fourth) quarter
SADC	Southern African Development Community
SIRESS	SADC Integrated Real Time Electronic Settlement System





## *Chair Person's Review*

I am pleased to present the Payments Association of Namibia (PAN) Annual Report for 2017.

I would like to acknowledge the collaborative help of the Bank of Namibia, the banking institutions, the payment service providers and our many stakeholders. Through extensive participation and investment, PAN's Management Council could execute the mandate of the National Payment System (NPS) to ensure the latter's safe, secure, efficient and cost-effective operation.

The Enhanced Electronic Fund Transfer (EFT) Project received the lion's share of our focus during 2017. Nonetheless, PAN's Executive Office, our members and our stakeholders successfully kept all

the other balls of a very advanced payment system in the air, ensuring not only that we remained within our strategic guidelines, but also did so with the lowest possible risk and without compromising our values. With the technological advances of the Enhanced EFT payment system already evident, Namibia is setting the pace in the realm of improved speed and efficiency.

Together with the other projects that received our attention, the payment industry demonstrated its competence by meeting customer needs and by staying relevant. Drivers such as changing client requirements, competition from new entrants, the implementation of new standards and regulatory developments initiated a myriad of challenges during the reporting period. These challenges were met and addressed satisfactorily among our members, participants and stakeholders.

PAN's Executive Office had a wider pool of people resources available during the year under review compared with the equivalent period last year. Thus, under the auspices of our Chief Operating Officer, we could expedite our commitment to constant improvement by way of a forward-looking and evidence-based approach to consult and involve stakeholders and, in so doing, achieve our strategic objectives. However, more attention could be paid to improve not only access to the NPS, but also its interoperability, standards and infrastructure enhancements.

Beyond the Executive Office, the 2017 reporting year also marked the commencement of a process to revise and enhance PAN's governance and, consequently, its funding model.

In addition, the Management Council benefited from very welcome support during the reporting year from the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA) in respect of extensive research on building a highly skilled workforce in Namibia's financial sector. We will continue to collaborate fully in this project.

I would like to thank my fellow Councillors for their wise counsel, their dedication and their collective voice. These helped address the many industry challenges and assisted in moving us closer towards realising our Vision 2020 strategic targets.

Finally, I also wish to extend my gratitude to Bank of Namibia, PAN's management and staff for their efforts in executing the NPS mandate and the NPS Vision 2020.

Koos Keyser  
CHAIRPERSON OF THE MANAGEMENT COUNCIL

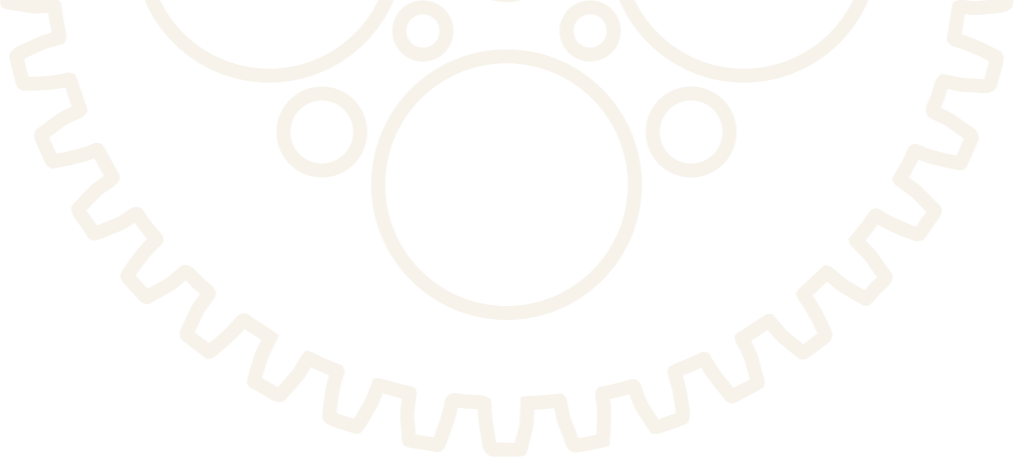




## *Chief Operating Officer's Review*

The past reporting period has certainly been a year that required an 'all hands-on deck' approach under the able helm of the PAN Management Council. Among other things, we concentrated on implementing the Enhanced EFT Project, the Enhanced EFT Rules, finalising the draft Compliance Policy, and reviewing the National Payment System (NPS) Project Management Framework.

For their valuable input to the NPS, we wish to thank the Enhanced EFT Project Steering Committee, the Participant Groups in the various Payment Clearing Houses, the PAN Stakeholder Forum, PAN's Executive Office, and PAN's Management Subcommittees. Their collective efforts ensured not only that we took a few major steps towards achieving our Vision 2020 strategic milestones, but also that we could do so while conducting our day-to-day operations effectively.



During the reporting period we also addressed the skills shortage in the payment industry by selecting participants for the Certificate in Foundational Payments training course offered by the Payments Association of South Africa (PASA). In addition, the industry implemented ISO 20022, which, as stated earlier herein, is an international standard for electronic data interchange between financial institutions. The implementation largely required on-the-job training for the various teams involved.

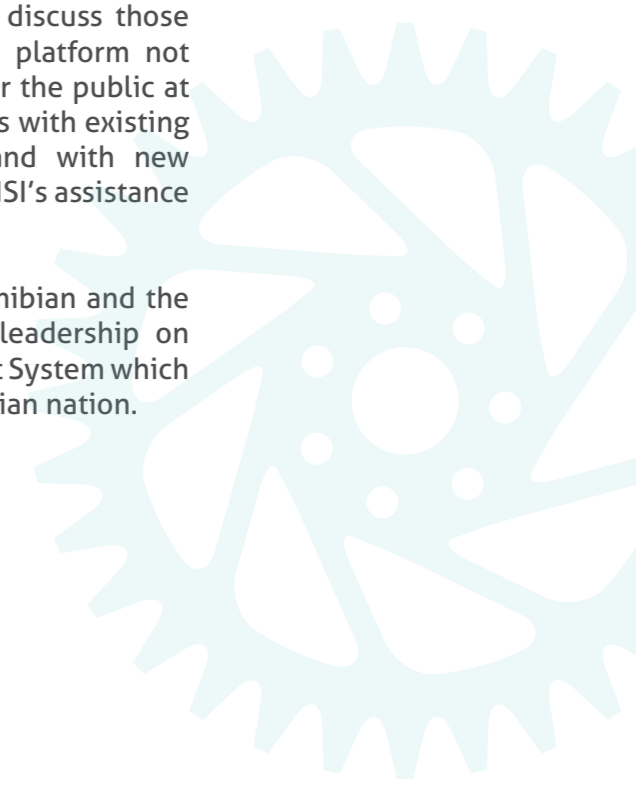
In respect of our stakeholder engagements, we targeted representatives from banks as well as non-bank financial institutions. Our higher stakeholder outreach numbers for the year under review were attributable to the Enhanced EFT Project. Such engagements have now laid a foundation for future industry projects, allowing us to ensure that they are implemented according to the NPS Project Framework and the NPS Test Methodology.

Stronger stakeholder synergies have been formed which we hope would result in continued sharing of innovative ideas that would lead to the efficiency in the national payment system.

PAN has an ongoing and close relationship with the Namibia Institute of Standards (NSI) to determine where standards are needed, and to discuss those that are identified. The NSI offers a platform not only for payment industry, but also for the public at large, who should acquaint themselves with existing standards, with the amendments, and with new standards. We are encouraged by the NSI's assistance and wish them well.

I would like to thank the Bank of Namibia and the PAN Management Council for their leadership on issues relating to the National Payment System which contribute to the benefit of the Namibian nation.

Annette Rathenam  
CHIEF OPERATING OFFICER





## Compliance Highlights



For PAN, the year under review was one of checking and balancing. On the forefront was the question of how we, as PAN, live up to our core values of *Collaboration, Integrity, Respect, Transparency, Fairness, Innovation and Excellence*, and how we can improve our relationship with stakeholders.

As an institution, PAN encourages competition and innovation while safeguarding the security of the payment system with the aim of ensuring all Namibians benefit from the resulting improvements. We also serve as the hub for collaboration among a diverse set of organisations, including financial institutions, microlenders, Namibia's Automated Clearing House, and technology and service providers. In our role as the self-regulatory body for payments, we take an inquisitive, front-footed approach to shaping the emerging payment landscape.

As the payment environment evolves, so does its regulatory counterpart. We therefore take a proactive role in guiding and influencing our stakeholders, working closely with our policymaker the Bank of Namibia and the various relevant government ministries.

Industry collaboration is pivotal in ensuring the evolution of the payment system. As the payment landscape becomes more diverse, the range of organisations we bring together continues to expand. This payment industry mix is evolving at a rapid pace. As businesses and consumers make more card and electronic payments than ever before, the decline in cheque usage has accelerated (see "The Namibian Payment System in detail" chapter later herein).

In respect of PAN stakeholders' rating of our performance during the reporting year as regards effecting our mandate in the areas of project management, forum facilitation, regulation and maintenance of NPS integrity, respectively. Nonetheless, although stakeholders are satisfied, it is suggested that PAN focus on increasing these indexes to a median rating of 4 over the next two reporting years.

Saima Herman  
MANAGER: REGULATORY AND COMPLIANCE

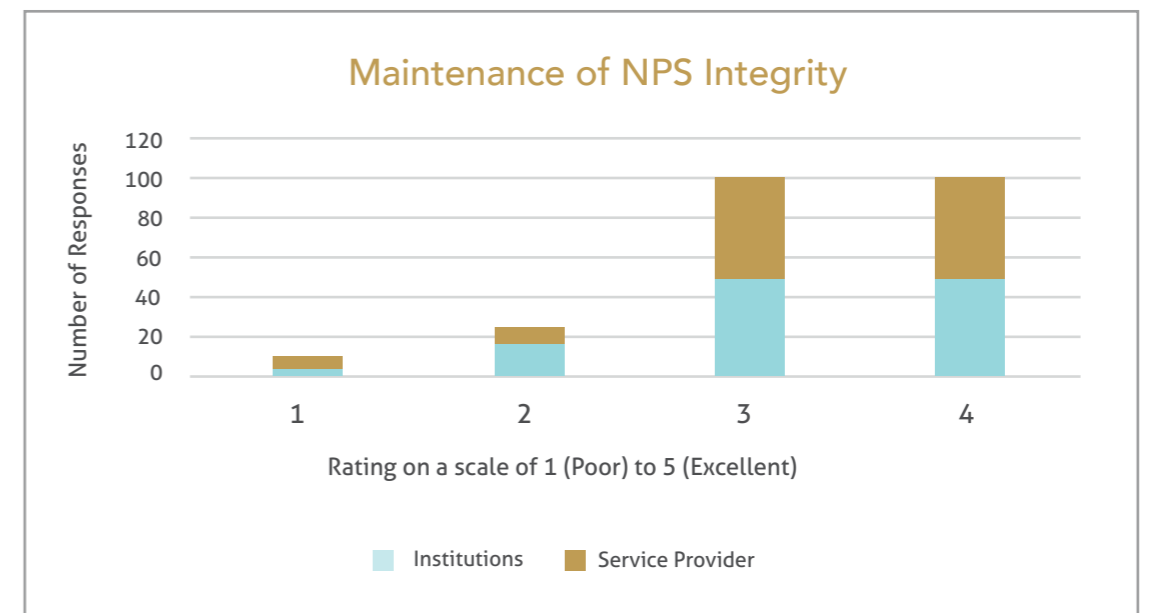
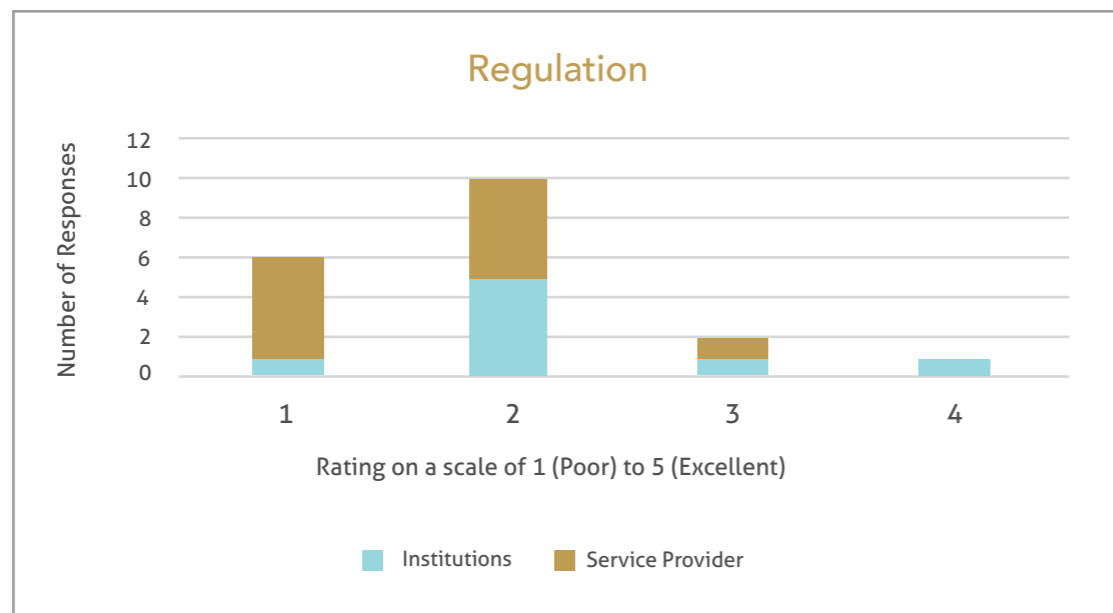
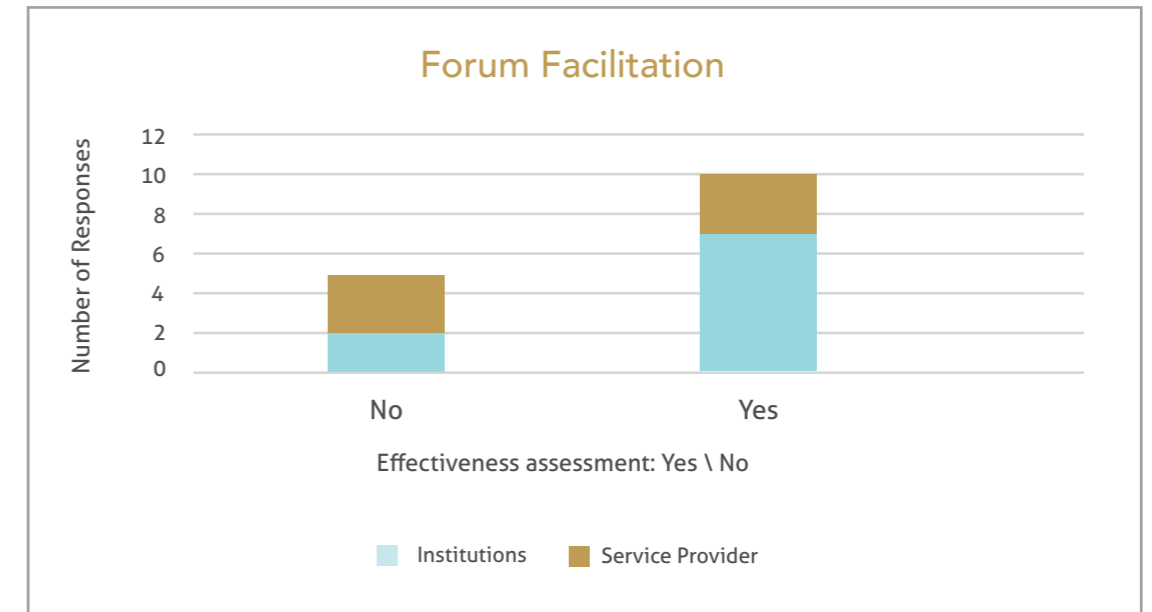
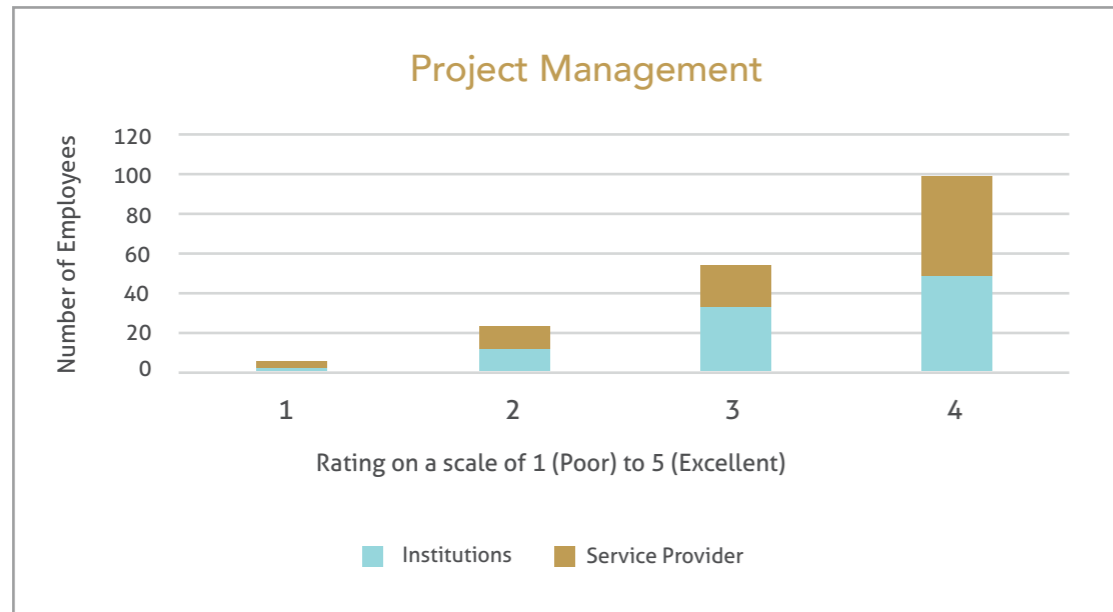


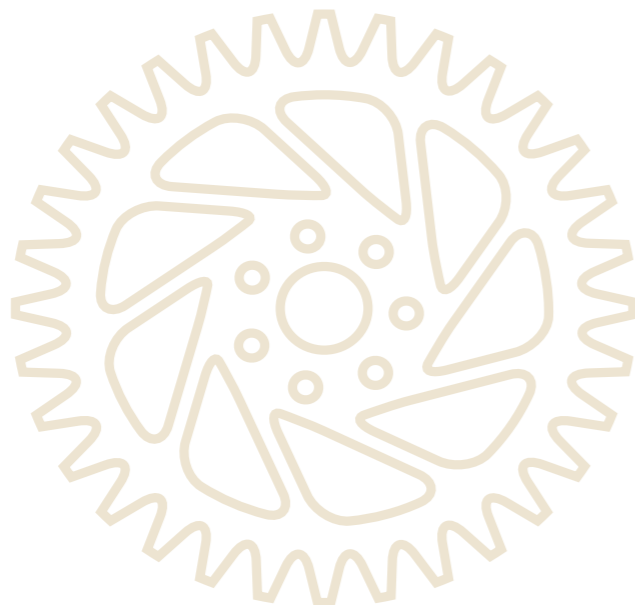
Figure 1:  
Indexes of stakeholder feedback on specific PAN functions. The indexes in the four charts in Figure 1 reveal an assessment of Average, i.e. a rating of 3 on a scale of 1 to 5.



By the end of the 2017 financial year, PAN's vibrant network included participants from 9 payment systems which are fully authorised PAN members (Table 1) as well as 11 fully registered payment system service providers (Table 2). PAN welcomes involvement from all organisations with a significant interest in helping payments the payment system thrive.

*Table 1: Fully authorised members of PAN*

No.	Member name	Membership status
1	Atlantico Namibia	Full member
2	Bank BIC Namibia	Full member
3	Bank of Namibia	Full member
4	Bank Windhoek	Full member
5	First National Bank Namibia	Full member
6	Letshego Bank Namibia	Full member
7	Nedbank Namibia	Full member
8	Standard Bank Namibia	Full member
9	Trustco Bank Namibia	Full member



*Table 2: Payment system service providers fully registered with PAN*

No.	Name of service provider	Type of service provider	Registration status
1	ATM Solutions	System Operator (Automated teller machine deployment services)	Fully registered
2	eCentric Payment Systems Namibia (Pty) Ltd	System Operator (Card-acquiring services)	Fully registered
3	Fidel lipumbu Mobile Technology (Mobitek)	System Operator (Chip-and-PIN card payment solution)	Fully registered
4	Hyphen Technology Namibia	System Operator (Management and processing services in respect of payment)	Fully registered
5	Innervation	System Operator (Integrated card-switching services)	Fully registered
6	Namclear	Automated Clearing House (Payment Clearing House service provider)	Fully registered
7	Namibia Payments Solutions (Pty) Ltd	System Operator (E-commerce and integrated point-of-sale payment processing services)	Fully registered
8	PayMate	Paying/collecting Facilitator (Collecting facilitator – Cards)	Fully registered
9	RealPay	Paying/collecting Facilitator (Collecting facilitator – EFTs)	Fully registered
10	SmartSwitch	System Operator (Transaction-switching services to Namibia Post Limited)	Fully registered
11	Virtual Card Services	System Operator (E-commerce for card-based services)	Fully registered



Innovation is vital to payment system modernisation. We lead industry-wide initiatives to bring about more convenient ways of paying, while maintaining a robust and secure payment system.

We keep the community as a whole informed about payments as it touch everyone. We have a role to play in sharing information, which improves understanding of how payments support the economy.

The reporting year was a very busy one, especially in terms of ensuring that the industry remained on track with the Enhanced EFT Project milestones. Table 3 presents the highlights of PAN's progress in regulatory and compliance issues.

*Table 3: Regulatory and compliance highlights, 2017 financial year*

Regulatory/compliance factor?	Progress highlight
Payment System Determination (PSD-4) on Conduct of Card Transactions within the National Payment System	During the year under review, the Bank of Namibia granted dispensation on this PSD until 30 June 2018. PAN is collaborating with all system participants that issue fleet cards to ensure they meet this deadline, and the participants have committed to being compliant by then.
Payment System Determination (PSD-7) on Efficiency within the National Payment System	PSD-7, issued on 3 December 2013, provides the principle guidelines for assessing the NPS's efficiency. During the reporting year, the Bank of Namibia extended the deadline for compliance with this PSD from 30 June 2017 to 30 June 2018.

Regulatory/compliance factor	Progress highlight
Payment System Determination (PSD-8) on Imposition of Administrative Penalties in the National Payment System	PSD-8 was gazetted during the reporting period, i.e. on 25 April 2017. Its ultimate objective is to promote awareness and enhance transparency regarding the procedure used to impose administrative penalties in the NPS. PSD-8 sets high standards of regulatory conduct by deterring authorised participants from committing contraventions and encouraging those who are non-compliant to take appropriate remedial action. Imposing administrative penalties also prevents, or at least reduces, the need for recourse to costlier and more time-consuming enforcement actions such as criminal prosecution.
NPS Vision 2016–2020	On 21 June 2017, the payment industry held a review workshop on the NPS Strategic Plan to gauge where the industry stood in respect of its agreed strategies and what should be done to ensure that it remained on track. Reviews will now take place in June each year.
EMV Standard and PCI DSS compliance	PAN members are obliged to comply with the EMV Standard originally set up by Europay, MasterCard and Visa for cards based on chips and a personal identification number (PIN) as well as with the Payment Card Industry Data Security Standard (PCI DSS). To this end, PAN members continued replacing all old magstripe cards with chip-and-PIN cards during the reporting period. The replacement exercise is an epic and ongoing process that is required to be completed by 31 March 2018. Meanwhile, all banking clients that had not yet taken their old cards in for replacement by their respective institutions had been urged to do so.
Registration of service providers	During 2017, PAN became aware that some service providers were still operating without being licensed. They were encouraged to register with PAN since any unregistered service provider found operating will be penalised. In 2018, PAN will publish the new Entry and Participation Criteria with which all service providers will be required to conform.
Phasing out of cheques	In collaboration with the Bank of Namibia, the payment industry delayed the 31 December 2017 deadline for phasing out cheques as a payment instrument in Namibia because meeting the date was not feasible. Nonetheless, all stakeholders remained committed to phasing out cheques, subject to a new deadline to be determined. Meanwhile, the cheque item limit remains at N\$100,000 (one hundred thousand Namibia Dollars).

Saima Herman  
MANAGER: REGULATORY AND COMPLIANCE





## *Programme Highlights*

### ENHANCED ELECTRONIC FUND TRANSFER PROJECT

Due to unforeseen issues and complexities identified during the industry testing phases, the implementation deadline for the Enhanced EFT Project was extended to the fourth quarter (Q4) of 2018. Significant progress was nonetheless made across all Project Phases, which are currently split into the different payment methods, as follows:

- **Phase 1** – Implementation of Enhanced Debit Order (EnDO) Instructions and Settlement
- **Phase 2** – Onboarding of New Banks to the Existing EFT System
- **Phase 3** – Implementation of Enhanced Credit (EnCr) Transfers
- **Phase 4** – Development and implementation of Near-real-time Credit (NRTC) Transfers.

All Project Phases are currently in parallel in order to prevent further delays and avoid scope changes. The Project plans to implement the EnDO System in the production environment as a controlled pilot exercise by the end of Q1 in 2018. The pilot offers a mitigating strategy by means of which EnDOS's impact on the NPS can be managed, allowing any project risk to be resolved before migrating end users from the existing EFT system to the new, enhanced one. The pilot exercise entails using specific non-customer accounts in the production environment, while the various individual banks manage the inflows and outflows of payments on the Enhanced EFT payment system. All values will be kept within agreed limits, and settlements will be tracked daily. A nett-off process will be completed at the end of every week to return to a zero-balance position across all participants. Once stability has been proved end-to-end across all participants, the pilot exercise can be terminated, and migration can commence.

During the review period, all Enhanced EFT Project participants began integrating and testing the functionality of the new system's EnCr component in parallel with EnDOS testing. The Project currently makes use of two separate system environments to offer participants the flexibility of completing multiple Project Phases simultaneously. Due to the sharp focus on Phases 1 and 3 of the Project, however, and given that Phase 4 was not a currently operational payment stream in the existing EFT system, development of the NRTC Component was deferred during the reporting year. Nonetheless, this component will be ready for testing and implementation in Q2 in 2018.



Since the Enhanced EFT Project follows a risk-based and lessons-learned approach in its implementation, planning between PAN's Project Management and its Test Management structures is monitored every week. The methodology adopted and the processes defined during this strategically valuable Project's execution are then utilised to develop Project and Test Management Standards that can be applied across the NPS.

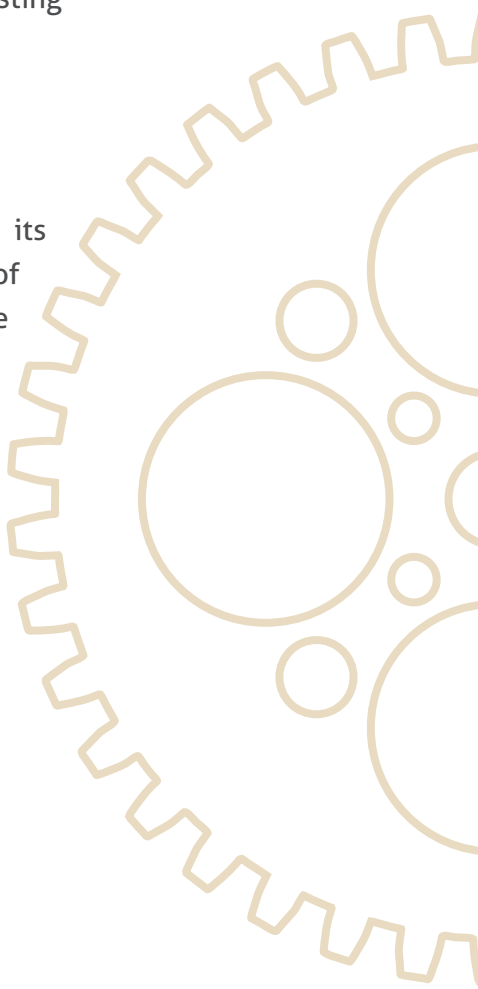
### Novelty, complexity and the pursuit of further efficiency

The implementation of the International Organization for Standardization's ISO 20022, which is an international standard for electronic data interchange between financial institutions, is a highly complex environment with a multitude of dependencies and integration touchpoints across each payment flow. Namibia's NPS is a leader on the African continent in the delivery of this standard, which inevitably results in a high level of novelty with limited reference points to resolve or mitigate issues identified.

Since the Enhanced EFT Project impacts all aspects of such interchanges, from payment origination capabilities to customer settlements and disputes, there needs to be constant collaboration among all Project participants all PAN member banks wherever NPS-driven solutions drive decision-making across PAN governance structures. The Project has limited capacity to implement changes to the original design of what due to its focus on completing within the compliance deadlines.

Although the number of major changes has been limited, the Project has identified a need to create a Continuous Improvement Process (CIP) for the Enhanced EFT System that will assume the central design capability once migration to the new system is complete. A process currently being defined will strive to ensure that any issue areas, innovations or improvements have a platform from which to be implemented in the future. To this end, the CIP will be aligned and incorporated into the existing industry processes and governance structures.

### Looking forward



Following the Enhanced EFT Project's entry into its exciting implementation phases, the tireless efforts of the participant teams are being put to the test. The NPS Project Management Office have also instituted additional controls to maintain the high level of intensity and engagement required to implement a solution of this nature. Moreover, renewed focus has been placed on the Business Readiness streams, which require the various participants to prepare internally for the piloting exercise and, ultimately migrating end customer from the existing to the new system.

Trevor Cracknell  
PROGRAMME MANAGER



# The National Payment System in Detail

## Cheque payments

Since part of the cheque reduction strategy to phase out these instruments in Namibia by 31 December 2017 could no longer be realised, in collaboration with the industry and with the Bank of Namibia's support, the industry decided to postpone the deadline date. Nonetheless, all stakeholders remain committed to the eventual phasing out of cheques by 30<sup>th</sup> June 2019. Meanwhile, the cheque item limit remains at N\$100,000 (one hundred thousand Namibia Dollars).

The payment industry's decision to phase out cheques was based on the outcome of a cost-benefit analysis that underlined the need to migrate paper payments to electronic payments. The reasoning considered declining cheque volumes, coupled with the increasing cost of maintaining outdated infrastructure, the uncertainty of payment receipts and the potential for fraud.

In the 2017 financial year, Namclear processed and cleared 0.7 million cheques (2016: 1.2 million) with a total value of N\$6.7 billion (2016: N\$11 billion) (see Figures 2 and 3). These figures respectively represent a 43% and a 44% decline in volumes and values since the prior reporting period. For the remaining duration of their validity, cheques are expected to continue to decline in volume and value.

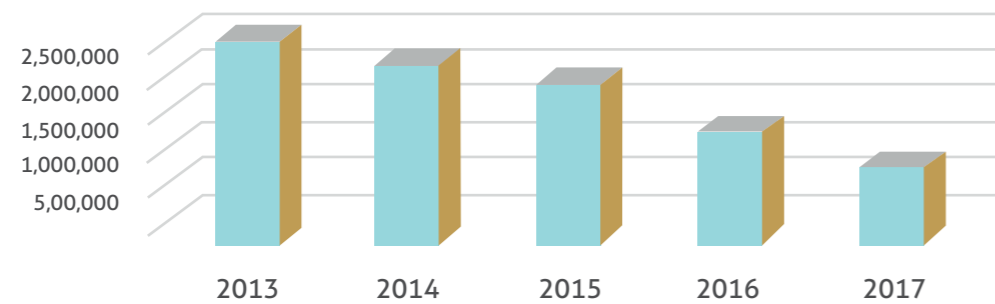


Figure 2: Cheque transaction volumes, 2013–2017

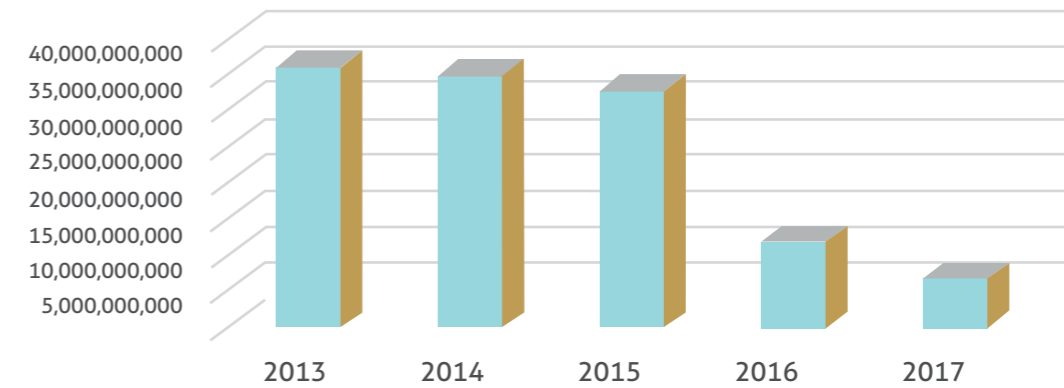


Figure 3: Cheque transaction values (N\$), 2013–2017

## Electronic fund transfers

EFTs increased by 3% in volume and by 0.22% in value during the review period in comparison with its counterpart in 2016 (see Figures 4 and 5). This could mainly be attributed to the migration from paper-based to electronic payment methods brought about by the industry's decision to phase out cheques.

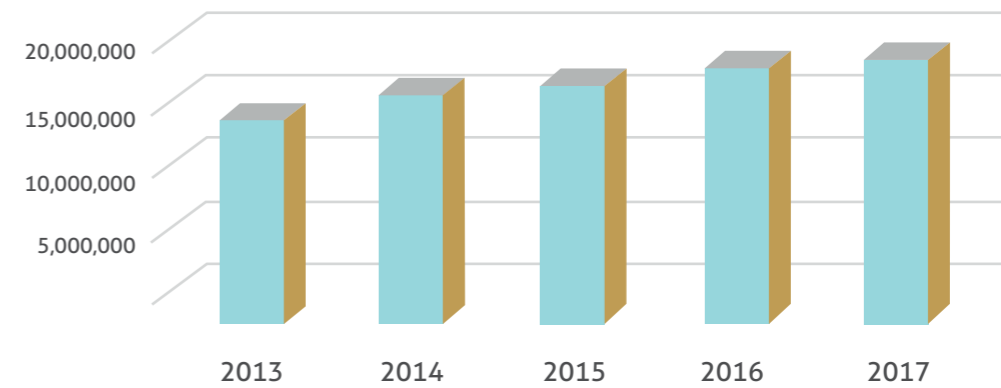


Figure 4: EFT transaction volumes, 2013–2017

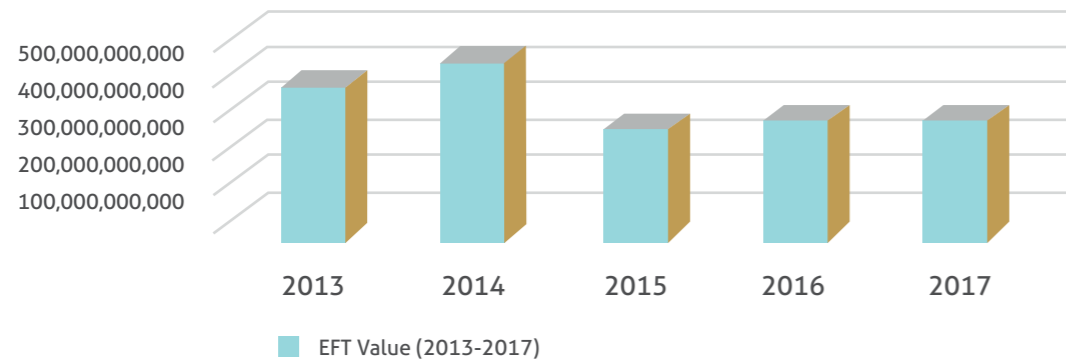


Figure 5: EFT transaction values (N\$), 2013–2017

### The Namibia Inter-bank Settlement System

The NISS is a real-time gross settlement system owned and operated by the Bank of Namibia. Time-critical payments are processed and settled by the NISS in accordance with the principles of finality and irrevocability. Thus, once a transaction has been settled by the NISS, it cannot be undone because it will also have been settled across the relevant NISS participant’s books at the Bank of Namibia.

The NISS also settles retail payment transactions from Namclear.

In the 2017 financial year, the total volume of transactions settled through the NISS decreased by 5%, namely from 69,327 transactions in 2016 to 65,981 (Figure 6). The total value settled increased by 15% between the same two periods, i.e. from N\$739 billion in the 2016 reporting period to N\$852 billion for 2017 (Figure 7).

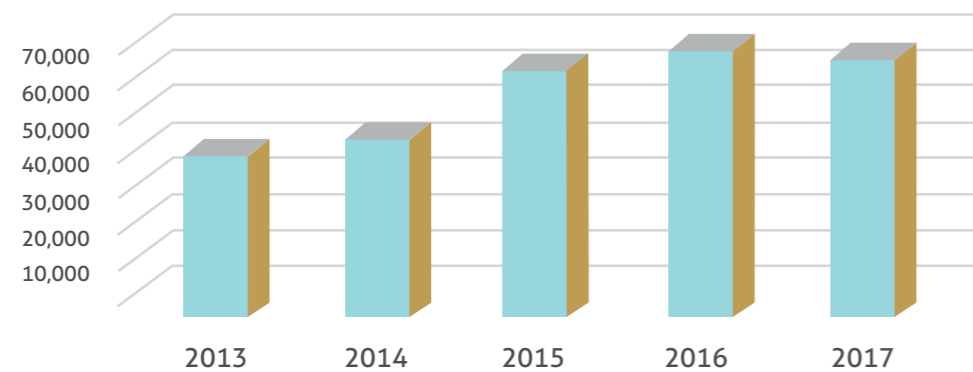


Figure 6: NISS transaction volumes, 2013–2017

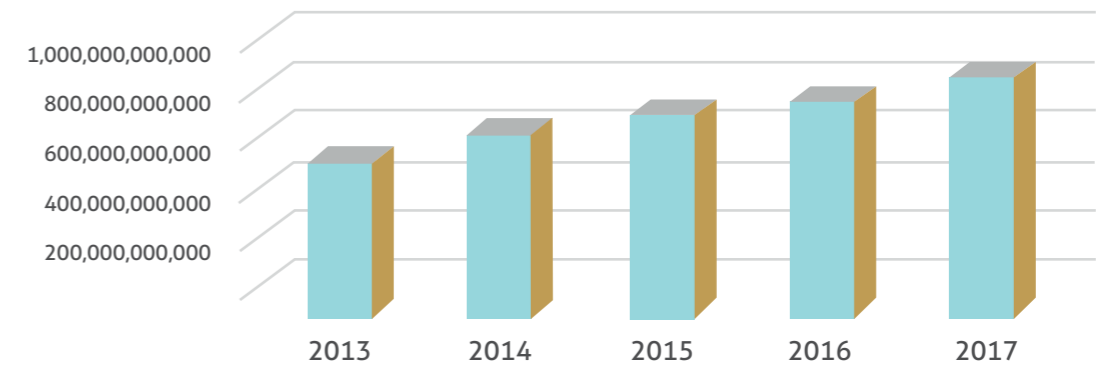


Figure 7: NISS transaction values (\$), 2013–2017

### Card payments

Namclear processed 25 million card payments to the value of N\$13 billion during the reporting period, which represents a 62% decrease in volumes (Figure 8) and a 63% decrease in values (Figure 9) in comparison with the same period in 2016.

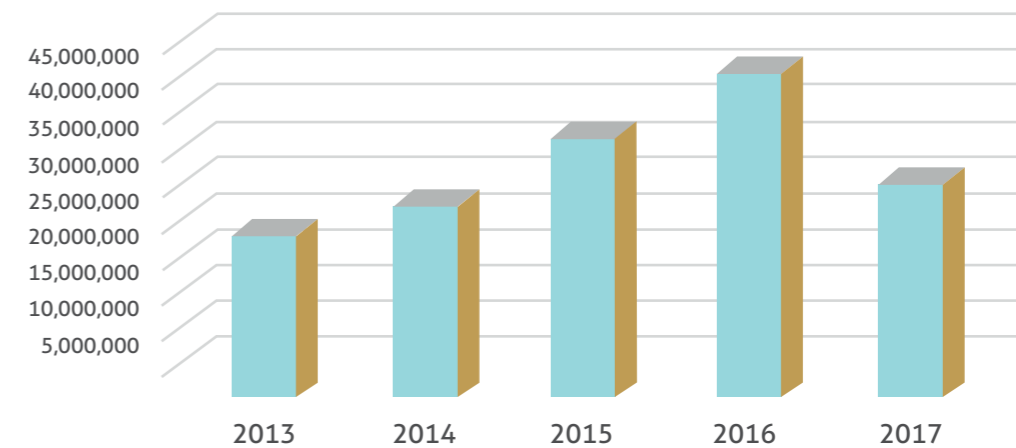


Figure 8: Card transaction volumes, 2013–2017



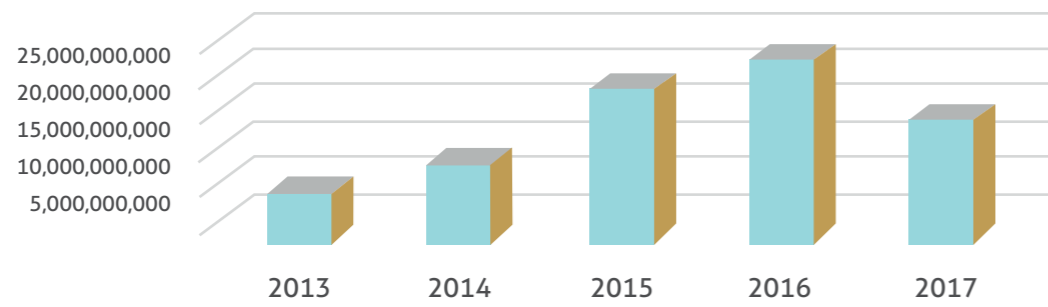


Figure 9: Card transaction values (N\$), 2013–2017

Table 4 and Figure 10 reveal a comparison among transactions cleared and settled during the 2013 to 2017 financial years in respect of their volumes, while Table 5 and Figure 11 indicate their respective values.

Table 4: Comparison of volumes by transaction type, 2013–2017

Transaction type	Volume				
	2013	2014	2015	2016	2017
Cheque	2,441,975	2,157,362	1,870,368	1,254,622	708,885
EFT	14,264,400	15,676,630	16,196,746	17,815,891	18,375,142
Card	18,741,428	22,492,936	32,209,668	40,793,248	25,185,093

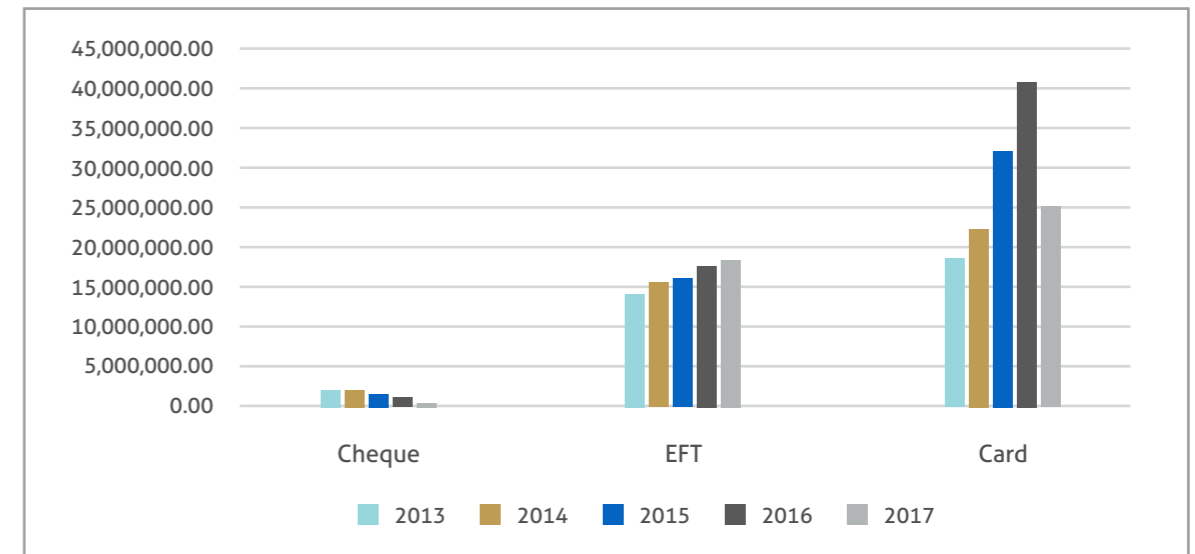


Figure 10: Comparison of volumes by transaction type, 2013–2017

Table 5: Comparison of values by transaction type (N\$), 2013–2017

Transaction type	Value				
	2013	2014	2015	2016	2017
Cheque	36,073,403,560	34,946,987,863	32,524,170,039	11,970,865,119	6,676,019,167
EFT	355,315,701,969	430,468,033,555	238,172,691,853	268,434,519,205	269,028,242,444
Card	2,417,796,547	11,777,732,581	17,353,890,264	21,568,189,422	13,272,296,715

The tabular and chart representations respectively show a steady decrease in the volume and value of cheque transactions, while the statistics for card and EFT transactions are depicted as the preferred payment methods for Namibian consumers. As already mentioned in this chapter, the data reveals clients' ongoing migration from paper-based to electronic payment methods. This is a move in the right direction: the phasing out of cheque payments complements the growth of electronic payments.



# Financial Crime Trends Identified

Throughout the reporting year, PAN members report on financial crimes for discussion at our monthly member meetings. PAN will continue to pro-actively raise awareness about fraud and monitoring their impact, in order to create an enabling environment for both industry and the public at large to remain vigilant in combating fraud.

SEE IDENTITY FRAUD UNDER FIFSC

## Cheque fraud

Cheque fraud incidents were attributed mainly to forgery, where illegitimate cheques were cashed due to vulnerabilities in the identification and confirmation procedure that participants undertake.

## Card fraud

The most prevalent type of card fraud arises through lost, stolen, forged or counterfeit cards, or cards not being present.

## Point-of-sale fraud

Several cases of POS fraud were reported during the review period. In one case, fraudsters applied for POS devices from banks by posing as car rental company owners. Commercial banks were advised to conduct proper 'Know Your Customer' analyses on new customers.

## Change of banking details fraud

Many businesses lose money through this scheme because they fail to verify requests for a change in a client's banking details. However, businesses are more aware of this type of fraud and reporting has increased.

## Fraud by swopping Subscriber Identification Module cards

In this type of ruse, a fraudster obtains a fake ID that enables him/her to assume a victim's identity. The fraudster then has the victim's SIM card blocked at the relevant mobile phone operator's office and obtains a new SIM card associated with the victim's cell phone number. Next, they approach the victim's bank to register for Internet banking. In this way, the fraudster is not only able to divert the victim's money to another beneficiary account, but is also able to withdraw funds from the victim's account at his/her bank branch.

## Mule bank accounts

In this type of fraud, the criminals ask whether they can use their victim's bank account to receive a deposit, under the pretence that it is for a valid reason such as a bonus payment from an employer. The account-holder is then instructed to withdraw or transfer the money to enable the fraudsters to have access to it. This type of money laundering, which an unsuspecting client enables via the fraudster's crime, renders both parties criminally liable for fraud or theft. Financial institutions are expected to heighten awareness among their clients about this type of fraud.

## Electronic wallet banking

E-wallet banking can be used by fraudsters to launder money. Financial institutions were therefore urged to be more vigilant and proactive in terms of preventing fraud via this product. The nature of e-wallet banking suits fraudsters because since it is impersonal, it leaves no paper trail, it is quick to execute, the funds are immediately available, and the cash is accessible from anywhere in the country.



### Internet banking fraud

Internet banking fraud, which is on the increase, happens when fraudsters infiltrate electronic devices such as computers by means of malware or keyloggers and obtain a victim's personal bank account numbers, login details, password, etc. Criminals then use the information to log on to Internet banking fraudulently, transferring their victim's money directly to themselves or others, or amending their victim's beneficiaries' details, e.g. changing a beneficiary account number to one under the fraudster's control.

### E-mail instruction fraud

In this type of financial crime, fraudsters take over their victim's e-mail account, usually a free address such as Yahoo or Gmail and then begin corresponding with the victim's bank to arrange for fund transfers. Clients need to be protected more effectively by vigilant staff and via controls such as customer or transaction verification.

### Loan application fraud

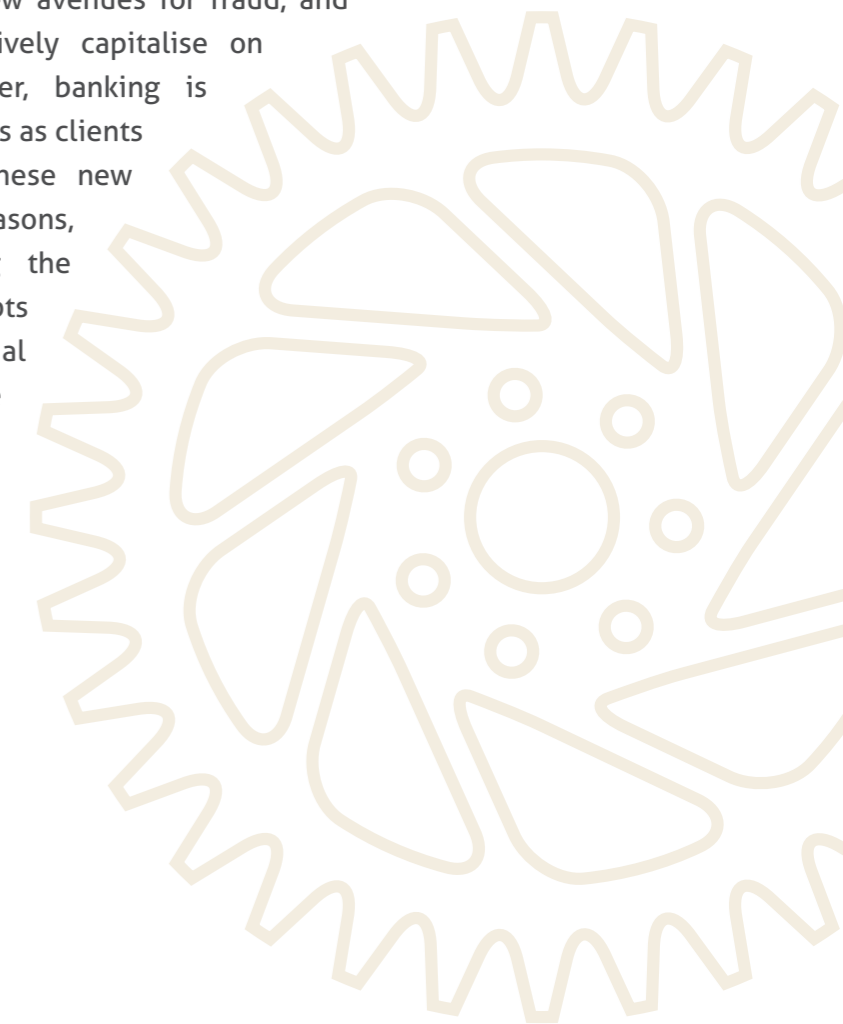
Several instances of loan application fraud were reported in Namibia during the year under review. In such cases, fraudsters apply for loans with a victim's forged identity documents. If the loan is successfully disbursed, the funds are immediately transferred to another bank or withdrawn in cash. The person whose identity was stolen in this way will only become aware of the crime once loan instalments begin to be deducted from his/her account. Syndicates connect with corrupt human resources staff in businesses, who assist them in processing the loan applications.

### Fake proof of payment

In this type of crime, fraudsters produce a fake proof of payment from one of the Namibian banks and send it, for example, to a car retailer. The retailer then releases the vehicle to the fraudster in good faith – only to find later that the funds had never been transferred.

### In summary

This chapter has not presented an exhaustive list of the types of financial crimes reported by PAN members during the year under review, only the most prevalent of them. With growing levels of unemployment and an economy in a pinch, a surge in financial crimes should be expected. At the same time, technological advances rapidly open up new avenues for fraud, and criminals quickly and creatively capitalise on such opportunities. Moreover, banking is becoming increasingly faceless as clients are encouraged to adopt these new technologies for various reasons, including that of reducing the cost of banking. This prompts the question of how financial institutions should mitigate the very real risk of potential increases in losses due to financial crime.





Message from  
the Chairperson of the

## *Card Clearing House*

During the year under review, some PCH Card participants were involved in the phasing out of fleet cards. This exercise had been well planned by both the Namibian and South African banking institutions to ensure minimal risk to the economy. All banking institutions involved in the process ensured that customers would be serviced with an innovative option to replace the current cross-border fleet solution.

PCH Card participants also continued to address their compliance with the Payment Card Industry Data Security Standard (PCI DSS) during the period under review. PAN considers a status of non-compliance a critical risk. Nonetheless, we acknowledge that all system participants have commenced with the necessary steps to become compliant.

Compliance with the so-called EMV Standard originally set up by Europay, MasterCard and Visa for chip-and-PIN cards continued to be driven by system participants, who had again managed the migration process well during the 2017 financial year. They had also urged customers who had not yet collected their new cards to do so.

The card rules were not revised during the financial year as there were no changes that needed to be considered.

Johan van Wyk  
CHAIRPERSON



Message from the Chairperson of the

## *Paper Payment Clearing House*

The reporting period saw the Paper PCH sustaining its focus on phasing out cheques as a payment instrument.

In addition, all PCH participants as well as all members of the payment industry continued educating customers on the need to terminate cheque payment options and instead migrate to digital banking, which was the most convenient, most secure and cheapest medium of payment. The payment industry continues to drive this message strongly, emphasising that cheques as a payments medium are not only extremely expensive, they also present a high risk to our valued customers in terms of fraud. Ultimately, the phasing out of cheques will lead to greater efficiencies, reduced fraud and benefits for the environment.

During the reporting year, the Bank of Namibia requested the payment industry to postpone the deadline of 31 December 2017 for phasing out cheques in the country owing to certain issues it had raised in a communique to the industry. In line with the central bank's directive, the Paper PCH engaged the industry effectively at numerous meetings to discuss and review the cheque strategy. At one such workshop on 13 July 2017, each participant was requested to administer a survey to its customers to gauge the extent of cheque usage after the 2017 deadline.

The year under review also saw remarkable progress in the migration to digital banking. The industry statistics as set out in this report revealed that an increasing number of clients were making use of digital channels, although some still used cheques for convenience. In this regard, customers also expressed their concern about inadequate network coverage in certain parts of the country and noted that cheques were still a legal payment instrument in many instances.

Following the above developments, the Bank of Namibia issued a Public Notice to extend the deadline for phasing out cheques to a date yet to be determined. This postponement remains cognisant of the options and underlying factors considered by the industry and the Bank of Namibia, namely the cost of issuing cheques as a payment instrument as well as the infrastructural and operational risks, among other things. However, since several statutes explicitly mention cheques as a payment instrument or alternative means of payment, this carries significant weight in the decision to phase out cheques at this stage in Namibia. Meanwhile, the cheque item limit remains at N\$100,000.

Cynthia Shikomba  
CHAIRPERSON





Message from the  
Chairperson of the

## *Immediate Settlement Payment Clearing House*

It is with great sadness that we announce a decrease in our total number of members, namely from 11 to 9, during the year under review, following the falling away of SME Bank and EBank. The current members are Atlantico Namibia, Bank BIC Namibia, Bank of Namibia, Bank Windhoek, First National Bank Namibia, Letshego Bank Namibia, Nedbank Namibia, Standard Bank Namibia and Trustco Bank Namibia.

During the reporting period, ISPCCH participants had numerous discussions on how to streamline various processes. One such discussion that stood out was the need to extend the window at the end of the business day.



In this regard the Bank of Namibia created a user-friendly template by means of which participants could request such extensions. Information provided by the participant on the template also offers the Bank of Namibia better insight into these requests.

The market was also anxiously awaiting the approval of the Financial Institutions and Markets Bill which would take the NISS in a new direction, offering paperless and straight-through processing, among other advantages.

We are confident that we will maintain a world-class payment system that meets the requirements of the domestic, regional and international markets with the collaboration and commitment of all the participating banks.

Christine Carstens  
CHAIRPERSON



Message from the  
Chairperson of the

## *Financial Institutions Fraud and Security Committee*

### Mission

The mission of the Financial Institutions Fraud and Security Committee (FIFSC), as stated in its Constitution, is to help reduce financial crime being committed against financial institutions. This mission includes promoting the security of financial institutions' staff and customers as well as protecting the integrity of the Namibian payment industry and its individual systems as secure assets in the service of all stakeholders, both national and international.

### Objectives

The mission is to be fulfilled by attending to several identified objectives. The critical objectives are, firstly, to increase public awareness of financial crime and other security-related matters, and secondly, to use the FIFSC as a platform for the confidential discussion of financial crimes committed against financial institutions and members of the public. The Committee also assists financial institutions by way of sharing information and networking with industry employees, and by providing training opportunities where relevant.

### Strategy

The FIFSC's strategy is to focus on fulfilling its mission and achieving its objectives, but also to add value by enhancing safety and security for all its stakeholders; providing training opportunities where relevant.

## *Review of 2017*

### Participants

The participants of the FIFSC include Bank Windhoek, First National Bank, Nedbank and Standard Bank, Letshego Bank Namibia, Trustco Bank Namibia, Atlantico Bank and Bank of Namibia and law enforcement agencies such as the Financial Intelligence Centre and the Commercial Branch of the Namibian Police.

## Training

The FIFSC presented no training activities during the 2017 reporting year.

## Raising awareness

During the past financial year, the Financial Literacy Initiative invited the FIFSC to participate in discussions on the national broadcaster's radio show to enhance awareness about the security features of the new EMV cards being rolled out into the market by Namibia's banking institutions to replace magnetic stripe cards. The broadcast offered the public an opportunity to give their queries and feedback, while the FIFSC used the platform to explain and promote the additional safety measures that the EMV cards would provide to the public.

The Financial Literacy Initiative also indicated their willingness to cooperate with the FIFSC in the future if further opportunities arose where additional information was needed to heighten public awareness on certain subjects. The various individual FIFSC members also run their own fraud awareness campaigns for their clients. Since such campaigns are in the public arena, they reach a wide audience on matters that also affect non-clients who transact with them.

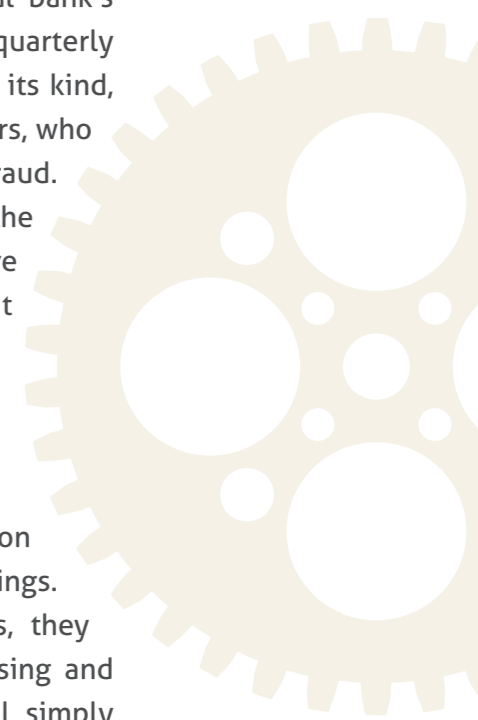
## Financial crime statistics

As per regulatory requirements, financial institutions regularly provide the Bank of Namibia with financial crime statistics. After due processing and analysis of these data, the central bank's Payment and Settlement Systems Department issues a quarterly Fraud Report. Being the only industry-wide synopsis of its kind, the Report serves as valuable input for all FIFSC members, who use it to validate and strengthen their actions against fraud. The Bank of Namibia also communicates directly with the FIFSC from time to time to articulate their respective mutual requirements more specifically, and to look at enhancing the value of these statistics for the industry.

## Trends in financial crime

Throughout the reporting year, FIFSC members report on financial crimes for discussion at our monthly meetings. Where certain trends emerge from these discussions, they need to be addressed pro-actively with awareness-raising and monitoring; if no action is taken, financial losses will simply increase. Accordingly, the issues that have emerged from our meetings are included in the sections that follow below.

The sections below also rely on Bank of Namibia quarterly reports, which they base on data they collect from all the financial institutions. Once the data are aggregated, the trends are analysed and published.







## Identity theft and fraud

Identity theft is still prevalent in Namibia. This type of theft allows a fraudster to pretend to be the real client. This poses a challenge to financial institutions because they are duty-bound to identify positively each person with whom they transact. Where these institutions fail to do so, they face fraud claims.

With their clients increasingly shifting to electronic and mobile banking platforms, financial institutions will see a rise in fraud on these payment channels through phishing and pharming. Financial institutions are following the trend towards investing in biometric client identification, which will add one more secure step in the authorisation procedure when clients use unconnected devices not clear what is meant here; 'unconnected' to what? What are 'connected' devices like cell phones.

## Cheque fraud

The occurrence of cheque fraud has declined substantially. These figures are expected to fall even further as the process to phase out cheques are driven more aggressively and nears completion. However, identity theft makes it a challenge to pro-actively deter and prevent fraud. The market shows that many businesses have already moved to Internet banking and pre-delivery of goods and services via EFT payments because of the enhanced security features, and they no longer accept cheque or even cash payments as a result. It needs to be borne in mind that, although digital forms of payment are more secure than cheque payments overall, the new platforms entail new risks – such as increases in ID theft.

## Card fraud

Card fraud experienced a dramatic drop and the payments industry ascribes this to the introduction and roll-out of the more secure EMV cards during the reporting period. This also entailed that, as expected by industry in Namibia due to experiences in other jurisdictions after EMV cards were introduced, card-not-present fraud increased in comparison with other forms of card fraud. The introduction of additional authentication and authorisation security features are therefore currently being investigated by the industry. Once these features are introduced, card fraud risks can be lowered to acceptable levels – as experience in other jurisdictions has shown.

## Internet banking fraud

Internet banking platforms provide several opportunities to fraudsters. They infiltrate electronic devices such as computers and cell phones by means of malware and steal the owner's personal information, which they then use to commit fraud.

This is also part of the phenomenon of a type of identity theft. Other forms hereof include forging the proof of the EFT payment transfer documents and taking over e-mail addresses to order goods and make false payments before services are rendered and goods are delivered. Due to the nature of this type of fraud, there are no reliable statistics of its degree of occurrence.

## Strategy for 2018

Besides continuing to strive to fulfil the FIFSC's mission and objectives, we will also again focus on providing a platform for industry-wide discussion, networking, and sharing of experiences among our members with the aim of preventing and detecting financial crime. In addition, we will be encouraging our members to use this collaboration pro-actively to heighten awareness of financial crime among the public in general, and among their customers in particular. As is customary for the FIFSC, we will continue to identify opportunities for training, especially in respect of combating the growing phenomenon of cybercrime.

## Financial-crime risk management in the future

It should be noted that the categories of financial crime reported on above by our members do not constitute an exhaustive list. With our already stressed economy coming under further pressure via negative developments in South Africa and elsewhere, coupled with the growing domestic levels of unemployment, a surge in financial crimes should be expected. At the same time, rapid technological change opens new avenues for fraudsters, who are quick and innovative in capitalising on such opportunities.

In addition, banking is becoming increasingly faceless as clients are pushed to use new technologies for various reasons, including saving costs. The challenge to financial institutions, therefore, is to correctly identify their customers, and to verify that identity. This needs to be immediate and unnoticeable by the client, with as few false positives as possible.

The same principle applies to transaction screening: clients want their bank to be as unobtrusive as possible when it comes to their personal space; on the other hand, clients also expect their banks to be sufficiently familiar with their account usage, which should equip them to effectively screen all client transactions, allow the valid ones, and prevent anything fraudulent.

To this end, the global trend by financial institutions is to implement the use of biometric technology to correctly identify their clients and to verify that identity. Biometric authentication entails using distinct physiological features such as a fingerprint, the retina, the face or veins in the hand. These features are tested against the record of them in the relevant institution's database. Usually a combination of technologies is used. Together with dual authorisation biometric authentication is the most reliable means of pro-actively preventing fraud.

Current technology allows financial institutions to determine patterns in their clients' financial behaviour over time. Furthermore, machine-learning algorithms in real-time transaction monitoring systems enable a client's transactional behaviours to be verified, which in turn allows for efficiencies and fewer false positives in identifying potential fraudulent transactions.

## Closure

The members of the FIFSC would like to express their appreciation to PAN for its valuable assistance and services during 2017. Without PAN's commitment, the FIFSC would not be as successful as we believe it currently is. We would also like to thank the financial institutions for actively participating in achieving the FIFSC's strategic objectives, which flow into and support the PAN Vision.

Johnny Truter  
CHAIRPERSON



Message  
from the  
Chairperson of the

## *PAN* *Stakeholder Forum*

PAN established the PAN Stakeholder Forum (PSF) in 2012. The Forum aims to promote inclusiveness and access to the NPS. Through this Forum, non-banks are provided with the opportunity to contribute towards the NPS Vision as well as to the efficiency and safety of the NPS by participating in operational and strategic initiatives undertaken within it.



The PSF's secondary aim is to foster and facilitate collaboration between the various PSF stakeholders in the NPS. Besides non-bank financial institutions, these stakeholders include payment schemes, merchants, consumer and industry groups, indirect regulatory bodies, and business associations that are representative of the user and merchant communities. The PSF drives the future direction of public policy in respect of payments, focusing on ways to promote innovation and system evolution over the long term, while ensuring healthy competition.

### Governance

The activities of the PSF continued during the past reporting year with quarterly member meetings that were well attended and recorded. All members remained aligned with their obligations under the PSF terms of reference as well as member resolutions. The PSF initiated a process to change its terms of reference into a constitution and align with the PAN governance not clear what is meant by this; please elaborate a little.

### PSF members

The PSF has a total of 12 non-bank members. Besides payment service providers, the Forum also includes associations representing industries where payment instruments are key enablers of their business models. Thus, the PSF continued to liaise with the payment industry and other payment participants such as to promote inclusiveness and access to the NPS.



# Focus areas and initiatives

## Enhanced EFT Project

The Enhanced EFT Project required under PSD-7 remained a high priority focus for the PSF during the year under review, given its stakeholder dependency on the new payment stream. Phase 1 of the EnDOs roll-out remains highly anticipated by its stakeholders.

The PSF remained closely involved in the Project, with its nominated representatives participating in the Steering Committee and other Project structures. Individual payment service providers currently liaise directly with their sponsor banks in the progression migration to the User Acceptance Testing phase of the Project.

## Industry contact

The PSF maintained and nurtured its industry contact during the reporting period, updating non-bank stakeholders in respect of NPS initiatives and the role of non-banks. In particular, the status of the Enhanced EFT Project was shared and discussed, ensuring that the needs of stakeholders were understood and considered in Project structures. In this context also, liaison with the Micro Lenders Association of Namibia as well as the Namibia Financial Institutions Supervisory Authority was ongoing.

## NPS Vision 2020

The PSF collaboratively continues to pursue the strategic themes and objectives of the NPS's Vision 2020. For each such theme, the PSF implements actions that contribute to the achievement of the stated objectives. These can be broken down in the following way:

- Standards relating to implementation of the abbreviated short name for debit order participants;
- Policy development for pricing and costing of payment services (N5), and
- Strengthening human capital and skills (C1).

Actions taken during the 2017 financial year towards achieving the strategic objective include the following:

- PSF members became involved in the preparatory work towards go-live as the process for banking institutions and service providers commenced where their systems were enabled to carry abbreviated short names per payment service provider in accordance with the Enhanced EFT Project, and
- PSF members supported and completed the PAN Payments Course to upskill non-bank employees in respect of the workings of the payment industry.

Pieter Swanepoel  
CHAIRPERSON



Message from the Chairperson of the  
*SADC Banking Association*  
*Payment Scheme Management Body*

### Introduction

As the elected industry representative for Namibia to the Southern African Development Community Banking Association Payment Scheme Management Body (SADC BA PSMB), I had the opportunity of interacting with our counterparts across the SADC region during the period under review. Allow me to share some of the main discussion points for the 2017 financial year.

### The impact of the SADC Payments Project on Namibia

Due to the current project congestion in the Namibian payments space, the feedback consistently taken back the feedback that we / all members consistently took back?) to the PSMB was that we needed to take a prioritised approach as a region so that risk could be mitigated, and country resources could be managed optimally. To this end, the focus during the reporting year would include low-value EFT credit payments, but attention would later be shifting to other payment streams, such as Delivery Vs. Payment operations, mobile platforms and card payments.

The SADC Payments Project also allowed Namibia the opportunity to correct the current Common Monetary Area (CMA) EFT processing done via South Africa in its currency, the Rand (ZAR), where certain items had erroneously been treated as 'on us' transactions.

Furthermore, in accordance with a Directive from the CMA's Cross-border Payment Oversight Committee, countries within SADC are compelled to route all payments within SADC via the Regional Clearing and Settlement Operator. This function is currently awarded to Bankserv Africa. Bankserv is under instructions to switch off all current currently provisional routing arrangements for Namibian payments by October 2019, by which time we should be compliant with the SADC arrangements. The Namibian industry has yet to decide whether routing will be directly with the Regional Clearing and Settlement Operator for each member bank, or through Namclear, which is our in-country Automated Clearing House. With the focus on PSD-7 and the onboarding of new banking participants, the coming year will be a challenging one for Namibia in the payments regulatory space, but ultimately, the end goal should be more convenience for customers, increased efficiencies and less risk.

## Interbank charges

The high charges levied by the SADC Integrated Real Time Electronic Settlement System (SIRESS) featured as a discussion point for the year under review and remained a barrier to faster adoption of this System. With low-value credit EFTs being pursued currently, the charging structure needs to be revised so that the settlement service is more accessible to the person on the street the average consumer.

## PSMB Work Groups

To ensure that focus was oriented towards pressing matters during the review period, various Work Groups were established to propel progress on the following PSMB agenda items:

- Pricing
- EFTs
- Securities, and
- SIRESS Country User Group issues.

These Work Groups should allow the PSMB to address issues emanating from member countries more pro-actively instead of, for example, needing to defer them to an upcoming meeting.

## SIRESS

During the 2017 financial year, via a CPOC Directive the US Dollar was allowed as a settlement currency. Mauritius and South Africa were expected to be the first to participate in USD settlements. The CPOC Directive also stipulated that all CMA member states were obliged to clear low-value EFT payments on SIRESS in South African Rand, Namibia Dollar, Lesotho Maloti or Eswatini Lilangeni, respectively as from 20th October 2019.

The reporting year saw 25,575 transactions to the value of ZAR103.78 billion processed on SIRESS, generated by a total of 14-member countries and 83 participating banks.

Table 6 below presents details on SIRESS participation, while Table 7 summarises the volumes and values of SIRESS-settled transactions attributable to the various participants in SIRESS member countries.

Table 6: SIRESS participation

SIRESS PARTICIPATION	
<b>Countries</b>	<b>Number</b>
Participating countries	14
<b>Participants</b>	<b>Number</b>
Participating central banks	7
Participating banking institutions	76
Total Participants	83
<b>Regional clearing system operators</b>	<b>Number</b>
Regional clearing operators	1
<b>Regional payment schemes</b>	<b>Number</b>
None	0

Source: Courtesy of the SADC Banking Association



Table 2: SIRESS summary, per country

Siress Summary: per country			
Country	Number of participating banks including central banks	Total number of settled transactions	Total value of settled transactions (ZAR, mill)
Total for Angola	2	20	0.00
Total for Botswana	2	4,351	2,673.87
Total for DRC	1	1	0.00
Total for Lesotho	5	1,793	8,856.54
Total for Malawi	11	954	250.13
Total for Mauritius	4	154	1,868.82
Total for Mozambique	6	208	132.74
Total for Namibia	5	812	33,548.59
Total for Seychelles	1	50	2.99
Total for South Africa	11	10,025	44,898.11
Total for Swaziland	5	3,317	10,182.56
Total for Tanzania	6	173	28.48
Total for Zambia	10	1,137	363.42
Total for Zimbabwe	14	580	972.16
Total for SIRESS	83	25,575	103,778.38

Source: Courtesy of the SADC Banking Association

## Conclusion

As the outgoing representative for Namibia, it has been an honour to engage with regional peers on behalf of our industry. The way forward will present many challenges for Namibia, but it also presents an opportunity to correct legacy issues to the benefit of the country's banking sector and its economy. Due to the regulatory directive embodied by PSD-7 and PAN's appointment as the local driver for the Enhanced EFT / the SADC Payment? Project's implementation, we should expect an increase in focus and alignment of resources geared to delivering on the first phase (explain earlier in this report chapter what Phase 1 entails) of the SADC Payments Project.

Shaun Seboa

MEMBER OF THE SADC BANKING ASSOCIATION PSMB

IN-COUNTRY PROJECT LEADER FOR NAMIBIA (Outgoing), AND ALTERNATIVE MEMBER FOR NEDBANK – PAN MANAGEMENT COUNCIL (Outgoing)

## Glossary

Act - Payment System Management Act, 2003 (No. 18 of 2003), as amended

### ATM/automated teller machine

An electronic device that operates in conjunction with a processor and network and allows customers to debit an account in exchange for cash and that may allow customers to effectuate account transactions

### Bank of Namibia

Namibia's central bank established in terms of the Bank of Namibia Act, 1997 (No. 15 of 1997)

### Banking Institution

An institution authorised to conduct banking business under the Banking Institutions Act, 1998 (No. 2 of 1998), as amended

### Cheque

A paper instrument that essentially instructs the payer's financial institution to debit the payer's account for a specified amount and either to transfer that value to the payee's financial institution for credit to the payee's account or to pay out cash

### Clearing

The exchange of payment instructions between a payer's bank and the payee's bank (or their respective agent) which results in the calculation of payment obligations between system participants

### Credit Card

A card that grants its holder a credit line, enabling him/her to make purchases and/or withdraw cash up to a prearranged limit

### Cross-border Transaction

A transaction where at least one of the parties is located outside the home country from which the transaction originates

### Debit Card

A card usually used for non-recurring EFT POS transactions to effect payment to a vendor with an immediate debit to the cardholder's account; the debit card also performs other services, including ATM cash withdrawals

### Determination

Directives published in Gazette Notices issued by the Bank of Namibia on any matter which is required or permitted by the Banking Institutions Act, 1998 (No. 2 of 1998), as amended, to address issues that are considered necessary and expedient to determine the prudent conduct of the banking business, and consistent with the best standards and sound financial management

### Directive

Such instruction, requirement, rule or procedure as may be approved by a PCH Participant Group as being binding on all members of that PCH and ratified by PAN, or as issued by PAN or by the Bank of Namibia

### EFT PCH

A PCH arrangement for EFT payment transactions

### EMV Standard

This standard, initially devised by Europay, Master Card and Visa, is a specification to ensure the security and global interoperability of chip-based payment cards

### Entry Criteria

Criteria laid down by PAN in consultation with the Bank of Namibia for participating in a certain stream of payment transaction

### Item Limit

The maximum value for which a cheque can be legally issued, processed and cleared within the NPS

### Namclear

The company authorised by PAN to provide clearing services in Namibia; operates as a Payment System Service Provider as defined in the Payment System Management Act, 2003 (No. 18 of 2003)

### NISS/Namibia Inter-bank Settlement System

A system facilitating the settlement of all domestic transactions in Namibia Dollars at the Bank of Namibia

### NPS/National Payment System

The payment system as a whole; includes any payment system, settlement system, clearing system or payment system arrangement used in the process of effecting payment between payers and beneficiaries

### Paper PCH

A PCH arrangement for cheque payment transactions or other paper bill payments

### Payment Instrument

A designated instrument, whether tangible or intangible, that enables a person to obtain money, goods or services or to otherwise make payments

### Payment System

A system that enables payments to be effected between a payer and a beneficiary

### PCH/payment Clearing House

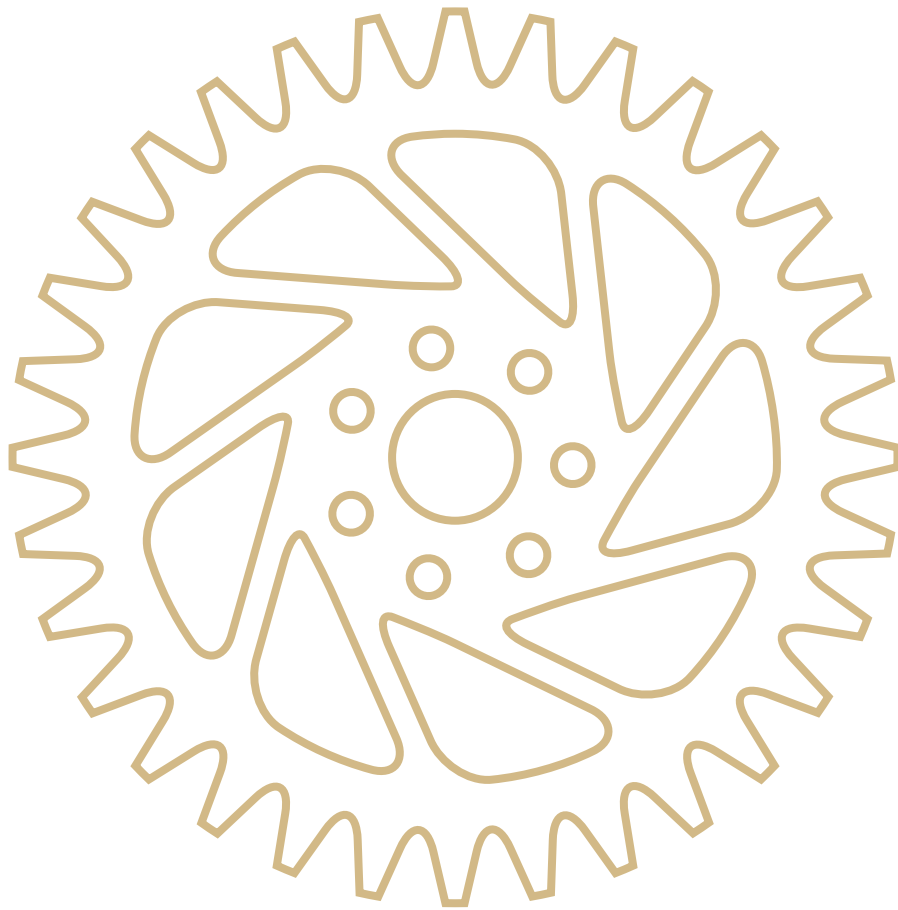
An arrangement between two or more system participants governing the clearing of payment instructions between those system participants

### PCH Participating Group

A group governing the affairs of the participants in one or more PCHs and constituted by PAN

### POS/point-of-sale terminal

An attended access device located in or at a merchant's premises, in agreement with a banking institution or system participant, that permits a cardholder to initiate and effect a transaction for the purchase of products or services sold by such merchant with a card



4th Floor, Ikon Building,  
144 Jan Jonker Avenue, Windhoek  
Tel. No.: (+264 61) 415 420  
Fax No.: (+264 61) 415 430  
P.O. Box 134, Ausspannplatz, Windhoek