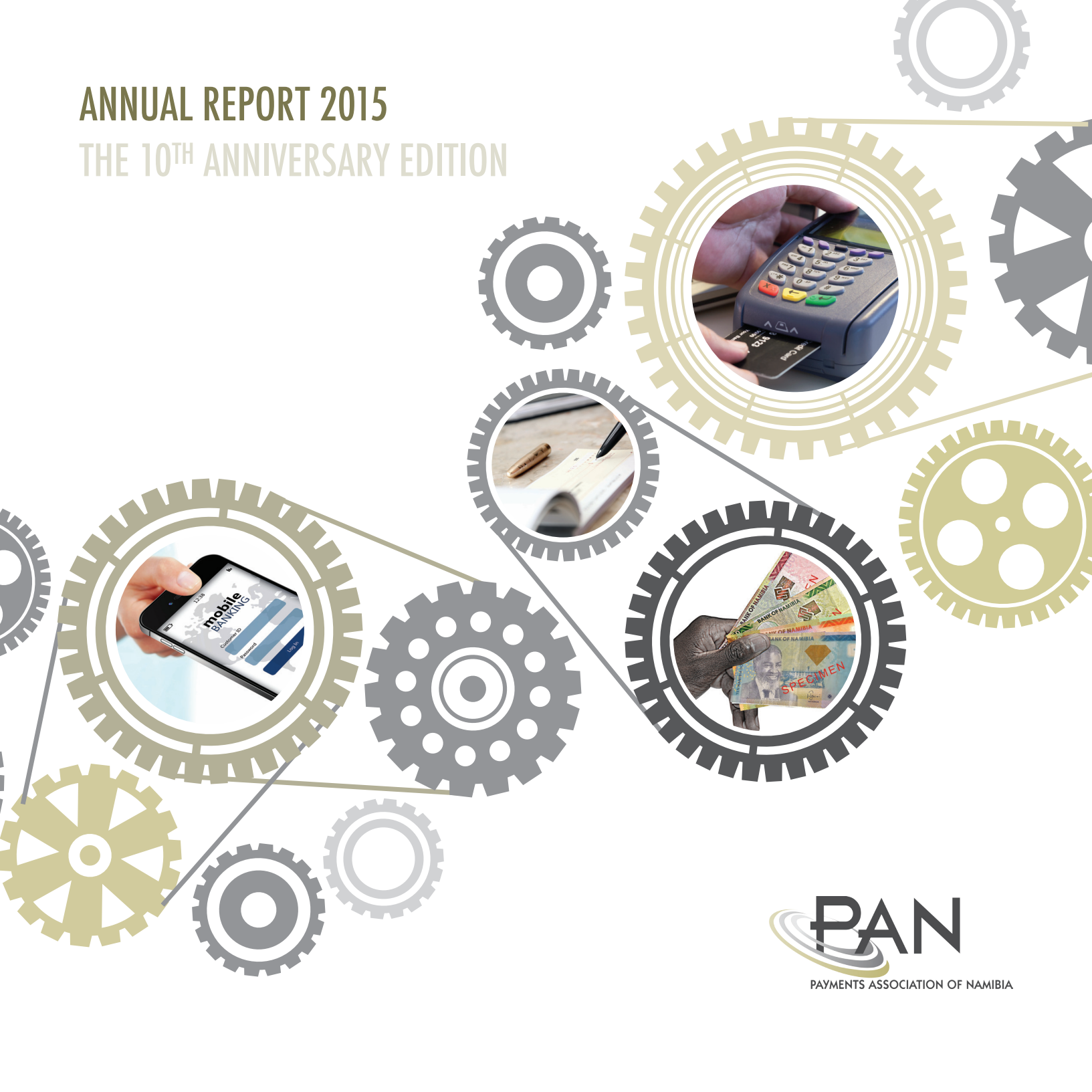


ANNUAL REPORT 2015

THE 10TH ANNIVERSARY EDITION





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.

VISION

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

MISSION

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



CORE VALUES

COLLABORATION

We embrace stakeholder unity to achieve synergy on the journey of achieving our Vision.

INTEGRITY

We uphold sound business ethics that safeguard the interests of stakeholders 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 proactive in sourcing ideas and solutions that propel the National Payment System forward.

EXCELLENCE

We are in pursuit of perfection in everything that we do.



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CHIEF OPERATING
OFFICER - PAN



Lily Brandt
CHAIRPERSON



Chris Diemer



Zane Kotzé



Gerald Riedel



Pieter Swanepoel



Candy Ngula



Albert Matongela



Shaun Seboa



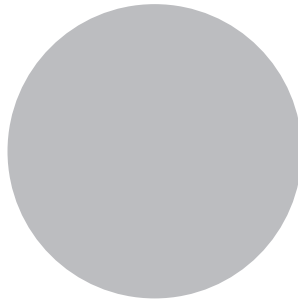
Sencia Kaizemi-Rukata

EXECUTIVE OFFICE

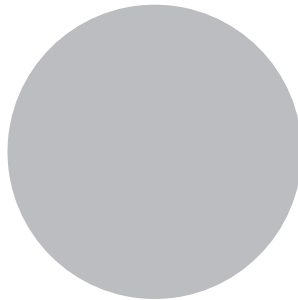
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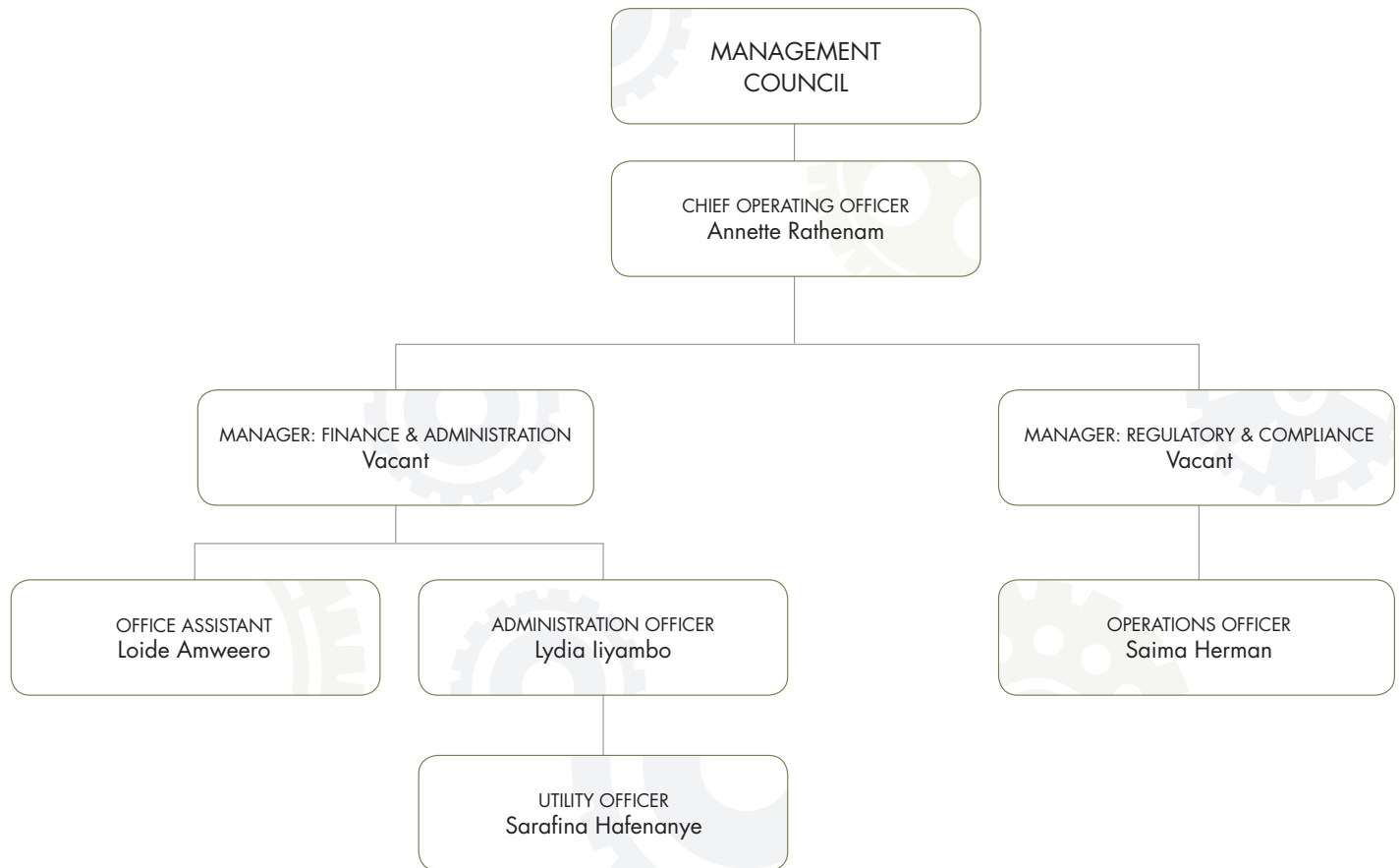


Loide Amweero
OFFICE ASSISTANT



Sarafina Hafenanye
UTILITY OFFICER

ORGANOGRAM



LIST OF ABBREVIATIONS

ATM	automated teller machine
EFT	electronic fund transfer
EMV	Europay, Mastercard and Visa
EnDOS	Enhanced Debit Order System
NPS	National Payment System
PAN	Payments Association of Namibia
PCH	Payment Clearing House
PCI DSS	Payment Card Industry Data Security Standard
POS	point-of-sale
PSD	Payment System Determination
SADC	Southern African Development Community
SIRESS	SADC Integrated Regional Electronic Settlement System

CHAIRPERSON'S REVIEW



**LILY
BRANDT**
CHAIRPERSON

The Payments Association of Namibia has come to the end of yet another year that was marked by challenges but more importantly, significant achievements within the payments environment. This review of 2015 will focus primarily on three major highlights: the celebration of the 10th anniversary of PAN, the completion of its first 5-year vision, Vision 2015 and the development and adoption of a new 5-year vision, Vision 2020.

Over the past decade, PAN has taken major strides towards establishing itself as a credible Payments Association in the region and completed a number of initiatives that is indicative of its mandate to ensure safe, secure and efficient operation of Namibia's National Payment system. The Namibia Inter-Bank Settlement System (NISS, the domestic real-time gross settlement system) was implemented successfully during 2002. In 2003 the Payment System Management Act, 2003 (No. 18 of 2003) was promulgated and following this, the domestic clearing house – Namclear Pty (Ltd) – was established. During 2004, the Electronic Fund Transfer (EFT) System was implemented and in 2005, the Payments Association of Namibia (PAN) was formally inaugurated with the Namibian Card Switching System (NamSwitch) put into operation during 2008.

The first five-year vision of the National Payment System, Vision 2015, was developed and implemented during 2010 and the following milestones highlight the duration of this vision:

- During 2012, the Bank of Namibia issued the Payment System Determination (PSD-4) on Conduct of Card Transactions within the National Payment System. To meet the requirements of PSD-4, the industry commenced with the Namibia Clearing House System Replacement Project, which aimed to replace the existing systems with domestic cheque, EFT and card payment streams. The major benefit of the Project was to have an in-country clearing-house system under Namclear's control. The cheque stream was the first to migrate to the new system platform, coming aboard in November 2012, followed by the EFT stream in 2013 and the card stream in 2014.
- In its efforts to collaborate with all relevant stakeholders, PAN established the PAN Stakeholder

Forum (PSF) in 2012. The Forum aims to enhance the inclusiveness and accessibility of the National Payment System. The commitment of non-banks to contribute to the efficiency and safety of the NPS is evidenced by its active participation in the operational and strategic initiatives within the National Payments Industry. We believe that the collaboration and participation of both banking and non-banking financial institutions will no doubt lead to new innovations, jointly designed, which can only be for the benefit of Namibian businesses and consumers as a whole.

- We are particularly proud to announce our domestic EMV card which meets the security standards originally devised by Europay, Mastercard and Visa (EMV) on both automated teller machines (ATMs) and point of sale (POS) devices. The two critical factors that have played a role in the decision to allow for a domestic EMV card, are the efficiency of a domestic card and the need to route domestic transactions through a domestic switch in accordance with domestic regulation. This certainly is a game changer event and I wish to thank all the stakeholders for their contributions in making this strategic goal a reality and trust that both existing and new entrants will reap benefits from this initiative.
- The National Payment Industry is partly compliant with the international Payment Card Industry Data Security Standard (PCI DSS) and EMV Standard. The aim of these standards is to reduce the risk of fraud in the Namibian payments system. Although some industry participants have not met the original deadline for compliance, we are confident that industry will be fully compliant by the next reporting period.
- In terms of regional participation and collaboration, we

are excited to say Namibia has implemented the Southern African Development Community (SADC) integrated Regional Electronic Settlement System (SIRESS) and has chaired the SADC Payment Scheme Management Body since its inception in 2013 to date. In addition, Namibia is also the Deputy Chair of the Committee of Central Bank Governors (CCBG) in SADC's subcommittee for Payment Systems. This clearly indicates Namibia's active participation in the SADC payment systems environment.

Having assessed our achievements and past objectives we reviewed our goals for the years ahead and developed and adopted a new five-year vision, Vision 2020. Vision 2020 primarily focuses on three strategic themes: stakeholder synergy, integrity of the National Payment System and capacity of the National Payment system. The success of this new vision is dependent upon the appropriate alignment of these three strategic themes and we need to exert our collective focus on these strategic themes.

- Over the next five years, we will continue to promote and manage stakeholder collaboration and cooperation and built on the sound relationships established over the last 10 years. Although we will intensify our collaboration and participation efforts we will not compromise on the governance of our domestic system and hence we will review and strengthen our governance framework to be aligned to best practice suitable to our own environment. PAN remains committed to the regional integration agenda of the SADC and we will improve upon and strengthen our participation in an efficient, safe and cost effective regional payment system. Vision 2020 is aligned to the Financial Sector Strategy 2011-2021 through our objective to expand the utilisation of existing financial services and products.

CHAIRPERSON'S REVIEW CONTINUED

- In order to increase integrity of our National Payment System, the Payment Industry aims to improve access, the interoperability of, and standards in the NPS through an increased number of payment instruments used across institutions. The standards applied within the industry are aligned to the core values of the National Payment System, which are collaboration, integrity, respect, transparency, fairness, innovation and excellence. Furthermore, enhancing the infrastructure, safety, security and cost-effectiveness of the payment system through compliance with agreed standards and development and implementation of additional standards would strengthen both confidence in the NPS and mitigation of fraud. Naturally, our future objectives must be supported by an appropriate, well researched and relevant governance structure that clearly define the roles, representation, responsibilities and decision making authority of key stakeholders.
- Lastly, without the required skill and capacity we will not achieve Vision 2020 nor will we maintain the required integrity of the NPS. We will therefore need to collectively build the required human and institutional capacity to develop and maintain our National Payment System to a standard comparable to both regional and international best practice.

I wish to express my sincere appreciation to all our stakeholders, the Council, PAN Office, our Participants and the Bank of Namibia for their continued and dedicated support for what we achieved to date and for what we will achieve in the years to come.

Lily Brandt
CHAIRPERSON



CHAIR OPERATING OFFICER'S REVIEW

In terms of the Payment System Management Act, 2003 (No. 18 of 2003), as amended (the Act), PAN is recognised as Namibia's national payment system (NPS) management body. PAN's role and responsibilities are enhanced and mandated by the regulator, the Bank of Namibia, in terms of a Memorandum of Agreement between the two parties.

In terms of the expectations raised by the Act and the Memorandum of Agreement, PAN is obliged to act in the best interests of the NPS. Therefore, PAN's Management Council, which is the Payment System Management Body, has the fiduciary duty to pursue this as its primary and industry-wide task. The PAN Management Council represents Namibia's banking and non-banking institutions in accordance of the Act and Determination on the Criteria for the Authorisation of Participants in the Clearing and Settlement Systems.

Namibia reached a major milestone when we launched the Enhanced EFT Project. This initiative has wide participation, both banking institutions and non-bank financial institutions are participating, while other system participants will join at a later stage. The aim of the Project is to create various payment options for customers who intend to migrate from cheque to electronic payments. These include debit orders, enhanced credits, and near-real-time credit.

Further, the enhancement of the EFT was a necessity to ensure that the transactions are cleared and settled during multiple windows, narrower operational deadline for the execution of batch debit order transactions, while disallowing preferential treatment of payment instructions in favour of an accounting-holding bank, amongst others.

With the development of the Enhanced EFT, Namibia has adopted the International Organization for Standardization (ISO) 20022 Standard. ISO 20022 will give Namibia a decisive advantage in the area of innovative payments, allowing us to compete both regionally and internationally.

Furthermore, Namibia follows leading global trends, especially as regards to real-time payment



**ANNETTE
RATHENAM**
CHIEF OPERATING
OFFICER

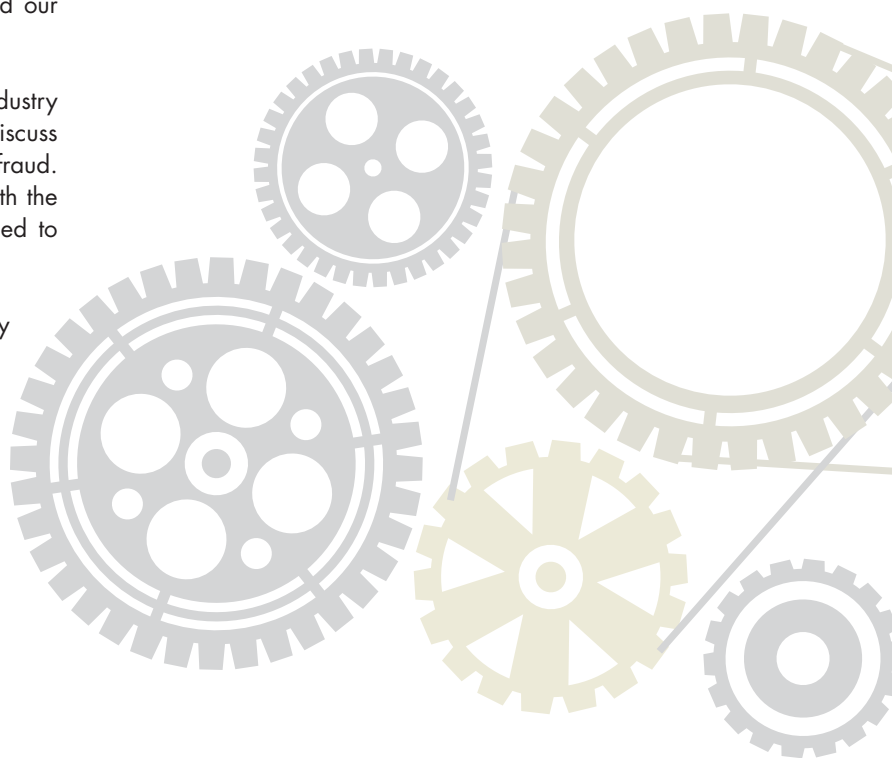
systems. Similar solutions have already been implemented in Australia, Mexico, Singapore, South Africa, Sweden and Switzerland. We take great pride in every contribution towards system changes that benefit all NPS stakeholders in diverse ways.

In October 2015, industry representatives attended a training session offered in Windhoek by the World Bank on the Principles for Financial Market Infrastructures. These Principles were issued by the then Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO). PAN is grateful to have benefited from the training which has immensely enhanced our capacity in this field.

Fraud in relation to forged or counterfeit cards remains an industry concern. Fraud committee meetings are held monthly to discuss emerging risks, and new strategies are devised to combat fraud. These preventive measures include ensuring compliance with the EMV Standard and the initiation of the process commenced to replace magnetic stripe cards with chip-based cards.

As we embark on our Vision 2020 journey, we will not only assess opportunities and emerging risks, but also continue to uphold the integrity of the NPS, collaborate with all our stakeholders, and strengthen the human capacity skills of the NPS for the benefit of all Namibians.

Annette Rathenam
CHIEF OPERATING OFFICER



CELEBRATING OUR 10TH ANNIVERSARY





COMPLIANCE HIGHLIGHTS

NPS PARTICIPANTS: STATUS OF PAN MEMBERSHIP

The following tables show the status of NPS participants who are fully or provisionally authorised members of PAN.

TABLE 1: Fully authorised members of PAN

NUMBER	NAME	STATUS
1.	Bank of Namibia	Full Member
2.	Bank Windhoek	Full Member
3.	EBank	Full Member
4.	First National Bank	Full Member
5.	Nedbank	Full Member
6.	SME Bank	Full Member
7.	Standard Bank	Full Member
8.	Trustco Bank	Full Member

TABLE 2: Provisionally authorised members of PAN

NUMBER	NAME	STATUS
1.	Bank BIC	Provisional Member
2.	Letshego Bank	Provisional Member
3.	MobiPay	Provisional Member

COMPLIANCE HIGHLIGHTS

CONTINUED

PAYMENT SYSTEM DETERMINATIONS

PAYMENT SYSTEM DETERMINATION (PSD-4) ON CONDUCT OF CARD TRANSACTIONS WITHIN THE NATIONAL PAYMENT SYSTEM

PSD-4 became effective on 30th June 2013. Once it had been gazetted, PAN issued a public notice to sensitise the public accordingly. More specifically, PAN drew attention to e-commerce acquiring in Namibia, and the phasing out of fleet cards. The e-commerce acquiring of cross-border transactions is now switched, cleared and settled in Namibia. Any institution not adhering to the requirement to switch, clear and settle any domestic transactions in Namibia has to contact PAN to register as an authorised NPS service provider.

Furthermore, the fleet management solution is under the dispensation of the Bank of Namibia until 31st March 2017. Further information will be communicated to the industry with regard to this milestone. Customers that are affected are advised to contact their individual banking institutions for more information.

PAYMENT SYSTEM DETERMINATION (PSD-6) ON CRITERIA FOR AUTHORISATION OF PARTICIPANTS IN THE CLEARING AND SETTLEMENT SYSTEMS

PSD-6 was issued by the Bank of Namibia on 6th February 2013, taking effect on 31st August 2013. Since PSD-6 took effect, two institutions, namely Mobipay and Nammic, received provisional status as non-banking financial institutions.

PAYMENT SYSTEM DETERMINATION (PSD-7) ON EFFICIENCY WITHIN THE NATIONAL PAYMENT SYSTEM

On 17th October 2013, the Bank of Namibia issued PSD-7, which

took effect on 31st December 2014. PSD-7 provides the guiding principles for assessing the NPS's efficiency.

In terms of PSD-7, Namibia's automated clearing house, Namclear, together with the domestic system participants, are obliged to review and enhance efficiency within the NPS.

The Enhanced EFT Project will boost the current EFT system managed by Namclear by introducing four new EFT payment methods. These new EFT methods, which will replace the existing EFT service, are as follows:

- Enhanced debit order (EnDO) instruction with tracking (Non-financial), and credit payments resulting from EnDO instruction (Financial)
- Near-real-time credit transfers (Financial), and
- Enhanced credits, in the new batch credits stream (Financial).

Namclear will adopt internationally recognised messaging standards to communicate EFT transactions locally between participants. This should greatly benefit Namibia when the links for electronic transactions are established between Namibia and SADC through the regional clearing system operator, BankServ Africa. In this respect, the industry is working towards the deadline of 31st March 2017, as agreed with the Bank of Namibia during 2015.

LOCALISATION OF MAINTENANCE OF BANKS' BRANCH CODES

Bankserv Africa has been the historic custodian and administrator of banks' branch codes. PAN and the Bank of Namibia together initiated the localisation of bank branch codes for the Namibian industry. With the system now localised, Namclear has been equipped to issue branch codes to new system participants.

COMPLIANCE HIGHLIGHTS

CONTINUED

REGISTRATION OF PAYMENTS SERVICE PROVIDERS

PAN issued a public notice at the end of March 2013 to invite and register new and unauthorised payments service providers. Table 3 lists the service providers in Namibia who were regarded as fully registered by the end of the reporting period:

TABLE 3: Payments service providers registered with PAN as at 31st December 2015 in line with the entry and participation criteria

NUMBER	NAME	TYPE OF SERVICE PROVIDER	CRITERION PARAGRAPH REFERENCE
1.	ATM Solutions	System Operator (ATM deployment services)	3.2
2.	eCentric	System Operator (ATM deployment services)	3.2
3.	Fidel lipumbu Mobile Technology	System Operator (EMV card payment solution)	3.2
4.	Hyphen Technology Namibia	System Operator (Management and processing services in respect of payment)	2.0
5.	Innervation	System Operator (Integrated card-switching services)	3.2
6.	Namclear	Automated Clearing House (Payment clearing house service provider)	2.0
7.	National Payment System	System Operator (E-commerce and integrated POS payment processing services)	3.2
8.	PayMate	Paying/collecting Facilitator (Collecting facilitator – Cards)	3.1
9.	RealPay	Paying/collecting Facilitator (Collecting facilitator – EFTs)	3.1
10.	SmartSwitch	System Operator (Transaction-switching services to Namibia Post Limited)	3.2
11.	Virtual Card Services	System Operator (E-commerce for card-based services)	3.2

COMPLIANCE HIGHLIGHTS

CONTINUED

EMV STANDARD AND PCI DSS COMPLIANCE PROJECTS

The main purpose of the EMV Standard Compliance Project is to ensure the timely implementation of domestic and international EMV/chip and personal identification number (PIN) cards in Namibia. The initiative is expected to curb card fraud locally and internationally.

The PCI DSS was developed to encourage and enhance cardholder data security, and facilitate the broad adoption of consistent data security measures. PCI DSS provides a baseline for technical and operational requirements designed to protect cardholder data.

All participating banking institutions reported that they were compliant with the EMV Standard in respect of acquiring (terminals and ATMs) by the end of 2013. The deadline for issuing chip-based cards was 2015. However, a number of institutions were non-compliant by the end of the reporting period, namely 31st December 2015, and endeavoured to be compliant by 31st March 2016. The majority of the banks have reported good progress in this respect. PAN will also continue to monitor the situation closely to ensure compliance. The phasing out of all magnetic stripe cards is set for 31st March 2017.

The industry compliance deadline for PCI DSS was 31st December 2015. The majority of participants had completed the scoping exercise and set their requirements by the close of the reporting year. Overall, progress was good, with some participants able to ensure compliance by the end of 2015.

THE NATIONAL PAYMENT SYSTEM

CHEQUE PAYMENTS

In 2015, the payments industry embarked on an endeavour to reduce the cheque limit even further than before, namely from N\$500,000 to N\$100,000. This aims at encouraging Namibian consumers to use cheaper methods of payment, such as EFTs. The reduction to N\$100,000 will be implemented in 2016, with cheques of any nature being phased out completely by 2017. Cheques are already being seen as a costly and dying payment option. Furthermore, the amount of fraud to which cheques are prone does not justify their continued use.

Namclear processed and cleared 1.8 million cheques in 2015, with a total value of N\$32 billion. This is not a significant decline in the value of cheques in 2014, namely N\$34 billion. This slight drop in value indicates that there might still be some resistance to change, but the corporate and government sectors will be encouraged to catch up with the process of other streams.

CHART 1: Cheque transaction volumes, 2010–2015

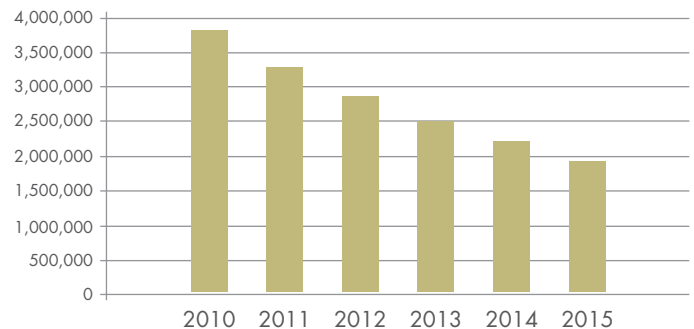
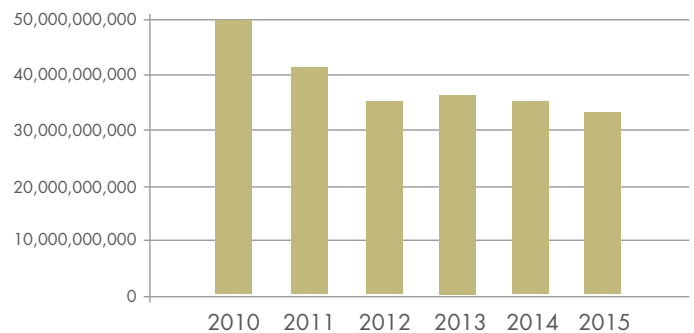


CHART 2: Cheque transaction values, 2010–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM

CONTINUED

ELECTRONIC FUND TRANSFERS

During the year under review, the industry only experienced a 3% increase in volume in the EFT stream, while a steep decline of 55% in value was seen. The reduction of cheque values in 2016 is expected to entail a concomitant increase in EFT values.

CHART 3: EFT transaction volumes, 2010–2015

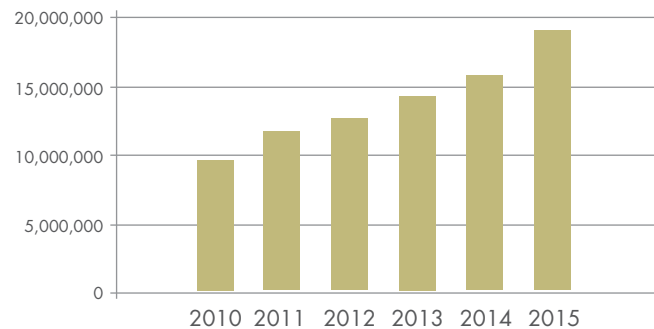
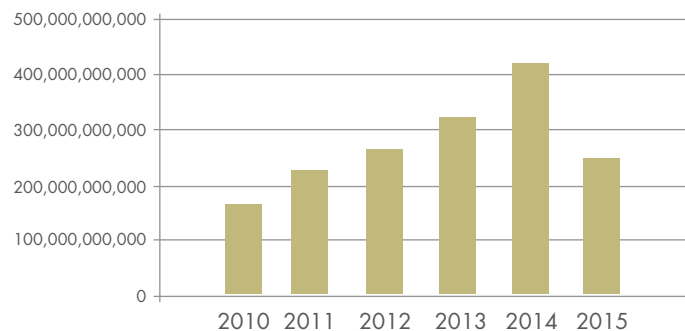


CHART 4: EFT transaction values, 2010–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM CONTINUED

CARD PAYMENTS

Card payments increased overall during the period under review – both in terms of volumes and values. Namclear processed 32 million card transactions in 2015, meaning that the volume of such payments increased by 30% in comparison with the previous reporting year. The total value of card transactions processed amounted to N\$17 billion, which represents an increase of over 30% in value compared with the total value transacted in 2014.

As part of NPS Vision 2015, the industry will phase out cards with only a magnetic stripe for authentication because such cards are easier to clone. The phasing-out process was launched in 2015 and is expected to be completed by 31st March 2017. The aim is to combat card fraud, such as forged or counterfeit cards, and make all cards compliant with the EMV Standard.

CHART 5: Card transaction volumes, 2010–2015

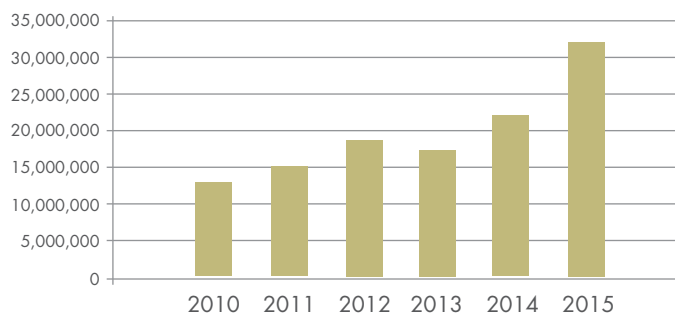
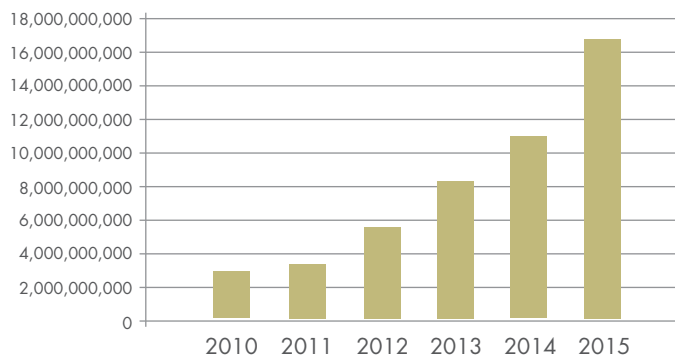


CHART 6: Card transaction values, 2010–2015 (N\$)

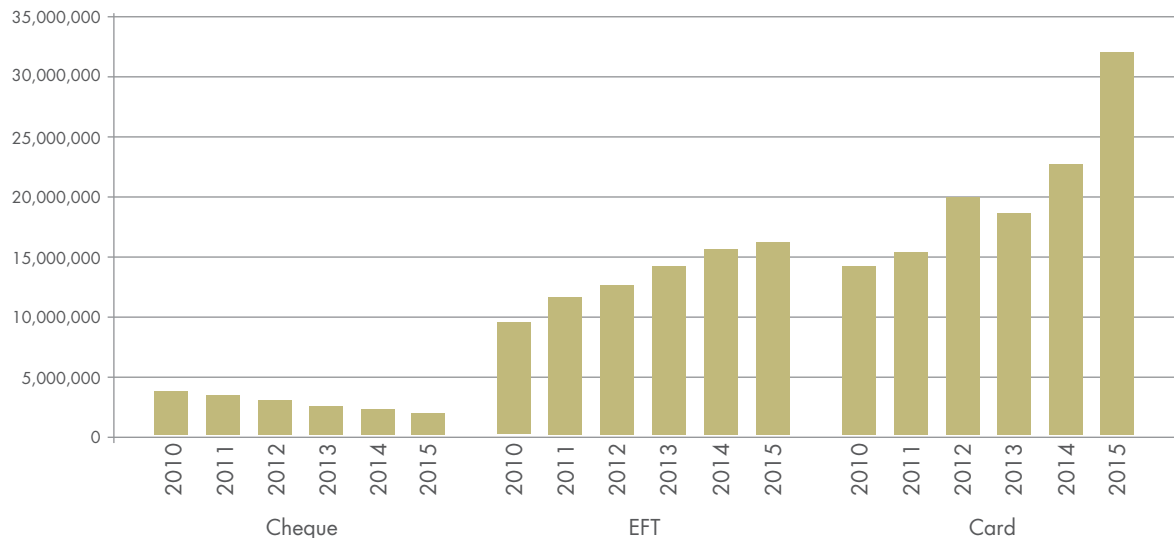


THE NATIONAL PAYMENT SYSTEM CONTINUED

TABLE 4: Comparison of volumes by mode of transaction, 2010–2015

YEAR	2010	2011	2012	2013	2014	2015
Cheque	3,753,144	3,240,343	2,816,805	2,441,975	2,157,362	1,870,368
EFT	9,551,900	11,575,690	12,658,735	14,264,400	15,676,630	16,196,746
Card	14,218,489	15,444,892	20,114,597	18,741,428	22,492,936	32,209,668

CHART 7: Comparison of volumes by mode of transaction, 2010–2015



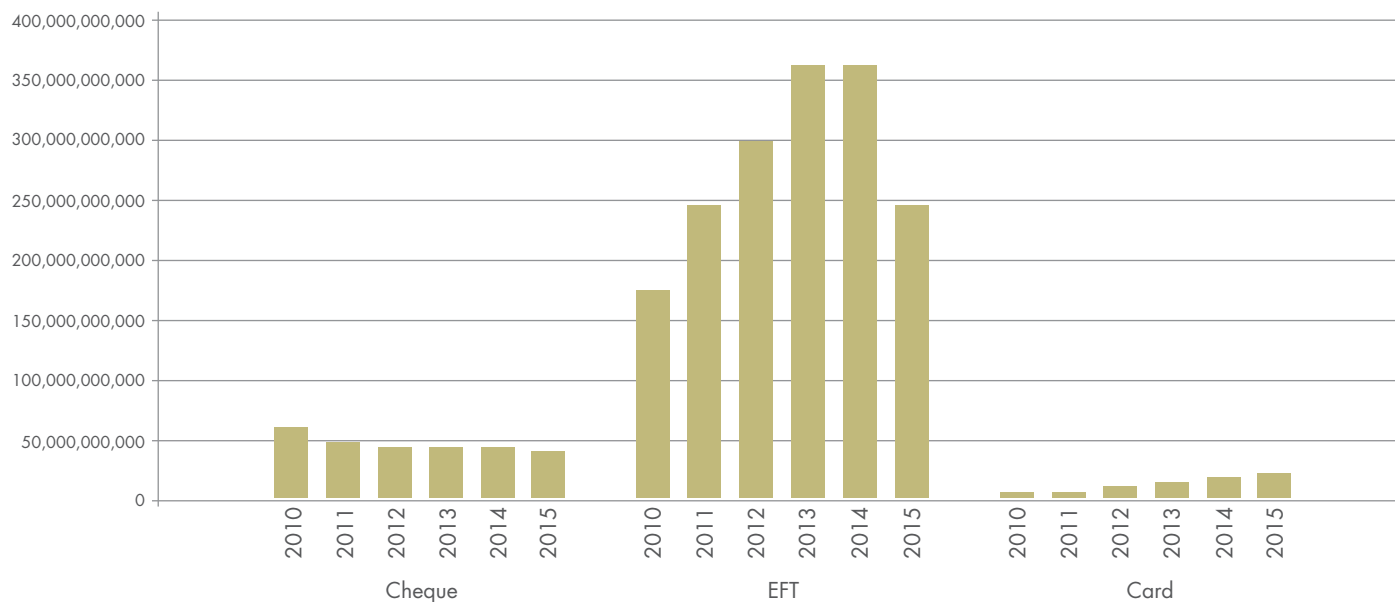
The comparative figures of transactions cleared and settled between 2010 and 2015 indicate a slight decrease in volumes and values of cheque transactions. Card and EFT transactions show popularity among Namibian consumers by way of a substantial increase in use. As mentioned above, this can be attributed to more clients being comfortable with EFTs as a means of transacting, showing a move away from cheques.

THE NATIONAL PAYMENT SYSTEM CONTINUED

TABLE 5: Comparison of values by mode of transaction, 2010–2015

YEAR	2010	2011	2012	2013	2014	2015
Cheque	49,427,097,927	41,012,924,679	34,856,886,299	36,073,403,560	34,946,987,863	32,524,170,039
EFT	167,980,001,002	239,808,787,802	291,812,339,606	355,315,701,969	430,468,033,555	238,172,691,853
Card	1,394,891,216	1,610,098,732	3,139,514,798	2,417,796,547	11,777,732,581	17,353,890,264

CHART 8: Comparison of values by mode of transaction, 2010–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM

CONTINUED

NAMIBIA INTERBANK SETTLEMENT SYSTEM

Since its implementation on 10th June 2002, the NISS has been owned and operated by the Bank of Namibia. The system, which is a real-time gross settlement system, processes and settles time-critical payments according to the principles of finality and irrevocability. Thus, a transaction settled in the NISS cannot be undone after having been settled across NISS participants' books at the Bank of Namibia. NISS also settles cleared retail payment transactions from Namclear. These transactions include EFTs as well as cheque and card transactions.

In 2015, the total value settled through NISS increased in comparison to the corresponding period in 2014. The total value settled through the NISS was N\$626.5 billion (2014: R613.3 billion) of which 61% emanated from real-time (typically high-value) transactions captured directly in the NISS and 39% from retail payment transactions for 2015.

The total number of transactions settled during 2015 was 62,131, which averages at 188 transactions per settlement day.

The total volume settled through the NISS increased by 7% compared with 2014. The total values settled through the NISS increased by 2% year-on-year since 2014. Interbank transactions values and retail payment transactions increased by 3% and 1%, respectively.

CHART 9: NISS transaction volumes, 2010–2015

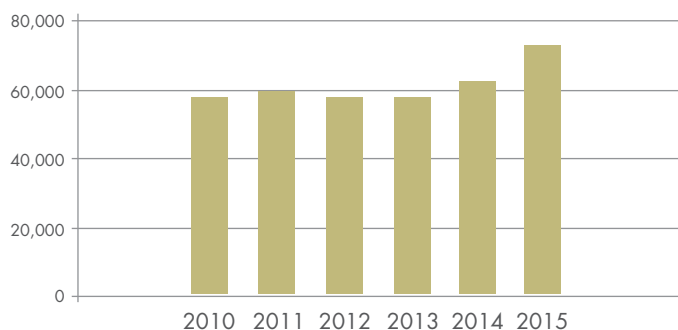
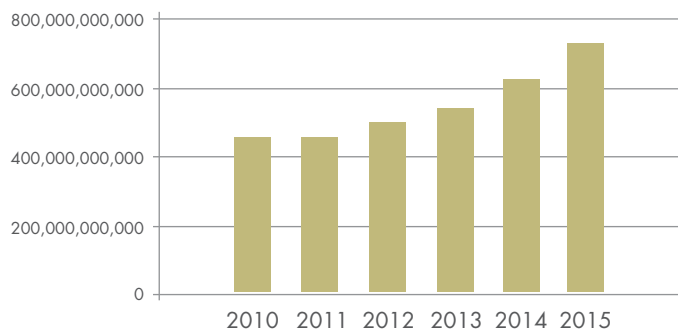


CHART 10: NISS transaction values, 2010–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM

CONTINUED

TABLE 6: NISS total settlement statistics, 2010–2015

YEAR	VOLUMES	VALUES (N\$)
2015	62,131	699,036,552,849.31
2014	52,658	613,355,759,811
2013	49,049	516,335,326,917.14
2012	49,453	480,173,170,139.57
2011	50,315	454,078,209,631.66
2010	48,731	445,857,866,805.76

THE NATIONAL PAYMENT SYSTEM

CONTINUED

FRAUD STATISTICS

Namibia, like many other countries, is also beset by fraud in its payment system. Since 2012, PAN has embarked on numerous campaigns to combat this blight. One such measure has been to offer consumers information on our website to help them protect themselves against fraud. Another is using data to detect and monitor fraud trends, which enables us to develop suitable mitigation strategies.

The data in the following charts and tables contain figures sourced from the various banking institutions via the Bank of Namibia. Please note that the statistics contained in the charts are from 2012 only.

CARD FRAUD

TYPES OF FRAUDULENT CARDS

- *Lost or stolen cards:* This type of fraud occurs when a fraudster uses a payment card obtained without the knowledge of its lawful cardholder, following card theft or loss.
- *Issued cards not received:* This type of fraud relates to the interception of a genuinely issued card before it reaches its authentic customer. The intercepted card is then used fraudulently by the impostor.
- *Forged or counterfeit cards:* This type of fraud involves an authentic payment card that may be falsified by modifying magnetic stripe data or by embossing or programming the card. Creating a counterfeit card means creating an object that appears to be an authentic payment card in order to deceive a payment machine or a person. In these cases, cards are skimmed and used to withdraw cash at ATMs and make purchases at POS devices.

- *Card identity theft:* A cardholder's card number is taken without his/her knowledge or it is created through card-number generation.

TYPES OF FRAUDULENT CARD PAYMENTS

- *Face-to-face payment:* This type of payment is carried out at the POS or at an unattended payment terminal with a fraudulent card.
- *Card-not-present payment:* This type of payment is carried out online, by email by mail order, by fax, by telephone, or by any other means where the presentation of a physical card is not required.
- *Withdrawal:* This type of payment involves any kind of withdrawal from a legitimate account using a fraudulent card, including withdrawing from an ATM.

PERCENTAGE OF LOSSES BY CARD FRAUD CATEGORY

During the reporting year, card fraud committed by way of forged or counterfeit cards remained the most prevalent for the industry, at 76.5%. The industry expects this increase in comparison with the previous reporting period's level of 52.6% to decline once the implementation of the EMV Standard Compliance Project takes effect on all cards. Card-not-present payments – where cards are used fraudulently on the Internet, by mail order or over the phone, for example – is next, at 11.3%.

THE NATIONAL PAYMENT SYSTEM CONTINUED

CARD FRAUD (CONTINUED)

CHART 11: Lost or stolen cards, 2012–2015 (N\$)

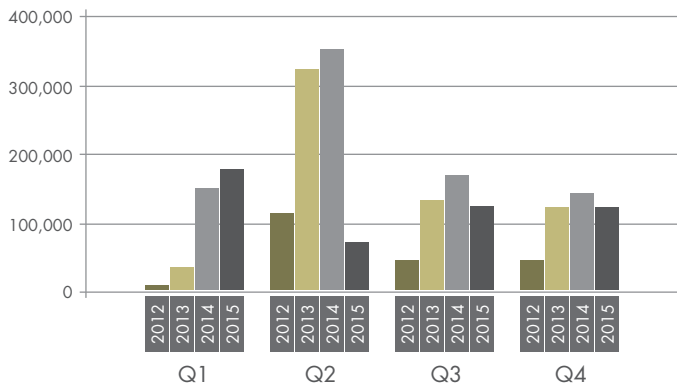


CHART 13: Card not present, 2012–2015 (N\$)

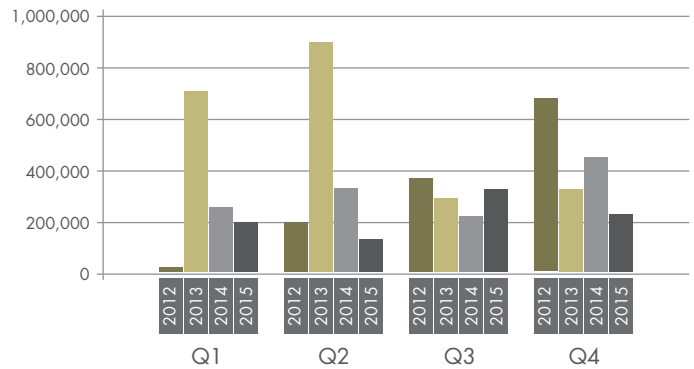


CHART 12: Forged or counterfeit cards, 2012–2015 (N\$)

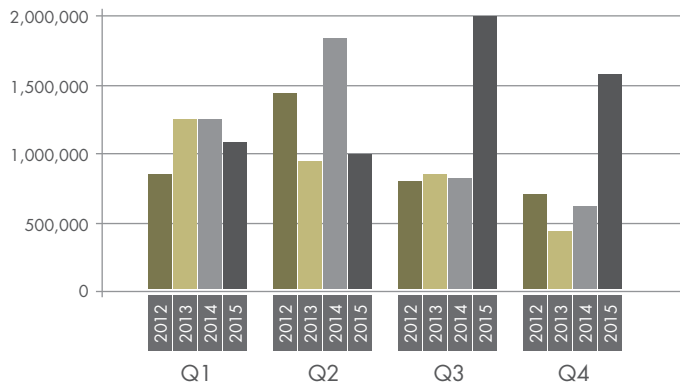
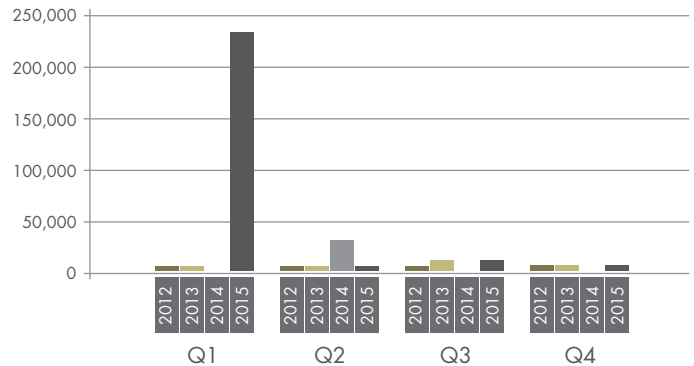


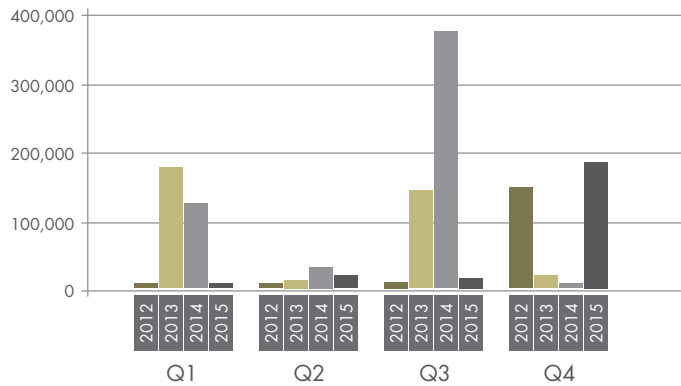
CHART 14: Card issued but not received, 2012–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM CONTINUED

CARD FRAUD (CONTINUED)

CHART 15: Card ID theft, 2012–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM CONTINUED

CHEQUE FRAUD

TYPES OF CHEQUE FRAUD

- *Forgery*: This type of fraud typically takes place when an employee issues a cheque without proper authorisation. Criminals will also steal a cheque, endorse it and present it for payment at a retail location or at the bank teller window, probably using bogus personal identification.
- *Counterfeiting and alteration*: Counterfeiting can either mean wholly fabricating a cheque using readily available desktop publishing equipment consisting of a personal computer, scanner, sophisticated software and high-grade laser printer, or simply duplicating a cheque with advanced colour photocopiers. Alteration primarily refers to using chemicals and solvents such as acetone, brake fluid or bleach to remove or modify handwriting and information on a cheque.
- *Cheque kiting*: This type of fraud involves opening accounts at two or more institutions and using the 'float time' of available funds to create fraudulent balances.

PERCENTAGE OF LOSSES BY CHEQUE FRAUD CATEGORY

- *Forgery*: 66% of total cheque fraud
- *Counterfeiting and alteration*: 6% of total cheque fraud
- *Cheque kiting*: 28% of total cheque fraud

CHART 16: Cheque forgery, 2012–2015 (N\$)

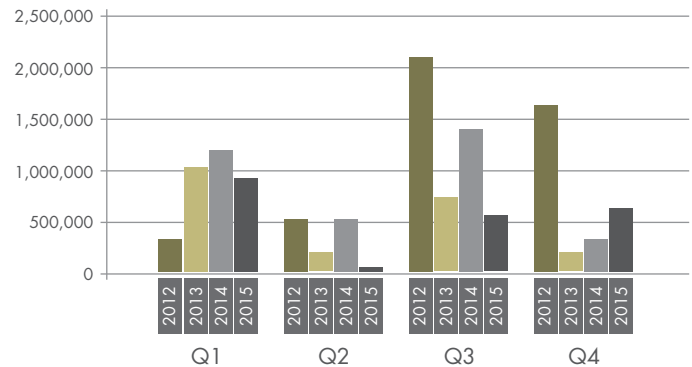
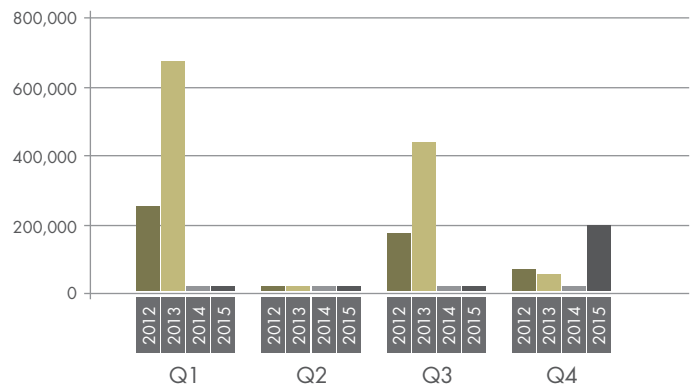


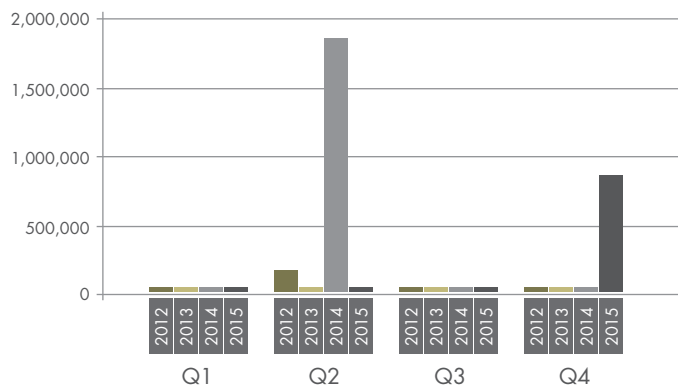
CHART 17: Cheque counterfeiting and alteration, 2012–2015 (N\$)



THE NATIONAL PAYMENT SYSTEM CONTINUED

CHEQUE FRAUD (CONTINUED)

CHART 18: Cheque kiting, 2012–2015 (N\$)



EFT/CYBERCRIME FRAUD

EFT crime or cybercrime is defined as a crime in which a computer is the object of the crime (e.g. hacking, phishing and spamming) or is used as a tool to commit an offence (e.g. child pornography and hate crimes). In this instance, EFT/cybercrime fraud is considered in terms of losses in EFTs executed.

When compared with 2014, fraud ascribed to EFT losses dropped by 77% in 2015. We can only assume that the industry's public awareness campaigns are working, and that more people have now become aware of the various types of fraud and are guarding against falling victim to them.

TYPES OF EFT/CYBERCRIME FRAUD

- *Phishing*: Online banking fraud, commonly referred to as phishing, is a method of deceitfully obtaining personal information such as passwords, identity numbers and credit card details by sending emails that look like they come from trusted sources such as banks or legitimate companies.
- *SIM card swopping*: Also known as SIMswopping, this is a form of fraud where criminals request a cell phone service provider to transfer a victim's existing number onto a new SIM card on his/her behalf under false pretences. The fraudsters usually have a copy of the victim's (authentic or falsified) identity document and other details that may convince the service provider that the request is legitimate.
- *Denial-of-service attacks*: These are an attempt to make the Internet, webservers, payment gateways, etc. unavailable to their intended users for purposes of committing fraud or identity theft.
- For 2015, no reports were received in respect of SIMswopping and denial-of-service attacks.

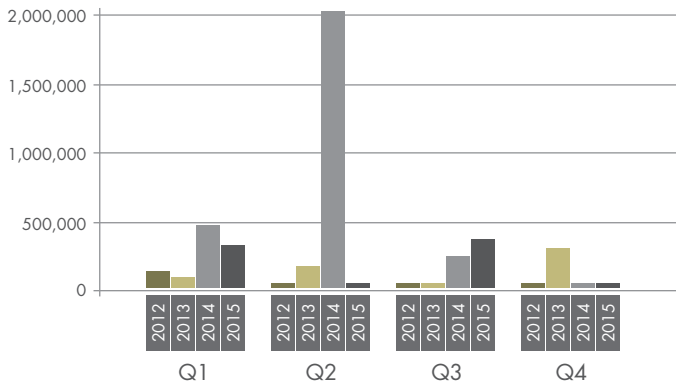
THE NATIONAL PAYMENT SYSTEM CONTINUED

EFT/CYBERCRIME FRAUD (CONTINUED)

PERCENTAGE OF LOSSES BY CYBERCRIME FRAUD CATEGORY

- *Phishing*: 100% of total cybercrime fraud

CHART 19: EFT losses in respect of EFT/cybercrime fraud, 2012-2015 (N\$)



CASH FRAUD

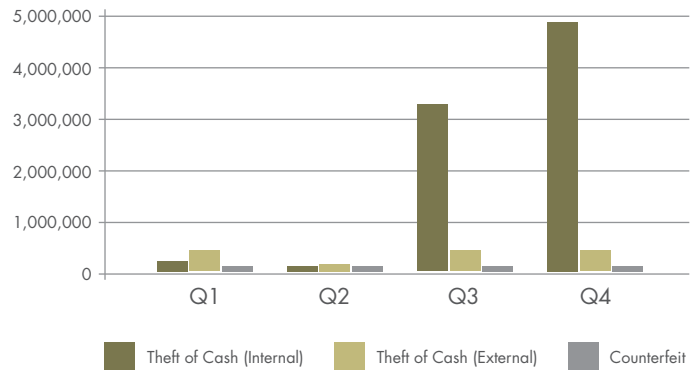
TYPES OF CASH FRAUD

- *Internal*: Defalcation (embezzlement) or illegal activity by employees
- *External*: Fraudulent practice attributed to external sources, such as robbery

PERCENTAGE OF LOSSES BY CASH FRAUD CATEGORY

Fraud attributed to cash increased by 5% quarter-on-quarter. A total of 87% of cash fraud losses are attributed to external sources.

CHART 20: Value losses – Internal and external cash fraud, 2015 (N\$)



THE NATIONAL PAYMENT SYSTEM

CONTINUED

E-MONEY FRAUD

TYPES OF E-MONEY

- *Card-based e-money:* This refers to money stored on cards that can be used for making payments so that the user of the card does not need to use cash.
- *Network-based e-money:* This refers to e-money transactions conducted via telecommunication networks, such as via the Internet or cell phone.

TYPES OF E-MONEY FRAUD

- *Alteration or duplication of e-money cards and data:* This refers to unauthorised modification of data stored on a genuine electronic money device. For instance, a criminal may fraudulently increase the balance recorded on an e-money card or e-money account. Modification of data on an e-money card or e-money account could be performed either by exploiting security weaknesses in the software or by physical attacks on the card chip itself. When e-money is stored on a card, a criminal might create a duplicate of the card that functions like a genuine card, but it contains fake balances.
- *Theft of e-money cards or data:* These incidents, in which thieves steal information from debit cards to make counterfeit plastic, usually take place at bank ATMs and independently owned ATM cash kiosks in shopping centres, convenience stores and restaurants.
- *Repudiation of transactions:* A user of an e-money card or account may fraudulently claim that s/he did not authorise a transaction made with the card or on the account. This kind of fraud usually takes the form of the user claiming that his/her e-money card was stolen or his/her e-money account was compromised, and the fraudster claims being charged for items s/he did not order.

PERCENTAGE OF LOSSES BY E-MONEY FRAUD CATEGORY

The statistics were not available at the time of going to press.

MESSAGE FROM THE CHAIRPERSON

OF THE ELECTRONIC FUND TRANSFER PAYMENT CLEARING HOUSE

During the year under review, the domestic payment industry had fruitful discussions on the finalisation of NPS Vision 2015. The aim of this Vision is to continue developing and maintaining a world-class payment system in order to meet domestic and regional payment system objectives.

Significant milestones have already been reached in this regard. Key developments during the year under review included the following:

1. Implementation of the Enhanced Debit Order System (EnDOS) initiative was finalised. EnDOS augments the current EFT system managed by Namclear by introducing three new streams, namely enhanced debit order (EnDO), enhanced credit EnCr and near-real-time clearing (NRTC) of EFT payments. The two phases of this initiative are expected to go live on 31st March 2017.
2. Nedbank Namibia has successfully complied with the Bank of Namibia's Determination on the localisation of core banking systems (BID 19), and went live on 13th March 2015. Although some minor hiccups were initially experienced, the system has since stabilised.
3. After the Bank of Namibia had issued it with a provisional licence to commence operations, Letshego Bank Namibia launched its system integration testing procedure in October 2015. It is expected to commence with user acceptance testing in February 2016.
4. Since the implementation of the Namclear

Clearing House System Project, participants in the system have been experiencing discrepancies between its settlements and reports. This resulted in reconciliation difficulties on the transactional front. In order to address this issue, Namclear and the system participants tested and implemented NAM-SET32, the synchronisation of mark off files, in October 2015, which successfully resolved the difficulties.

Looking ahead, the industry is gearing itself towards commencing an analysis, design and development of Enhanced EFT in the first quarter of 2016.



**NELAO
HAULYONDJABA**
CHAIRPERSON
ELECTRONIC FUND TRANSFER
PAYMENT CLEARING HOUSE

MESSAGE FROM THE CHAIRPERSON OF THE CARD PAYMENT CLEARING HOUSE



**SIFELANI
BASKET**
CHAIRPERSON
CARD PAYMENT
CLEARING HOUSE

The year 2015 was both challenging and exciting in the card payment system. The reporting period saw some significant changes in the way the Payment Clearing House (PCH) for Card operates and runs its business. One of the changes was to introduce the chairpersonship on a rotational basis for a year, giving participants more shared responsibility. Other changes were made to the rules and schedules as a way of encouraging more products and players in the system.

During the year under review, EBank joined the card stream as an issuer. We congratulate EBank on their successful admission, and wish them well in their future expansion endeavours. In addition, MobiPay joined the card payment stream as a provisional member; we also wish them well as they stride towards full membership.

Other accomplishments in the reporting year include positive developments in attaining compliance with the EMV Standard. Although all banks were required to be compliant with the Standard by 30th September 2015, this was not possible for all participants. Nonetheless, they are diligently endeavouring to do so. Most participants are also now working on phasing out the magnetic stripe cards in circulation in order to comply with NPS Vision 2015 requirements for all cards to be compliant with the EMV Standard.

Good progress has been made towards compliance with the PCI DSS. However, due to the complexity of this Standard, some participants anticipate compliance only within the next two years. Our commitment to achieve this objective is unswerving as we are determined to demonstrate with confidence that cardholder data and transactions are always secured.

Two system participants have been working on localising fleet cards in compliance with PSD-4 requirements. In this respect, the industry is expected to be compliant by 31st March 2017. The public will accordingly be kept abreast of developments in this space.

PSD-7 impacts participants in the PCH for cards in that the efficiency of the card needs to be assessed. This process will be embarked on in 2016.

In conclusion, the card payment stream was very stable and effective over the past year. Through the PCH, this stream is envisaged to remain so, and to continue as a major role player in the NPS. The Card PCH will also monitor other events such as SADC payments on an ongoing basis, in order to assess where best to offer our expertise. Most of the major milestones reached in the past year are something the Card PCH can be proud of – especially when measured in terms of their benefits to the cardholder. Our commitment to improving on these benefits remains permanently in our sights.

MESSAGE FROM THE CHAIRPERSON

OF THE PAPER PAYMENT CLEARING HOUSE

During 2015, the financial services industry – under PAN’s auspices – decided to phase out cheques as a payment method, based on an analysis of the cost and benefits associated with them. The past few years have not only seen a year-on-year decline of about 8%

in the number of cheques being used as payment – dropping by 50% between 2010 and 2015 (see Chart 1), but also an increase in the uncertainty of payment receipts, the possibility of fraud, and escalating processing costs related to maintaining an outdated infrastructure. These have all necessitated the review of payment method choices, and have prompted the need to avoid the continual escalation of cheque processing transaction costs in a declining volume environment. This has led to a position where the industry is feeling the pressure of having to process a declining volume on an archaic, large and inflexible infrastructure. The opportunity is there to work together proactively for improved cost-saving processes.

In this regard, the industry is committed to reach out to their customers to communicate all alternate payment methods. To this end, the item limit for cheque payments within the NPS will be reduced from the current N\$500,000 (five hundred thousand Namibia Dollars) to N\$100,000 (one hundred thousand Namibia Dollars) as from 1st February 2016. This reduction of the cheque item limit will lead to greater efficiency, as no uncleared effects will be associated with alternative payment methods. The



**CHARLENE
THERON**
CHAIRPERSON
PAPER PAYMENT
CLEARING HOUSE

complete phasing out of cheques is anticipated by 31st December 2017. Customers are being strongly advised to phase cheques out sooner, in order to minimise the inconvenience or disruption this change will entail.

Indeed, reducing cheque limits and phasing out cheques altogether are signs of our common journey of transitioning towards electronic-based payment methods. The latter methods, which include new and emerging forms of electronic payment, have become an eminent means of transacting in an efficient and secure manner, and will continue to form an integral strategic focus area for all stakeholders. In addressing the migration from paper to electronic payments, through collaborative efforts amongst PAN's cheque, EFT and card participation groups, we will undertake to enhance the service offering to customers through innovation.

The sentiment that the availability of current networks may be inadequate is very valid and duly noted. To address the concerns raised and challenges being experienced by the farming community, other businesses and individuals, PAN plans to promote the migration of paper payments to electronic payments by researching viable alternatives to cheques, enhancing the existing electronic payment methods, and facilitating new and emerging electronic forms of payment in its framework as part of NPS Vision 2015. The products that are available to bank customers include mobile banking, Internet banking and e-money transfers.

Over the past six years, the use of cheques in Namibia has steadily declined as consumers gain access to a greater range of more convenient payment options. In fact, in 2015 alone, the total volume of cheques processed by the cheque clearing system dropped from 2.4 million to 2.2 million – reflecting a decline of 12%. This marked decline in cheque use strongly suggested that

the future direction of cheques will need to be managed through alternate payment methods in the NPS. Clearly, the Paper PCH will also be phased out in the near future as a consequence of this change.

MESSAGE FROM THE CHAIRPERSON

OF THE IMMEDIATE SETTLEMENT PAYMENT CLEARING HOUSE



**VENENCIA
OLOBILWE**
CHAIRPERSON
IMMEDIATE SETTLEMENT
PAYMENT CLEARING HOUSE

The total number of system participants remained at seven during the year under review. As at the time of reporting, our members were the Bank of Namibia, Bank Windhoek, EBank, First National Bank, Nedbank, SME Bank and Standard Bank.

The latest topics that are receiving our members' attention concern the Central Security Depository that the Namibian Stock Exchange wishes to implement in the domestic market. This means that Namibia is striving towards being a paperless market. All settlements that involve the movement of scrip will be executed electronically, while the cash leg will be settled through the NISS.

The PCH regulatory framework provides a legal foundation to include the Central Security Depository. Therefore, the finalisation of the PCH Rules to include this new forum will be on our agenda for the first quarter of 2016.

The year ahead holds numerous challenges, particularly as regards the Depository's establishment, but also in respect of reducing the cheque item limit to N\$100,000 as from 1st February 2016. We are confident that, by virtue of the high level of commitment and excellent spirit of cooperation, the industry will continue to deliver world-class payment instruments and systems to the benefit of all stakeholders and regulatory authorities within the NPS.

MESSAGE FROM THE CHAIRPERSON

OF THE FINANCIAL INSTITUTIONS FRAUD AND SECURITY COMMITTEE

Globally, there is an increasing focus on white-collar crime. Namibia, too, is bracing itself against such crime. In this regard, the Financial Institutions Fraud and Security Committee (FIFSC) is redoubling its efforts under PAN's auspices to avoid successor liability for anti-fraud violations.

The challenging and ever-evolving threat from criminals that abuse technology threatens any country's economy. The FIFSC therefore endeavours to work closely with PAN and the law enforcement authorities to educate and train the public on an ongoing basis via the print and broadcasting media on how to avoid becoming prey to criminal activities in Namibia. For example, with PAN's assistance, during the review period we devised and launched a five-week campaign on the Namibian Broadcasting Corporation's radio channels to inform the public about current fraud trends in Namibia.

With its membership made up of representatives of Bank of Namibia, Bank Windhoek, EBank, First National Bank, Nedbank, SME Bank and Standard Bank and the Namibian Police's Commercial Crime Investigation Unit, the FIFSC continued its involvement in fraud prevention training during the reporting period by distributing training materials to businesses and the public as well.

Furthermore, as part of our social responsibility, the FIFSC became involved in training State prosecutors, clients, security services and law enforcement officers on international best practice in respect of mitigating and investigating white-collar crime.

Indeed, the reporting period proved to be a year full of new fraud trends and sophisticated fraudulent attacks on banking institutions. Fraudsters tried to introduce a new card-cloning

technique involving hi-tech devices in the form of ghost terminals. However, their attempts were successfully thwarted with the assistance of the Namibian Police and our dedicated fraud examiners. Together we make sure that all criminal activities aimed at our clients are properly investigated, and the culprits brought to book.

The introduction of e-mail hacking targeting the industry also saw strong resistance from financial institutions, and has been combatted successfully to date.

I would like to conclude by applauding all the stakeholders involved in supporting the FIFSC for a job well done so far. Our appreciation goes to the Bank of Namibia in particular, as well as to the Bankers' Association of Namibia, PAN, and the Namibian Police, as their assistance ensures that all our endeavours to fight economic crime remain realistic and effective.



**SAMUEL
ZAMBWE**
CHAIRPERSON
FINANCIAL INSTITUTIONS
FRAUD AND SECURITY
COMMITTEE

MESSAGE FROM THE CHAIRPERSON OF THE PAN STAKEHOLDER FORUM

The PAN Stakeholder Forum (PSF) was established to consider the future direction of public policy in payments, focusing on ways to promote innovation and system evolution over the long term while ensuring healthy competition. During the year under review, the PSF achieved its mandate through continued industry dialogue and input on payment stream innovation and enhancement of the NPS. Indeed, the evolution of the NPS gained momentum during 2015, particularly as regards the role of non-bank participants, but also in respect of the recognition and legal standing of such participants. In creating access to payment systems and enabling the innovation of payment methods, non-banks are of strategic importance to PAN in achieving NPS Vision 2020.

In respect of developing NPS Vision 2020, the PSF participated in the process in various ways, including by making relevant submissions. The recognition of, and participation by, non-banks in this process is a landmark event. The PSF's contributions also focused on how non-banks would meet the NPS's strategic objectives of access, oversight, communication, capacity, infrastructure, level playing fields, and regional cooperation. Through its inclusion in developing NPS Vision 2020, the PSF's wealth of payments knowledge and expertise, linked to decades of institutional payments memory, can be harnessed to the benefit of – and to build capacity in – the NPS as a whole.

The PSF also remains keenly involved in the EnDOS initiative, and regards it as a high priority. PSF participation and input in conjunction with

the banking industry culminated in the industry-wide acceptance of EnDOS.

GOVERNANCE

The review period saw the PSF continuing its regular activities and quarterly membership meetings. Meetings were well attended and duly recorded. All members remained aligned with their obligations under the PSF constitution as well as with the various resolutions.

MEMBERSHIP

The PSF's membership increased by three during the reporting year, bringing the total to ten.

Membership of the PSF is not restricted to payment service providers, but can include associations representing industries that use payment instruments as key enablers of their business models.

FOCUS AREAS AND INITIATIVES

PSF WORK GROUP: ENDOS

During 2015, the PSF's principal area of focus remained its participation in enhancing the electronic debit order system, as per the Bank



**PIETER
SWANEPOEL**
CHAIRPERSON
PAN STAKEHOLDER
FORUM

of Namibia's PSD-7. Apart from its active participation in the PSF Work Group, the PSF confirmed its principal and alternate representatives to both the Steering Committee as well as the Rules Committee established under this industry project. Members of the PSF Work Group attended and contributed to these meetings.

PSF WORK GROUP: FUEL INDUSTRY

This Work Group, constituted on 3rd June 2015, comprises a joint fuel and banking industry forum. After duly electing a Chairperson, the Work Group proceeded with defining its goals, objectives and principles in respect of pursuing a payments stream solution tailor-made for the fuel industry. Part of the initial discussions centred on identifying additional participants as a key measure.

Ensuring participation by key stakeholders in discussions and decisions in general is a continuing process. Furthermore, adequate and appropriate participation remains crucial in terms of ensuring goals and objectives are attainable, and for enabling agreements to be reached jointly by industry players.

INDUSTRY CONTACT

The PSF maintained its liaisons with stakeholders in order to ensure that the role and position of non-banks were properly understood. Liaison with the Ministry of Finance, the Micro Lenders Association of Namibia, and the Namibia Financial Institutions Supervisory Authority (NAMFISA) also continued.

EN ROUTE TO NPS VISION 2020

A new era in Namibia's NPS is dawning on the industry. The PSF is well positioned to contribute constructively to this evolutionary process throughout NPS structures. Globally, the importance of non-banks in payment systems is being recognised. In this respect,

the PSF provides a robust platform for participants in non-bank payments – not only as regards being recognised and visible in participation, but also in terms of making meaningful contributions towards shaping the future of the industry.

The NPS's new strategy, as articulated in NPS Vision 2020, and its liaison with banks and regulators will require sharp and dedicated focus. In addition, the actions and input aimed at balancing the interests of users (creditors) and payers (debtors) in the NPS – and thereby ensuring a safe and efficient NPS – remain a priority.

MESSAGE FROM THE CHAIRPERSON OF THE SADC PAYMENT SCHEME MANAGEMENT BODY

The Namibian banking industry continued to participate in regional meetings during the year under review. These forums included the SADC Banking Association In-country Payment Leaders (SADC BA IPLs), SADC BA Payments Scheme Management Body (PSMB), the SADC Payment System Oversight Committee (PSOC), and other forums falling under the SADC BA.

Key developments during the year under review included the following:

1. Bankserv Africa was authorised by the PSMB to act as the Regional Clearing and Settlement Operator. This authorisation was endorsed by the PSOC.
2. The Namibian banking industry hosted the SADC BA in Windhoek on 20th January 2015 to discuss the second phase of the SADC Payments Project. PAN members were represented at the meeting. Issues that arose from the meeting were subsequently discussed at various domestic industry forums.
3. Namibia continues to be a participant in the SADC Integrated Regional Electronic Settlement System (SIRESS) as far as transactions that were settled are concerned. For example, Namibia accounted for 916 transactions out of the 23,358 in total that were settled at SADC level in December 2015 alone. In addition, out of the total value of transactions settled at SADC level during the same period (N\$98 billion), Namibia accounted for N\$36 billion.
4. SIRESSWeb is a web application that enables participants, central banks and the Regional Clearing and Settlement Operator to communicate with SIRESS. The front-end system

was successfully implemented on 14th November 2015. We expect rollout to other countries that have not yet implemented the system, and anticipate that this will continue until Phase V of the SADC Payments Project has been completed.

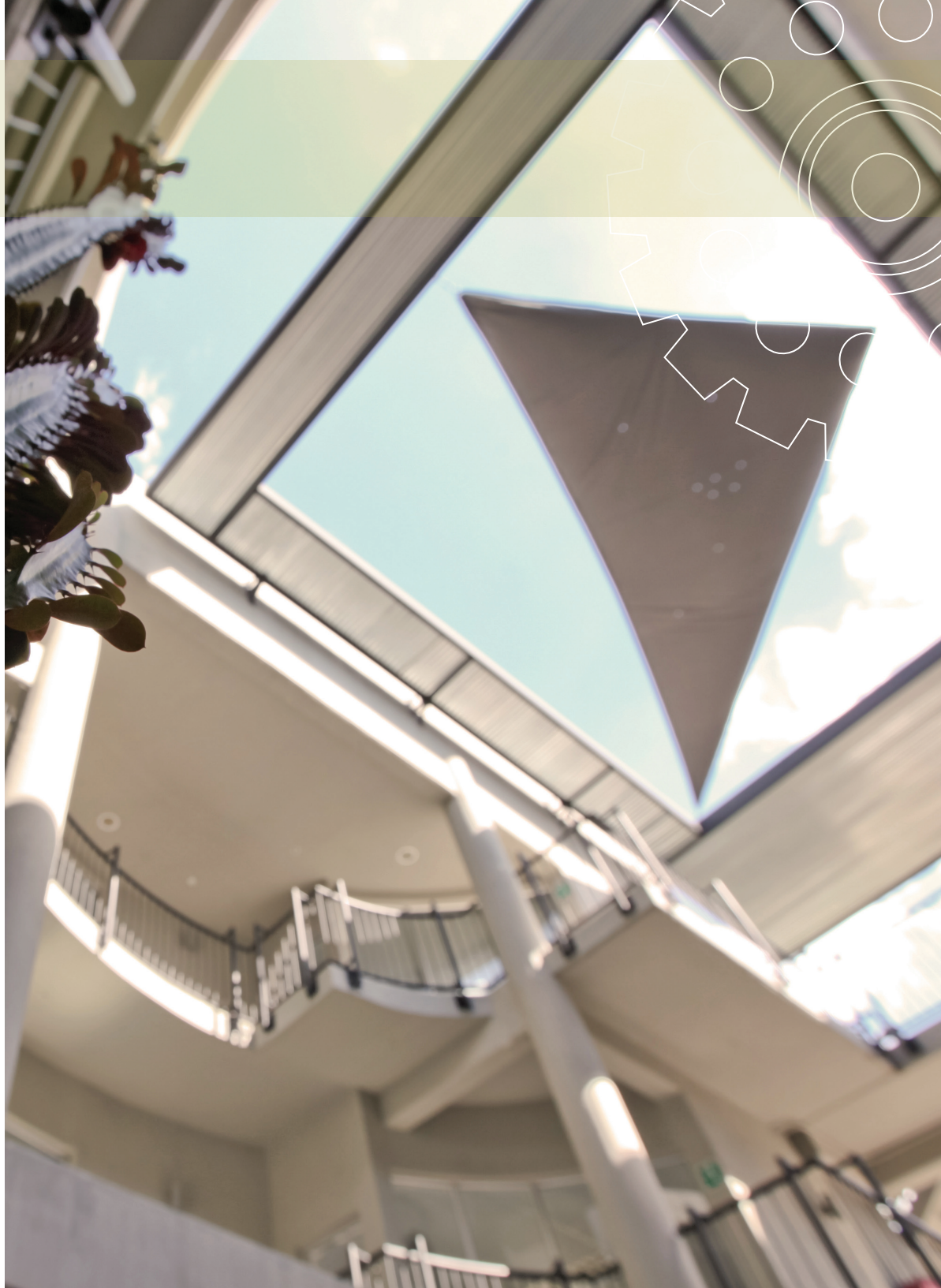
Financial inclusion is one of the key focus areas at regional level. Certain activities took place at a regional level so that this objective could be achieved. These included a SADC Mobile Payment and Financial Inclusion Workshop in Johannesburg, South Africa, from 5th to 6th October 2015 under the auspices of the Bill and Melinda Gates Foundation and the SADC BA. This Workshop was followed by a SADC Mobile Payment and Financial Inclusion Coordination Convention, which took place from 2nd to 3rd November 2015 in Johannesburg, also under the auspices of the Bill and Melinda Gates Foundation and the SADC BA. We expect more of these workshops to be offered during 2016.

Looking ahead, we anticipate some activities in streams that have not yet been implemented, namely EFT credit, EFT debit, ATMs/ cards, and delivery versus payment (DVP).



ALBERT MATONGELA
INDUSTRY PROJECT LEADER,
CHAIRPERSON AND
INDUSTRY REPRESENTATIVE

SADC PAYMENT SCHEME MANAGEMENT BODY



GLOSSARY

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

CARD PCH

A PCH arrangement for card payment transactions, e.g. debit or credit card transactions via ATMs and POSs

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

GLOSSARY

CONTINUED

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

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

PCH/PAYMENT CLEARING HOUSE

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

PCH PG/PAYMENT CLEARING HOUSE PARTICIPATING GROUP

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

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

POS/POINT-OF-SALE TERMINAL

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



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PAYMENTS ASSOCIATION OF NAMIBIA