



PAYMENTS ASSOCIATION OF NAMIBIA

---

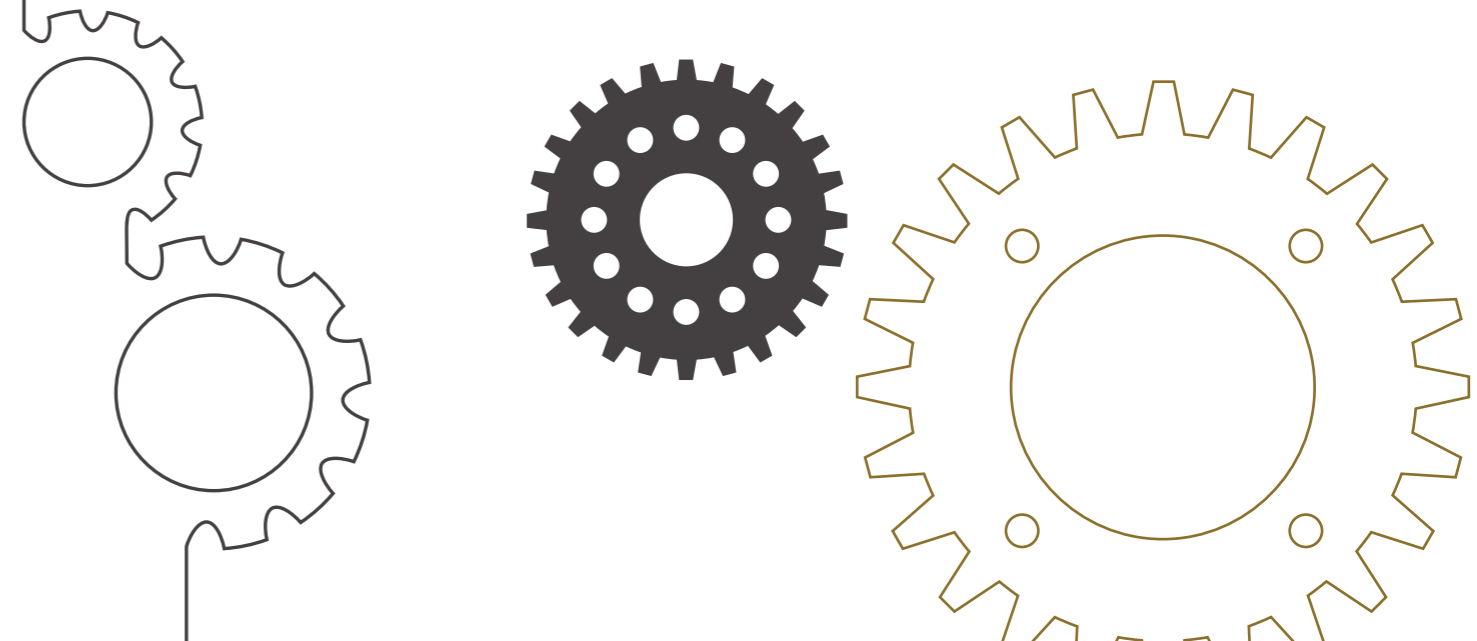
ANNUAL REPORT  
**2023**



## TABLE OF

**CONTENTS**

Abbreviations	05
Corporate Philosophy	06
PAN Values	07
PAN Management Council	08
PAN Executive Office	09
Message from the Independent Chairperson	10
Message from the Chief Executive Officer	13
Message from the Product Specialist	14
Message from the Acting Head: Risk and Compliance	17
PAN Executive Office	22
Message from the Chairperson of the Card Forum	25
The National Payment System in Detail	25
Message from the Chairperson of the Electronic Funds Transfer Forum	29
Message From the Chairperson of the Immediate Settlement Forum	33
Message from the Chairperson of the Financial Institutions Fraud and Security Committee	35
Message from the Chairperson of the Electronic Money Forum	37
Message from the Chairperson of the PAN Stakeholder Forum	39
Message from the Chairperson of the Open Banking Forum	43
Message of a Member of the SADC Banking Association Payment Scheme Management Body	45
Glossary	46





## ABBREVIATIONS

API	Application Program Interface
ATM	Automated Teller Machine
BON	Bank of Namibia
BRD	Business Requirement Document
CNP	Card Not Present
CBPR+	Community-based Participatory Research Plus
EEFT	Enhanced Electronic Funds Transfer
EFT	Electronic Fund Transfer
E-Money	Electronic Money
ENDO	Enhanced Debit Order
FIFSC	Financial Institution Fraud & Security Committee
FinTech	Financial Technology
IMF	Incident Management Forum
IS	Immediate Settlement
ISO	International Organization for Standards
NaSia	Namibia Savings and Investment Association
NPS	National Payment System
PAN	Payment Association of Namibia
PCI DSS	Payment Card Industry Data Security Standards
PMC	PAN Management Council
POS	Point-of-Sale
PSD-4	Payment System Determination on the Card Conduct in the National Payment System
PSD-7	Payment System Determination on Efficiency within the National Payment System
PSF	PAN Stakeholder Forum
PSP	Payment Service Provider
QR	Quick Response
RCSO	Regional Clearing System Operator
SADC	Southern African Development Community
SADC-RTGS	SADC Real Time Gross Settlement System
STP	Straight Through Processing
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TCIB	Transactions Cleared on an Immediate Basis Payments
TOR	Terms of Reference

## CORPORATE PHILOSOPHY



## PAN VALUES

### INNOVATION

We value innovation and promote a culture where we originate and enhance creative ideas for positive change at PAN and in our stakeholder organisations

### RESPECT

We respect each other and protect the dignity of everyone. We value each other's contributions and space at PAN.

### GROWTH

We encourage and empower each other to grow to our full potential through training, coaching and delegated decision making.

### INTEGRITY

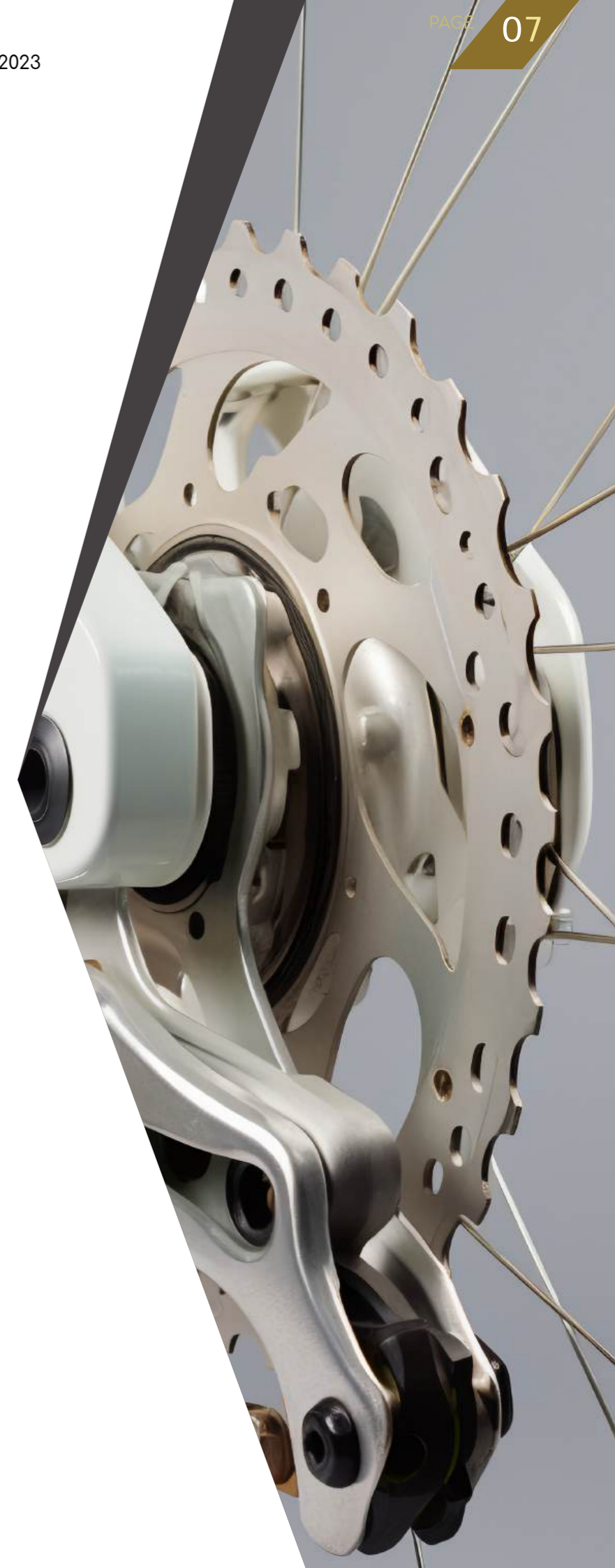
We are honest, truthful, and consistent in applying PAN's policies. We take responsibility for our words and actions and behave with consideration and reliability.

### FLEXIBILITY

We believe in continuous improvement and being responsive to customer needs.

### TEAMWORK

We believe that teams can rise to achieve greater things than individuals. We appreciate, support, and sustain each other in fulfilling our common vision.



## PAN MANAGEMENT COUNCIL



**Adrianus Vugs**  
Independent Chairperson



**Annette Rathenam**  
PAN CEO



**Stephen Chase**  
PMC member



**Candy Ngula**  
PMC member



**Mbo Luvindao**  
PMC member



**Chris Diemer**  
PMC member



**Natália Oliveira**  
PMC member



**Jacques Marais**  
PMC member



**Pieter Swanepoel**  
PMC member

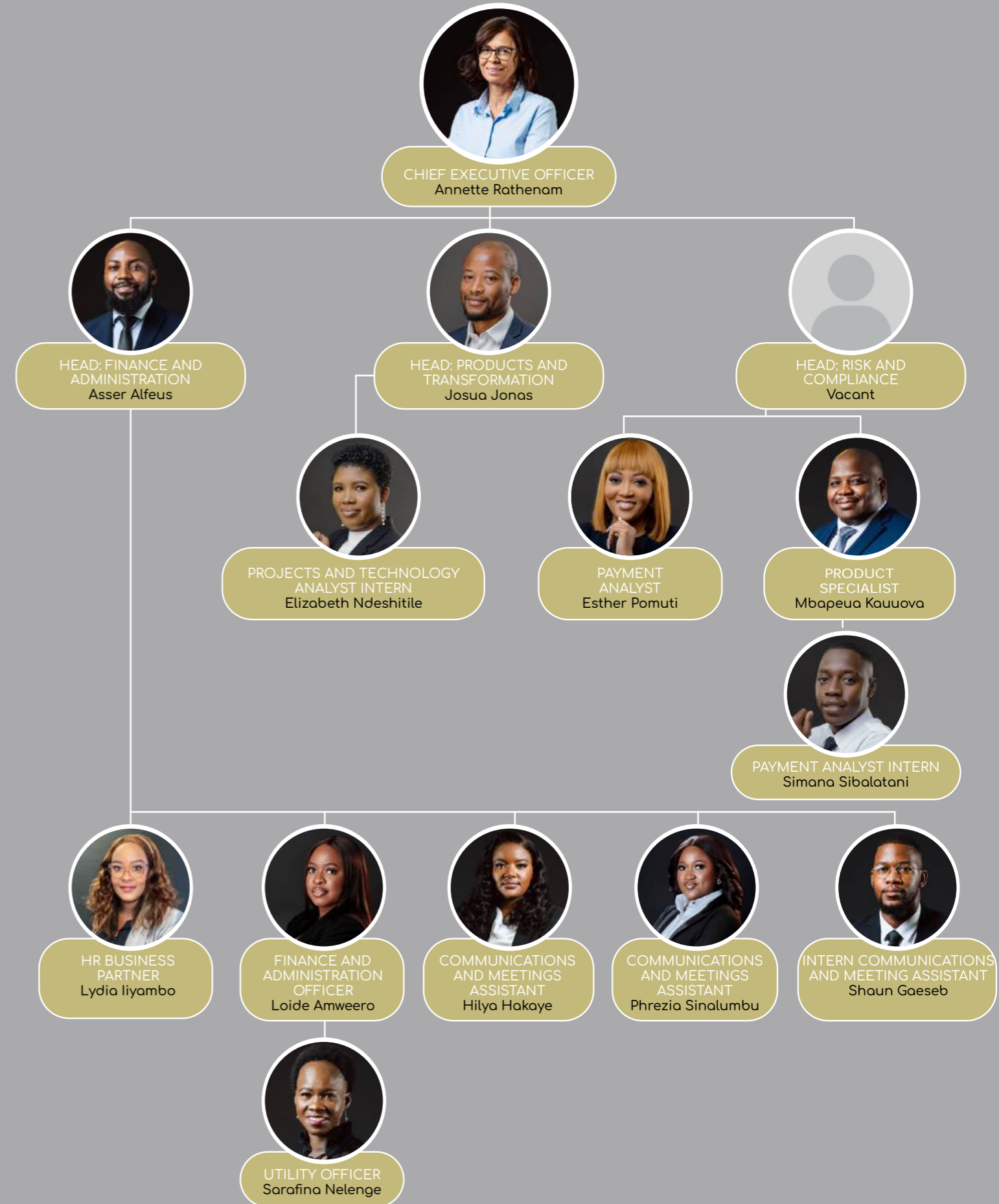


**Andries Swarts**  
PMC member



**Asser Alfeus**  
Head: Finance And Administration (Secretary)

## PAN EXECUTIVE OFFICE



## MESSAGE FROM THE INDEPENDENT CHAIRPERSON

This year marks significant changes to the roles and responsibilities of the PAN due to the promulgation of the Payment System Management Act, 2023 (Act No. 14 of 2023), which resulted in the Bank of Namibia becoming the sole regulator. As such, the role of the Bank of Namibia is consolidating the authority of the Bank of Namibia in taking over the roles of licensing and oversight of the Service Providers previously held by the Payments Association of Namibia. With these changed roles of PAN, the governance and the funding model will be revised in due course to ensure that the PAN Management Board is represented by both technical and independent resources.

Facilitation and promotion of the collaboration between the NPS stakeholders continues to be the Council's significant milestone. Rolling out the function by PAN, the project management of the industry is but one of the major activities.

Regarding best practices, the banking institutions and payment service providers collaborate on all industry projects, ensuring that customers benefit from discussing and developing innovative products mutually. The membership structure of PAN has consequently been extended to the Payment Service Providers, as well as any third party that may be nominated by the BON and those that are being advised by PAN to BON for approval by the Act.

The enhancement of cross-border payments remains a high priority to the PAN Management Council to ensure that customer impact is reduced to the minimum for any cross-border project that may be in progress. The PAN members

are tasked to engage with their customers timely to ensure that all expectations are managed as far as possible. Further, the Council is also responsible for ensuring that the industry adopts the appropriate standards that meet international best practices. Cybersecurity practices are deployed in the national payment system, protecting, preventing, identifying, and monitoring the internal and external threats which may result in clients' money being extorted, which may severely interrupt normal business processes. PAN recognises the call from the Financial Action Task Force (FATF) on all countries to build the necessary capacity to respond, prevent, and combat cybercrime. Building on the FATF report, the industry strategy includes the governance structure that was established including the working group formation for industry experts and the Cybersecurity Council for industry members to speak to matters of common interest such as risk management, the prevention, response, and raising awareness of cyber security threats. This is done while being complimented by active contribution and participation of members relating to cyber information and intelligence sharing/guidelines/protocols.

I wish to take the opportunity to acknowledge the input from our Regulator, all members, and forum participants for the successes that we achieved during 2023. Simultaneously, we also extend our gratitude to our fellow Council members for their contributions towards enhancing our engagements with our stakeholders and the development of the National Payment Systems. Lastly, I want to thank the PAN Executive Office for their contributions to ensuring that strategic vision and goals were met during the past year.



*Adrianus Vugs*

INDEPENDENT CHAIRPERSON



*Annette Rathenam*

CHIEF EXECUTIVE OFFICER

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In line with the National Vision 2030 and the attainment of the PAN Vision 2021-2025, the Bank of Namibia and the Payments Association of Namibia (PAN) aimed at "A world-class National Payment System at the forefront of digital innovation and transformation, facilitating economic activity in support of Vision 2030", with the mission: "To ensure an accessible, efficient, and secure National Payment System through stakeholder collaboration and adherence to appropriate payment system standards."

With the evolution of the Namibian payments landscape, as it transpired over the last few years, Namibia has made significant strides since the establishment of the Namibian Interbank Settlement System that was established in 2002. During that period Namibia could facilitate payments through the Namibian Interbank Settlement System, cash, cheques, credit and debit cards, trade bills, electronic funds transfers services, the Society for Worldwide Interbank Financial Telecommunication (SWIFT) transfers, and Automated Teller machines (ATMs), while cross border payments also included Automated Clearing Bureau (ACB) transfers in South Africa which helped organisations to transact debit order collections.

Shortly after the promulgation of the Payments System Management Act 2003 (PSM Act), Act No. 18 of 2003, and its amendments, regulations were enacted, resulting in the relocation of card and electronic fund transfer systems from South Africa to Namibia. Due to trade relations within the Common Monetary Area (CMA), the cross-border interim solution rail continues to function, serving trade partners and customers.

The digitisation of national payments is now in full swing, Namclear was established

in 2003 as the national automated clearing house creating more opportunities for Namibia to become an innovative payment hub.

In 2016, the industry commenced with the NAMPAY project to modernise the National Payment System (NPS), replacing the batch payment system with the NAMPAY system which constituted debit orders, credit transfers, and near-real-time credit payment transfers, which transformed all EFT processing in Namibia. With the introduction of the interoperability policy, EFT and Card streams were interoperable, whilst the eWallet stream is in the process of being interoperable in line with the strategic goal of Vision 2025.

With the strong proactive national policy and the world-class legal framework, the PSM Act was amended in 2023, allowing for rapid growth in innovation. With the Bank of Namibia now assuming the role of sole regulator of the NPS, thereby consolidating the regulatory authority previously held by the PAN in licensing and overseeing payment service providers, PAN will assume the role of the Association, accelerating the growth in innovation in the NPS. This change will further enable PAN to continue its mandate to strengthen stakeholder collaboration and establish strong innovative standards in the national payment system, amongst others.

I wish to take the opportunity to thank the PAN Management Council for their direction throughout the year. We wish to assure our stakeholders of our continued commitment to transparent and engaging collaboration within the NPS. A sincere gratitude to the PAN Executive Office for their contributions to ensuring that strategic vision and goals are driven and met during the past year.



*Mbapeua Kauuova*

PRODUCT SPECIALIST

## MESSAGE FROM THE PRODUCT SPECIALIST

The implementation of the NPS Vision 2025 is marked by ongoing efforts to identify and execute the most impactful and significant initiatives within the payments landscape. In the third year of the NPS 2025 Vision, substantial exploration was undertaken to evaluate the feasibility of various initiatives. During this period, numerous assessments were conducted to determine the viability of these initiatives. Furthermore, several projects have been launched and implemented. The following projects are among the most notable:

1. Namibia Interbank Settlement System (NISS) ISO20022 Migration
2. SADC Real Time Gross Settlement (RTGS) ISO20022 Migration
3. SWIFT Cross Border Payment and Reporting (CBPR+) ISO20022 Migration
4. Implementation of PSD - 9
5. Fleet Card Data Standard

During the reported period, the completion of the Change Classification and Prioritization Framework was delayed due to resource constraints. This framework is vital for categorising and prioritising changes within PAN's operations, ensuring efficient resource allocation. Additionally, the fully developed Assessment Framework for Card Payment Schemes was presented to the PAN Management Council but was not approved due to a scheduling conflict

with the AGM.

The industry is prepared for the PSD-9 compliance deadline on 30th September 2024, by discontinuing the current Interim CMA Solution and transitioning to either the SADC RTGS system or the SWIFT network. This transition's complexity, especially for cross-border transactions, necessitates proactive engagement with the Payments Association of South Africa (PASA). Key details, such as transition requirements, processing times, and regulatory requirements, need to be clarified to ensure a seamless shift.

The Immediate Settlement (IS) Forum has endorsed an updated implementation plan for the NISS and SADC RTGS ISO 20022 Migration Project, with a revised target date of 30th May 2025, for testing completion and system go-live. The Southern African Development Community (SADC) is currently conducting internal User Acceptance Testing (UAT) and bi-weekly meetings have been instituted to oversee the project's progress, maintaining a consistent pace and ensuring transparency.

Overall, the initiation and implementation of several projects were completed in various streams during the year under review, in support of the achievement of the strategic objectives of the NPS Vision 2025.







*Mbapewa Kauuova*

ACTING HEAD: RISK AND COMPLIANCE

## MESSAGE FROM THE ACTING HEAD: RISK AND COMPLIANCE

In 2023, the National Payment System (NPS) experienced significant changes with the enactment of the Payment System Management Act of 2023 (Act No. 14 of 2023). This legislation brought substantial modifications to the responsibilities of the Payments Association of Namibia (PAN), necessitating a comprehensive reevaluation of its governance framework, including the PAN Constitution and the Memorandum of Agreement with the Bank of Namibia (BoN). PAN embarked on a process of realigning its operations to comply with the new provisions of the PSM Act, aiming to enhance the effectiveness of the National Payment System. As a collaborative platform, PAN manages various industry forums where stakeholders, including banking and non-banking institutions, discuss payment system standards, rules, and initiatives.

To align with the PSM Act, PAN is expected to implement several key amendments to its constitution. These changes include requiring the governing body to consist of an independent non-executive chairperson and at least two independent non-executive directors, renaming the PAN Management Council (PMC) to the PAN Management Board (PMB), and incorporating provisions for reporting to the Bank of Namibia (BoN) on matters affecting the National Payment System (NPS). Additionally, PAN has updated its compliance and monitoring components to align with its mandate and member status and empowered itself to extend membership to other third parties with BoN's approval. These amendments demonstrate PAN's commitment to adapting to the evolving payment system industry and ensuring compliance with the PSM Act.

### **Mega Trends with Relevance to the Namibian Market**

In the context of Mega Trends with relevance to the Namibian market, it is imperative for the Payments Association of Namibia (PAN) to remain vigilant and responsive to global developments. These trends, including the rise of digital currencies, advancements in payment technologies, and the increasing emphasis on cybersecurity, necessitate a robust compliance framework. By proactively adapting to these shifts, PAN ensures that the Namibian payment systems not only comply with international standards but also enhance their efficiency, security, and inclusivity. This strategic alignment positions Namibia to capitalize on emerging opportunities while safeguarding the integrity of its financial ecosystem.

### **Fraud Awareness Strategy**

The PAN Annual Fraud Awareness Strategy, currently being implemented through a phased fraud awareness campaign across Namibia, aims to significantly enhance awareness of prevalent fraud trends. This initiative draws on insights from the Financial Institutions Fraud Security Committee (FIFSC), the Namibia Cybersecurity Council, and the Bank of Namibia's (BoN) Bi-Annual Fraud Reports, addressing the evolving nature of fraud, particularly in digital contexts, and mitigating these risks on a national scale. To develop an effective strategy, PAN conducted an in-depth analysis of common fraud types, such as digital banking fraud, business email compromise, and e-money scams. This analysis utilized intelligence from BoN's Bi-Annual Fraud Reports and FIFSC discussions, providing a comprehensive understanding of Namibia's fraud landscape. The campaign focuses on the increasing risks associated with digital fraud in our highly connected world, where

technological advancements have enabled fraudsters to devise more sophisticated methods to exploit vulnerabilities in digital banking and online transactions. These risks pose significant threats to various segments of Namibian society, including the elderly, business owners, and the general public. The campaign's primary objectives are to enhance public awareness about digital fraud, equip individuals with the knowledge and tools to identify and prevent fraudulent activities, and foster a culture of vigilance. To achieve these goals, the campaign will employ a mix of traditional and digital communication channels, ensuring broad dissemination and accessibility of the message to all levels of technological proficiency.

#### **Payment Cards Industry Data Security Standards (PCI DSS) Compliance**

We are pleased to provide an update on our ongoing efforts to comply with the Payment Card Industry Data Security Standards (PCI DSS). The industry's overall compliance status has improved significantly, rising from 50% to 63%, demonstrating notable progress. Despite the complexity of the requirements and challenges in resource allocation, we remain dedicated to meeting these standards. With the industry's concerted efforts to address these challenges, we are confident in achieving full compliance by 2025. Participants are strongly encouraged to shift their focus from version 3.2.1 to version 4.0, emphasizing technical controls during the second phase, scheduled for implementation by 1st April 2025, allowing 14 months for remediation. We believe the extensive updates in version 4.0 will address current challenges within the PCI DSS framework and ensure the highest level of data security for our customers.

#### **SIM Card registration**

In light of the significant reliance on mobile numbers for customer access to banking and payment services, as well as the transmission of security and financial information, the Bank of Namibia (BoN) has tasked PAN with promoting the

implementation of preventative measures across the industry. PAN will collaborate with industry stakeholders to ensure that all entities offering payment services via mobile phones develop comprehensive plans or mechanisms to ensure uninterrupted services by 31st March 2024. This initiative also includes e-Money issuers with clients holding funds in active mobile wallets.

Additionally, PAN, representing the industry, is committed to raising awareness across relevant platforms about the SIM Card Registration cut-off phase. This campaign will highlight the potential consequences and risks associated with the disconnection of SIM cards linked to financial services by mobile network operators. Industry participants are strongly encouraged to proactively disseminate this information to their clients, fostering a collective effort to address and mitigate potential disruptions and security risks.

#### **National Payments Strategic Plan Vision 2025**

Crafted through collaborative efforts with key stakeholders, including banking institutions, non-bank financial entities, payment service providers, and non-bank e-money issuers, the Vision for the National Payment System (NPS) embodies a mission focused on ensuring its safe, secure, efficient, and cost-effective operation, as outlined in the Payment System Management Act, 2023 (Act No. 14 of 2023). Spanning from 2021 to 2025, this vision seeks to establish a world-class NPS driving digital innovation and economic activity in alignment with Vision 2030, while ensuring accessibility, efficiency, and security through stakeholder collaboration and adherence to payment system standards. Guided by core values such as collaboration, integrity, respect, transparency, fairness, innovation, and excellence, strategic initiatives are cascaded annually from the Vision into operational plans, ensuring alignment and accountability across stakeholders. Notable achievements during the reporting period include regulatory advancements, the establishment of an Open Banking Forum,

and operational model restructuring to foster digital innovation and support Vision 2030. While the performance of implementing the Vision for 2023 is satisfactory, it is essential to adequately address strategic themes for the NPS 2025, given the rapid evolution of the payment's ecosystem and the imperative nature of digital transformation and innovation within this fast-paced environment. Therefore, all stakeholders are strongly encouraged to seize every available opportunity to effectively achieve the Vision.

#### **Governance**

Concurrently, the initiation of Governance and Funding documentation for PAN has not yet commenced. As delineated in the aforementioned update, PAN is presently in the stage of refining the Terms of Reference (ToR) for a Transition Committee. This committee is integral to the formulation of governance and funding models. The accomplishment of this task is projected to be

achieved by 30th June 2024. These endeavors collectively underscore our dedication to establishing robust governance frameworks and ensuring adherence to the requirements as set out in section 7 of the Payment System Management Act of 2023 (Act No. 14 of 2023).

#### **PAN Members**

Our commitment to maintaining a stringent self-regulatory culture remains steadfast as we endeavour to provide an efficient and affordable National Payments System (NPS) to the public. We collaborate with a diverse group of stakeholders to uphold our self-regulatory regime. In 2023, no new service providers were integrated into the PAN membership ecosystem. With the current membership, PAN is determined to maintain rigorous standards while ensuring that our NPS remains accessible and affordable to all. We will continue to prioritize the well-being of our stakeholders by promoting a culture of self-regulation, transparency, and accountability within the NPS.

**TABLE 1: Fully authorised members of PAN**

<b>BANKS &amp; SERVICE PROVIDERS: STATUS OF REGISTRATION WITH PAN</b>			
No.	Institutions	Type of Payment System Service Providers	Registration Status/ Comments
1.	Bank of Namibia	Banking Services	Full PAN member
2.	Bank Atlántico - Europa Namibia Branch	Commercial Bank	Full PAN member
3.	Bank BIC Namibia	Commercial Bank	Full PAN member
4.	Bank Windhoek	Commercial Bank	Full PAN member
5.	First National Bank Namibia	Commercial Bank	Full PAN member
6.	Standard Bank Namibia	Commercial Bank	Full PAN member
7.	Letshego Bank Namibia	Commercial Bank	Full PAN member
8.	Nampost Namibia	Commercial Bank	Full PAN member
9.	Nedbank Namibia	Commercial Bank	Full PAN member
10.	Trustco Bank Namibia	Commercial Bank	Membership has been suspended
11.	Namclear (Pty) Ltd	Automated Clearing House (ACH)	Full PAN member
12.	ATM Solutions Namibia (Pty) Ltd	System Operator (SO)	Full PAN member
13.	Ecentric Payment System Namibia	System Operator (SO)	Full PAN member
14.	Hyphen Technology Namibia (Pty) Ltd	System Operator (SO)	Full PAN member
15.	Innovation Value Added Services	System Operator (SO)	Full PAN member

16.	EasyPay Namibia (Pty) Ltd	System Operator (SO)	Full PAN member
17.	Adumo Online Namibia	System Operator (SO)	Full PAN member
18.	Paymate (Pty) Ltd	System Operator (SO)	Full PAN member
19.	RealPay Collections (Pty) Ltd	Payment Intermediation Service Provider (PISP)	Full PAN member
20.	Payat Payment Services Namibia	Payment Intermediation Service Provider (PISP)	Full PAN member
21.	StayToday Bookings Namibia (Pty) Ltd	Payment Intermediation Service Provider (PISP)	Full PAN member
22.	Collexia Payments (Pty) Ltd	Payment Intermediation Service Provider (PISP)	Full PAN member
23.	Nutun Payments Solutions	Payment Intermediation Service Provider (PISP)	Full PAN member
24.	MobiCash Payment Solutions (Pty) Ltd	Payment Intermediation Service Provider (PISP) & System Operator (SO)	Full PAN member
25.	Selcom Payment Namibia (Pty) Ltd	Payment Intermediation Service Provider (PISP) & System Operator (SO)	Full PAN member
26.	Virtual Card Services Namibia (Pty) Ltd	Payment Intermediation Service Provider (PISP) & System Operator (SO)	Full PAN member

The following sub-committees of the PMC were approved for the year 2023.

- Card Forum
- Electronic Funds Transfer Forum
- Immediate Settlement Forum
- Electronic Money Forum
- PAN Stakeholder Forum
- Financial Institution Fraud & Security Committee
- PAN Project Prioritization Committee
- Incident Management Forum
- Open Banking Forum

In closing, the initiatives undertaken by PAN in collaboration with industry stakeholders underscore our commitment to fortifying the National Payment System (NPS) amidst significant regulatory shifts and evolving market dynamics. The enactment of the Payment System Management Act of 2023 has necessitated a comprehensive reevaluation of governance frameworks, aligning our operations with the Act's provisions to enhance NPS efficiency and security.

Notable achievements include regulatory

advancements, the establishment of strategic forums like the Open Banking Forum, and the implementation of the PAN Annual Fraud Awareness Strategy to mitigate fraud risks. As we transition towards Vision 2025, it is imperative to address strategic themes for NPS, leveraging digital innovation and fostering stakeholder collaboration to uphold our mission and values.

Concurrently, our commitment to governance is evidenced by ongoing efforts to refine governance and funding models, ensuring adherence to regulatory requirements. We remain steadfast in our dedication to maintaining a stringent self-regulatory culture, prioritising accessibility and affordability within the NPS while promoting transparency and accountability. Looking ahead, we urge all stakeholders to seize opportunities for collective advancement, ensuring the realisation of our shared vision for a resilient and innovative National Payment System.



PAN EXECUTIVE OFFICE





*Lizanne Van Zyl*

CHAIRPERSON: CARD FORUM

## THE NATIONAL PAYMENT SYSTEM IN DETAIL

### MESSAGE FROM THE CHAIRPERSON OF THE CARD FORUM

We are pleased to present the PCH Card Forum report, showcasing our progress in 2023. Despite the challenges of a dynamic market environment, we have remained dedicated to promoting collaboration, knowledge sharing, and innovation within the payment card industry.

we aim to ensure security, efficiency, and compliance across all card-related activities. The industry has spent significant time drafting the document which will be presented to PMC for review and final enforcement by the regulator.

#### PROJECTS

##### Compliance with PCI DSS

The Card industry has made significant efforts towards achieving compliance with the Payment Card Industry Data Security Standard (PCI DSS), a critical requirement for secure and protected payment card information.

##### Card Framework Document

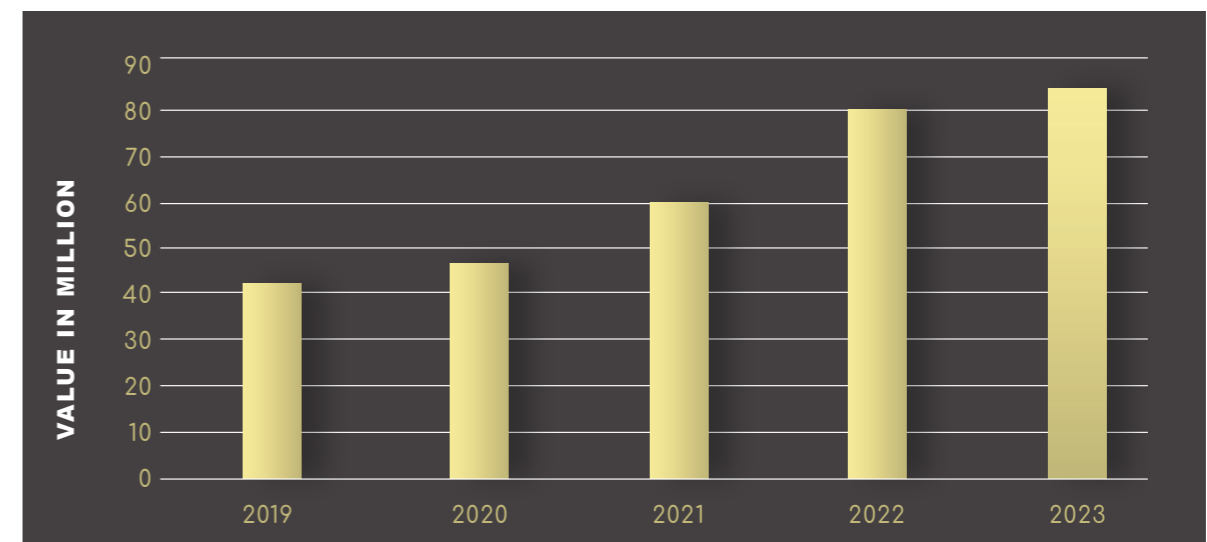
The Card Framework Document outlines the foundational principles and guidelines governing the issuance, usage, and management of payment cards within the industry. By adhering to these standards,

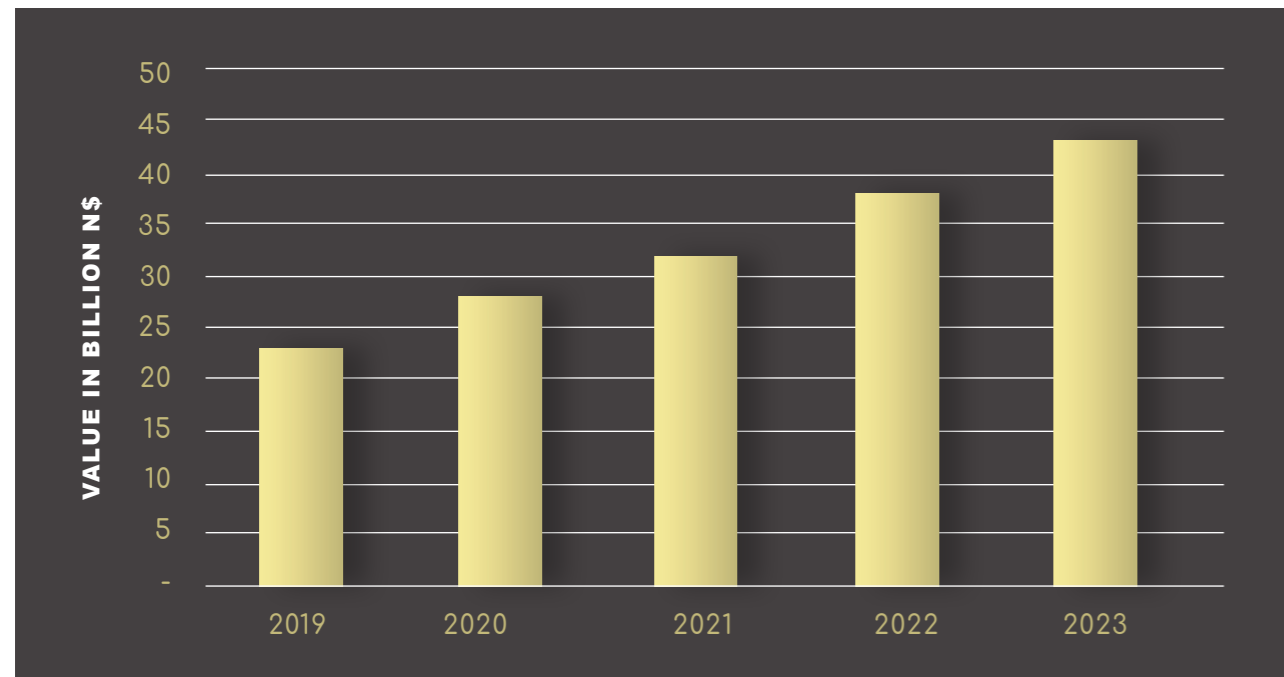
##### Modernisation of Card Rails

The ongoing modernisation of card payment infrastructure is a strategic initiative aimed at enhancing the efficiency, security, and scalability of the industry card rails. By embracing innovative technologies and industry best practices, we seek to future-proof our payment ecosystem, meet evolving customer expectations, and stay ahead of emerging market trends.

Figures 7 and 8 below illustrate the card transaction volumes and values from 2019 to 2023. These figures provide a comprehensive overview of the changes and trends in card usage during this period. This will be a valuable resource for analysing the state of the payment card industry.

**FIGURE 7: Card transaction values, 2019 – 2023**



**FIGURE 8: Card transaction values (N\$), 2019–2023**

As illustrated in Figures 7 and 8, Namibia experienced an increase in card transaction volumes by 3.9 million and values by N\$4.8 billion between 2022 and 2023. This growth can be attributed to several factors:

- Post-pandemic economic recovery,
- Which boosted consumer confidence and spending.
- A shift towards digital payments and increased e-commerce activity.
- Banking initiatives promoting card usage.
- Technological advancements in payment systems.
- Regulatory support.
- Shifts in consumer behaviour towards cashless transactions.

Additionally, the digitalisation of businesses to cater to consumer preferences has further contributed to the rise in card transaction volumes and values in Namibia's financial economy.

#### **Conclusion**

Looking to the future, we remain dedicated to enhancing value within the industry and advancing the payment card sector as a whole. We will persist in adapting to the evolving landscape, embracing innovation, and fostering collaboration to tackle emerging challenges and seize new opportunities. We sincerely thank everyone for their ongoing support and participation in the PCH Card Forum. Together, we will continue to shape the future of payments.





*Mbala Mathews*

CHAIRPERSON: ELECTRONIC FUNDS TRANSFER FORUM

## MESSAGE FROM THE CHAIRPERSON OF THE ELECTRONIC FUNDS TRANSFER FORUM

As we reflect on 2023, I am pleased to share the progress and accomplishments made by the Electronic Funds Transfer Forum (EFT). The year under review was marked by dynamic growth and collaboration within the Payment ecosystem, and I am extremely proud of the strides we as a forum have taken together.

Notably, the EFT Forum continued to build on the success achieved in 2022 and worked tirelessly to advance innovation, enhance security, and promote financial inclusivity in Namibia's payment landscape. Our collective efforts contributed to the development and implementation of robust frameworks that have further stabilised the reliability of the Namibia Payment Systems (NamPay) and created efficiencies within the industry. The forum also acted as a consultative platform for discussing and approving clearing rules and procedures in the EFT stream and robustly deliberated on Operational and Strategic EFT- related matters.

One of the notable achievements during the period under review was the successful onboarding of NamPost onto NamPay's Enhanced Electronic Credit Stream (ENCR). This enhancement will add significant value

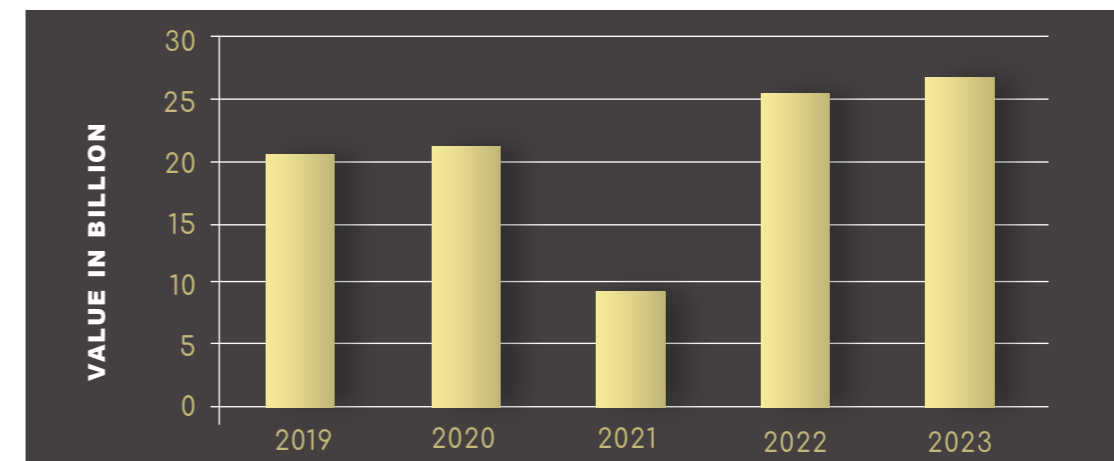
to NamPost's clientele, mostly consisting of low-income earners, pensioners, and the underbanked populace, who mainly live in rural areas in small towns and cities across our country. This milestone is a testament to NamPay's commitment to staying at the forefront of technological advancements and providing cutting-edge Payment solutions.

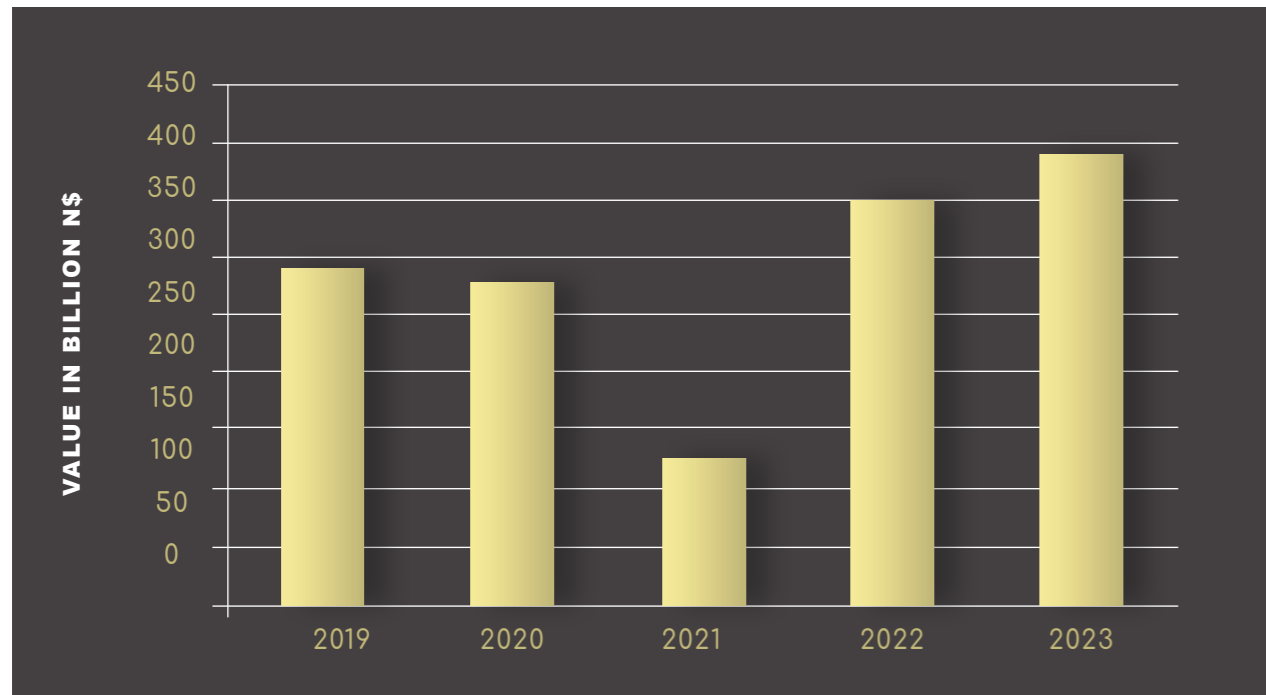
In addition to the above, the EFT Forum actively engaged in collaborative initiatives with stakeholders to address emerging challenges and opportunities in the Payment Industry. Marked by the deliberation of several Change Requests brought to the forum for consideration, our collaboration with regulatory bodies, the Clearing House, and Technological Service providers has allowed us to address issues that resulted in the betterment of NamPay.

### Volumes and Values

The quantities and monetary worth of electronic fund transfers (EFTs) serve as crucial metrics for assessing the expansion and vitality of the financial sector. Figures 9 and 10 offer a summary of the EFT volumes and values within the National Payment System (NPS), alongside a comparison to the patterns observed over the previous five years.

**FIGURE 9: EFT transaction volumes, 2019 - 2023**



**FIGURE 10: EFT transaction values (N\$), 2019 – 2023**

The analysis of Figures 9 and 10 reveals a significant increase in the quantity and monetary worth of EFT transactions between 2022 and 2023, driven by a post-pandemic economic recovery that has boosted consumer and business activities.

This surge has enabled increased electronic transactions for both companies and individuals. The accelerated adoption of digital payment methods, the rise in e-commerce, and banking initiatives promoting EFT usage have all contributed to this growth. Technological advancements and supportive regulatory frameworks have facilitated smoother and more secure transactions. Additionally, the increase in loans and advances has provided more funds for economic activities. This is done while a shift in consumer preference

towards cashless transactions has further propelled the rise in EFT transaction volumes and values.

#### **Conclusion**

Notwithstanding all the success achieved by the EFT Forum during the period under review, it is worth mentioning that the industry must continue to closely monitor the risk of vendor concentration, as it has the potential to create bottlenecks within the industry when enhancements on the payment ecosystem are required.

Financial inclusivity remains a key focus for the EFT Forum, and I am pleased to report that the industry's appetite for initiatives that will expand access to payment services for all segments of the populace is highly supported by the Forum.





*Marius Andrew*

DEPUTY CHAIRPERSON:  
IMMEDIATE SETTLEMENT FORUM

## MESSAGE FROM THE CHAIRPERSON OF THE IMMEDIATE SETTLEMENT FORUM

The year 2023 marks a period of great strides for the Namibian Payments industry for the participants to the NISS (Namibia Interbank Settlement System) in overcoming challenges and showing resilience while still working towards preserving the overall integrity of the NISS.

The key activities deliberated during the year were based on projects, stakeholder engagements, and current changes to the Namibian Banking landscape that have an impact on a seamless and risk-free operation of interbank settlements. These projects include:

### **Straight-Through-Processing Project**

Straight-through processing (STP) implementation involves automated end-to-end processing of trades and payment transfers, encompassing automated completion of confirmation, matching, generation, clearing, and settlement of instructions without manual re-keying or data reformatting.

Initiated in 2020, the Industry STP implementation project aims to optimize transaction processing through automation, eliminating the need for manual intervention. Ensuring unified industry effort, the Bank of Namibia (BoN) issued a directive for STP within the Namibia Inter-bank Settlement System (NISS). According to this directive, all NISS participants must successfully implement STP for NISS transactions by 31st December 2023.

Due to the interdependence of related industry projects, the Forum requested an extension of the deadline to align

with the completion of the NISS ISO 2022 Migration by 30th May 2025. The change in financial messaging will significantly impact the interoperability between NISS participants and the NISS operator.

### **NISS ISO 2022 Migration Project**

To align with changes in the global payments network, the Bank of Namibia (BoN) issued a Guidance Note in December 2021, which was updated and replaced in September 2023. This update aims to prepare Namibia's financial sector for the shift from SWIFT MT message formats to ISO 2022 messaging by 30th May 2025. Throughout the first half of 2024, BoN will engage in ongoing discussions with industry participants to clarify the expected changes and business requirements, ensuring the successful execution and implementation of this transition.

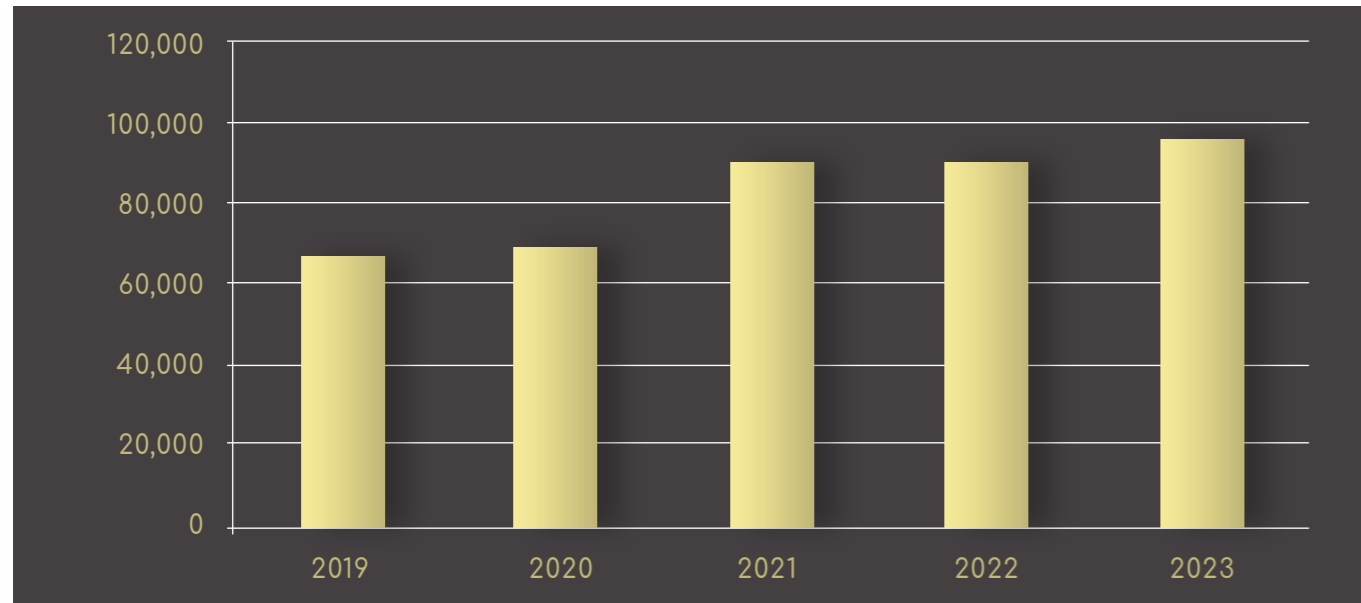
### **SADC RTGS ISO 2022 Migration Project**

To remain on par with the rest of the world, SADC countries have initiated the ISO 2022 messaging project to upgrade the SADC payment systems, particularly SIRESS, to comply with specific financial messages by June 2024. This effort is being monitored by an in-country committee established to oversee the progress of Namibia's banking industry in this transition.

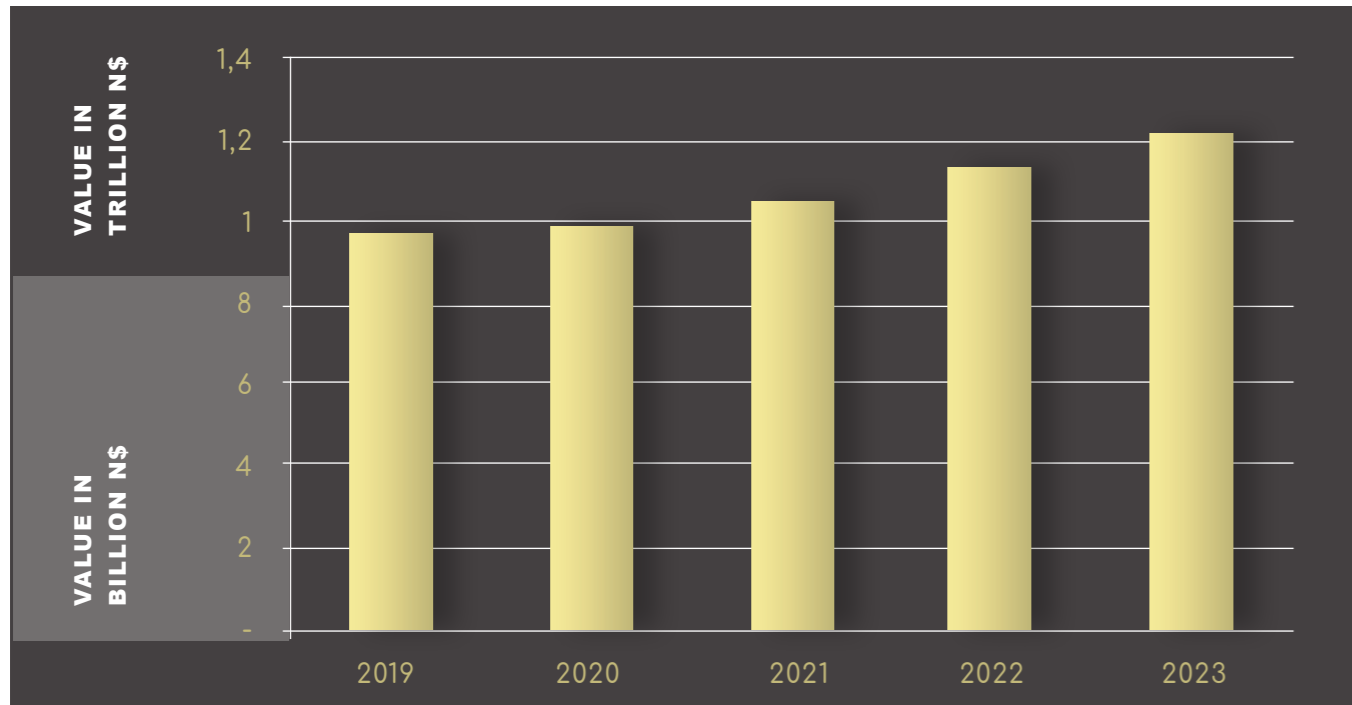
### **Volumes and Values**

Figures 11 and 12 provide a comprehensive illustration of the Immediate Settlement (IS) stream's volumes and values in the National Payment System (NPS) over the last five years.

**FIGURE 11: IS transaction volumes, 2019 – 2023**



**FIGURE 12: IS transaction values (N\$), 2019 – 2023**



Figures 11 and 12 indicate that Immediate Settlement transaction volumes increased by 6%, with values rising by N\$74 billion from 2022 to 2023. The growth in the trading of financial instruments during this period has significantly contributed to the increase in volumes and values within the Immediate Settlement category.

**Conclusion**

In closing, I would like to express my sincere gratitude to the participants in Immediate Settlement (IS) Forum for the hard work and valuable contributions throughout 2023 and wish them all the best as we prepare to fulfil our mandate in 2024.

**MESSAGE FROM: THE CHAIRPERSON OF THE FINANCIAL INSTITUTIONS FRAUD AND SECURITY COMMITTEE**

In 2023, the National Payment System (NPS) encountered notable hurdles, particularly in combating fraud. However, with the support of forensic specialists and industry stakeholders within the FIFSC (Financial Institutions Fraud and Security Committee) forum, efforts have remained resolute and dedicated to spearheading the battle against fraud and unlawful activities within the NPS.

According to the Bank of Namibia’s bi-annual fraud semester two report, the total fraud value in the NPS increased from N\$19.68 million reported in the first semester of 2023 to N\$27.28 million in the second semester. The majority of reported fraud came from the Card stream scheme, totaling N\$12.53 million. Electronic Funds Transfer (EFT) reported a total loss value of N\$8.30 million. While the electronic money (e-Money) stream noted a total loss value of N\$6.45 million, and cash fraud was valued at N\$4.59 million over the period.

To address the alarming rise in fraud, the forum and its members initiated several strategic initiatives:

- The 2023 PAN Fraud Awareness Campaign, which utilized a radio interview with 99fm to educate the public about modern day digital banking fraud such as Debit and Credit Card Fraud, Bank Account Takeover Fraud, Identity Theft, Vishing, Phishing, Cloning, Card-not-present and fake proof of payments fraud.
- The thorough review of monthly financial crime reports submitted by members of the forum demonstrates a collaborative effort to identify and address financial crimes.
- The invitation of the Namibian Police

Force (NAMPOL) as participants to the Forum to enhance the exchange of digital banking fraud related incidents reported in the financial sector.

- The invitation of Industry stakeholders, including MTC (Mobile Telecommunications Company), Telecom Namibia, and CRAN (Communications Regulatory Authority of Namibia), to the forum to discuss financial risks and actions stemming from the SIM card registration cut-off phase of 31st December 2023.
- The ongoing discussions on the migration of BIPA and the Ministry of Home Affairs to the new Biometric and Electronic ID (EID) system has advanced considerably despite facing technical challenges. Currently, the project is in its training phase, ensuring optimal performance.
- Completion of the 2024 PAN Annual Fraud Awareness Strategy Template aims to ensure the continuous promotion of digital banking fraud awareness to the public throughout the coming year.

In conclusion, I am grateful to the members and participants of the FIFSC forum for their support and guidance. Our collaborative endeavors significantly bolstered our industry’s resilience against fraud. Despite encountering challenges, our proactive measures gradually mitigated risks, indicating progress in the right direction. Moving forward, sustained collaboration and vigilance will continue to be crucial in safeguarding the security of our National Payment’s Ecosystem. Together, we can uphold a safer financial landscape for all.

**Compiled by**  
ACTING HEAD: RISK AND COMPLIANCE



*Paul Rowney*

CHAIRPERSON: ELECTRONIC  
MONEY FORUM

## MESSAGE FROM THE CHAIRPERSON OF THE ELECTRONIC MONEY FORUM

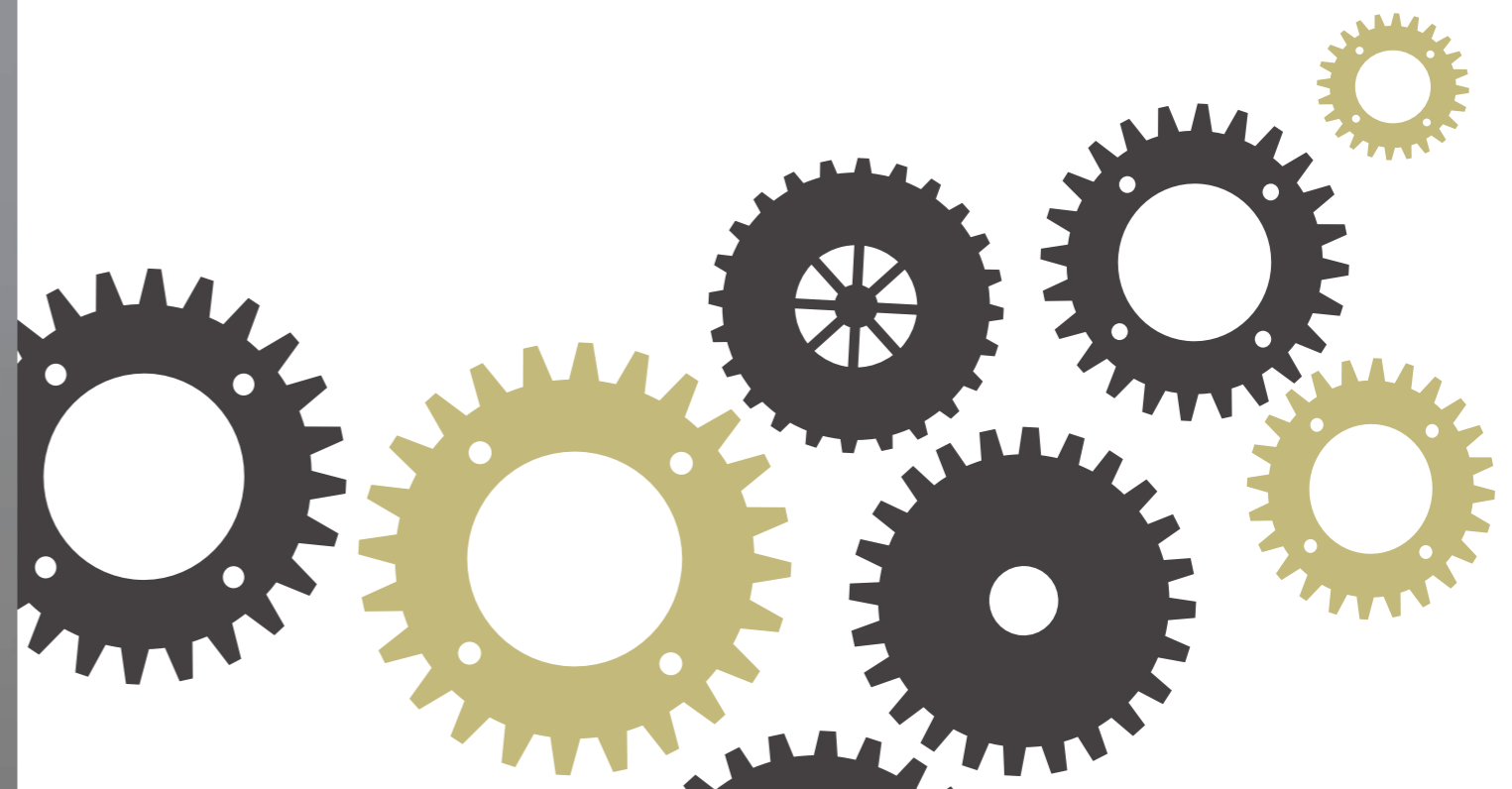
Concluding another impactful year, I would like to take a moment to reflect on the collective journey we have undertaken to advance electronic money interoperability in Namibia. Throughout the past year, our dedicated members and partners have shown unwavering dedication in fostering collaboration, innovation, and interoperability within the electronic money ecosystem. Our shared vision of creating a seamless and inclusive financial landscape for the people of Namibia has been the driving force behind our endeavors.

In navigating our path, we have encountered challenges, particularly in our interactions with the Bank of Namibia. Regrettably, the forum's mandate to enhance interoperability has faced obstacles due to limited openness and transparency from the Bank of Namibia. Despite these hurdles, I extend my sincere

gratitude to each member of the Electronic Money Forum for your commitment and resilience. Your dedication to the cause has truly been inspiring, and it is through our collective efforts that we have achieved some notable milestones.

As we look ahead to the new year, let us reaffirm our commitment to the vision of a more interoperable electronic money landscape in Namibia. We will continue engaging in meaningful dialogue with all stakeholders, including the Bank of Namibia, hoping to foster a more collaborative environment that prioritizes the needs of the people we serve.

I remain confident that our shared commitment, combined with the spirit of innovation and collaboration within our forum, will pave the way for a more open and transparent electronic money ecosystem in Namibia.



*Pieter Swanepoel*

CHAIRPERSON: PAN  
STAKEHOLDER FORUM



## MESSAGE FROM THE CHAIRPERSON OF THE PAN STAKEHOLDER FORUM

In 2023, significant developments shaped the evolution of the Namibian National Payments System (NPS), notably with the enactment of the Payment System Management Act of 2023 (PSM Act). This legislation addresses pivotal aspects within the NPS, particularly integrating payment service providers into the payment ecosystem.

The Payment System Forum (PSF) views the PSM Act as transformative and has actively engaged in the operationalization process through consultation structures established by the Bank of Namibia (BoN) and the Payments Association of Namibia (PAN). Establishing a transitional committee, supported by the PSF, facilitates inclusivity and alignment within the diverse payment ecosystem, aligning with the Payments Vision's objectives of enhancing access and efficiency.

Throughout the year, the PSF maintained its active involvement and contribution in various industry forums and payment clearing houses (PCHs), enabling local specialized insights while leveraging global expertise to benefit the NPS. Through participation and contributions, particularly leveraging its multinational membership base, the PSF fosters skills transfer and capacity building within the Namibian NPS. Focusing on payment innovation, in line with the Payments Vision 2025, the PSF submitted proposals to the Open Banking Forum and the EFT Forum, aiming to drive innovation and improvements within the NPS. Additionally, the PSF continued its involvement in the post-implementation and maturation phase of PSD-7, enhancing process efficiency and maintaining equilibrium between creditors and debtors within the NPS.

### **Governance**

All members adhered to their obligations under the PSF constitution and member resolutions, ensuring informed and coordinated participation within the broader NPS structures. The PSF emphasised member engagement, holding well-attended monthly operations and quarterly strategic meetings that facilitated robust discussions on stakeholder issues. PSF representatives actively participated in industry structures, and the PSF kept the PAN Management Council (PMC) informed by submitting quarterly activity reports, which were duly recorded at the PMC.

### **PSF membership**

The PSF includes not only payment service providers but also other industry stakeholders, such as trade associations from industries where payment instruments are crucial to their business models. By taking a collaborative approach, members discuss key issues and provide input to various NPS structures. In 2023, the PSF had a total of 24 members.

### **NamPay / Enhanced Electronic Funds Transfer (EEFT) Project (PSD-7)**

A significant achievement during the post-implementation phase of EnDO has been the high level of industry cooperation in quickly addressing issues. The weekly incident management forum, in which the PSF actively participates, has greatly enhanced the efficiency of this new system. EnDO remains a crucial initiative for the PSF, benefiting the ecosystem by providing access to the NPS, reducing cash risk through electronic payments, and ensuring equal participation. The PSF is dedicated to and actively involved in the payments stream, with its representatives participating in industry structures.

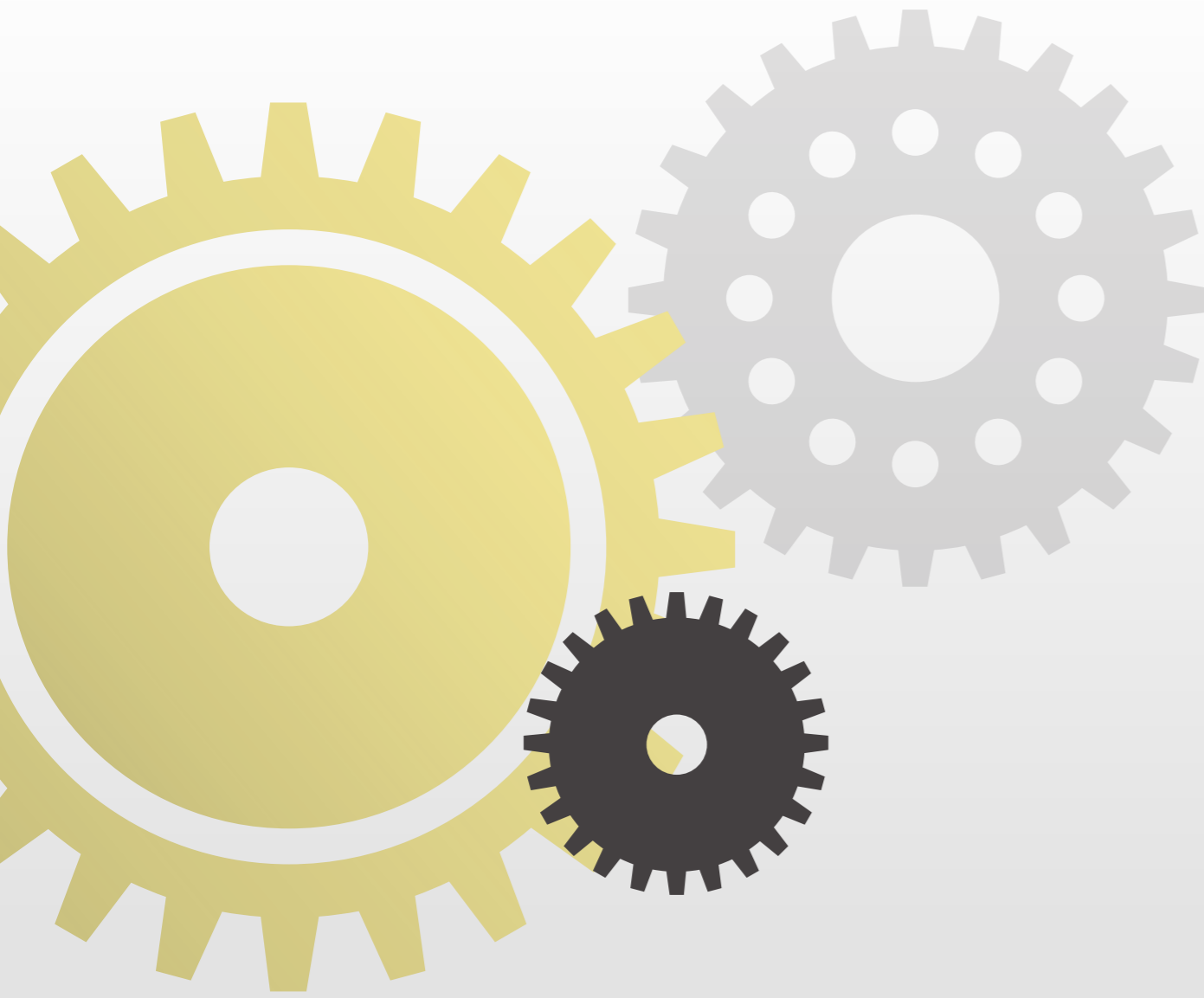
**NPS Payments Vision 2025:**

- The PSF monitored its initiatives quarterly, supporting the NPS Vision 2025, achieving significant progress in 2023. Highlights include:
- Access and Participation: Continued awareness and outreach to additional trade and industry associations.
- Collaboration: Expanded industry collaboration through PSF's participation in payment industry structures and support from PSF subject matter experts in industry forums.
- Innovation: Submitted proposals for innovation and enhancement to the Open Banking and EFT Forums.
- Efficiency: Supported and participated in structures aimed at enhancing electronic

payments and implementing industry regulatory requirements (PSD-7).

**Conclusion**

In conclusion, the evolution of payments in Namibia is ongoing, and the PSF's extensive knowledge and expertise, developed over decades of involvement, position it well to contribute to the envisioned NPS structures. I am grateful for the PSF leadership, the deputy chairperson, members, and especially the PSF representatives for their unwavering commitment and participation. Their dedication and efforts in industry forums have been instrumental in advancing the activities and objectives of the PSF, benefiting both the payments industry and society as a whole.





*Mbapewa Kauuova*

ACTING HEAD: RISK AND COMPLIANCE

## MESSAGE FROM THE OPEN BANKING FORUM CHAIRPERSON

In October 2022, the Bank of Namibia (BoN) presented a Position Paper to the Payments Industry on the feasibility of Open Banking in the National Payment System (NPS). The position paper urged Industry through PAN to establish an Open Banking Forum (OBF), which has since been formed. OBF serves as a collaborative platform for key stakeholders within the financial ecosystem to collectively shape and advance Open Banking initiatives.

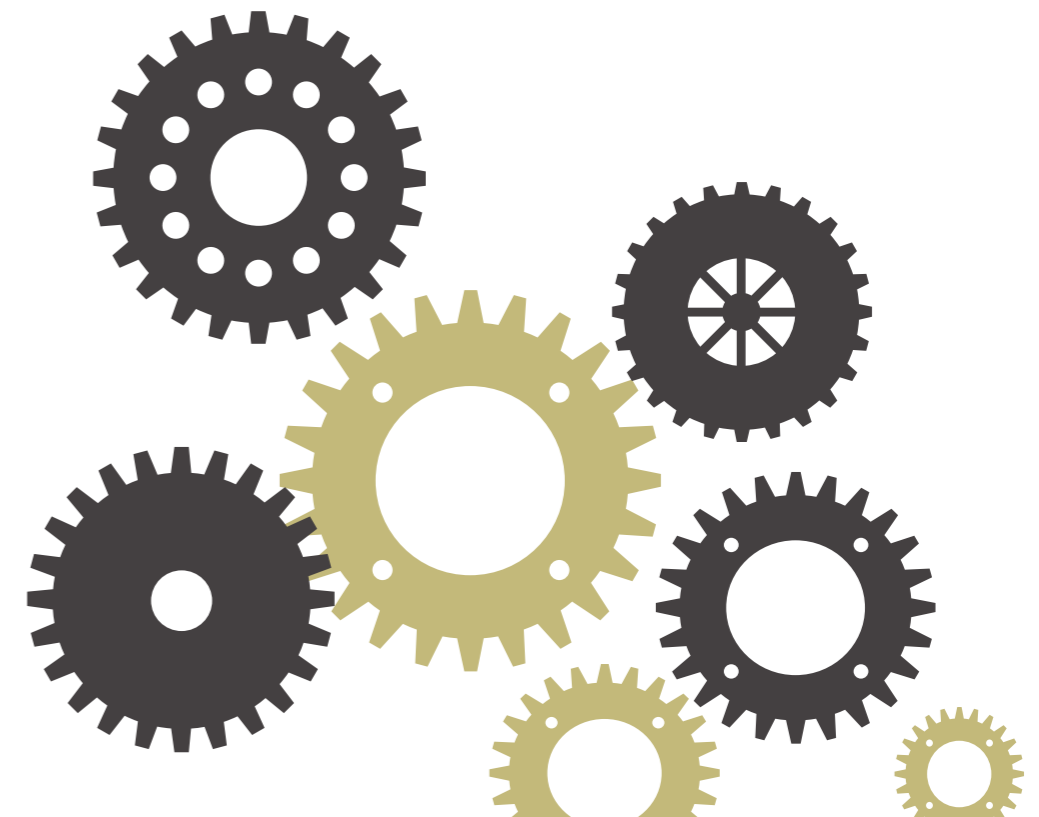
Discussions within the OBF encompass various topics, including data sharing and utilising Application Program Interfaces (APIs) to enhance relationships between banks and non-banks, ultimately aiming to enhance the overall customer experience. The Open Banking Forum is making significant strides towards establishing a secure and innovative banking landscape.

Key discussions have revolved around the finalization of governance documents, particularly focusing on defining the

Terms of Reference (TOR) for the Forum. Additionally, efforts are underway to draft data and security standards aligned with world best practices. The Forum is actively collaborating with the Bank to address these challenges, including proposals to enlist the support of a consultant in developing the said standards.

In conclusion, the Open Banking Forum is on a trajectory towards making significant contributions to the financial sector in Namibia. As we enter 2024, our focus will remain on fostering collaboration, implementing innovative solutions, and maintaining the highest standards of data and security. Together, we are poised to create a dynamic and inclusive financial landscape that benefits all stakeholders and sets a benchmark for excellence in banking.

**Compiled by**  
ACTING HEAD: RISK AND COMPLIANCE



## MESSAGE OF A MEMBER OF THE SADC BANKING ASSOCIATION PAYMENT SCHEME MANAGEMENT BODY

The second PSMB meeting for 2024 was held via Microsoft Teams on 10 July 2024.

### **BankservAfrica RCSO site visit**

The annual BankservAfrica RCSO site visit will be held in person on 28 November 2024 to accommodate the next PSMB meeting on 29 November 2024 in South Africa.

### **ISO20022 Migration**

A SADC-RTGS ISO 20022 Migration Project went live on 09 June 2024. Congratulations on the success of the project was extended by the SADC BA as well as the PSMB chairman.

### **SADC-RTGS User Group Conference**

The SADC-RTGS User Group Conference for 2024 will be taking place on 8 – 10 October 2024 in Botswana. The registration link has been issued to the community via an operational notice. Bank of Botswana to provide the venue details so that this can be shared with the community.

### **CMA (Common Monetary Area)**

The EFT service that is available in the 4 countries (BW, LS, NA, ZA) will be discontinued in September 2024. The traffic will then move to the SADC-RTGS which will result in increases in traffic volumes over the payment scheme.

*Michelle Mahecie*

PSMB REPRESENTATIVE



## 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 (BON)** - 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.

**Cross-border transaction** - A transaction where at least one of the parties is located outside the home country from which the transaction originates.

**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.

**Entry and Participation Criteria** laid down by PAN, in consultation with the Bank of Namibia, for participating in a certain stream of payment transactions.

**SADC ISO 20022 Migration project**, will continue to improve the efficiency of cross-border payments to ensure expansion of cross border digitisation, customers services, while regional and continental integration for both banking institutions and non-banks remains high in order to align to global best practice.

**Item limit** - The maximum value for which a cheque can be legally issued, processed and cleared within the NPS.

### NAMPAY

**National Payment System (NPS)** - The payment system as a whole, which includes any payment system, settlement system or clearing system arrangement used in the process of effecting payment between payers and beneficiaries.

**Nominating and Governance Committee (NGC)** - Means, the Nominating and Governance Committee of the SADC BA.

**Payment system** - A system that enables payments to be affected between a payer and a beneficiary.

**PCH Participating Group** - A group governing the affairs of the participants in one or more PCHs and constituted by PAN.

**Scheme** - A collective of governance structures, rules, processes and instruments that permit payment transactions to be undertaken within SADC in a specific manner.

Payments Association of Namibia Annual Report for the financial year ended 31 December 2023 is prepared pursuant to Section 67(1) of the Payments Association of Namibia Act (No.1 of 2020).

Payments Association of Namibia, 2024 All rights reserved. No part of this publication may be reproduced, copied, or transmitted in any form or by any means, including but not limited to photocopying, recording and storing, without fully acknowledging the Payments Association of Namibia Annual Report 2023 as the source. The contents of this publication are intended for general information only and are not intended to serve as financial or other advice. While every precaution is taken to ensure the accuracy of information, the Bank of Namibia is not liable to any person for inaccurate information or for any opinion contained in this publication.



# ANNUAL REPORT 2023

---

144 Jan Jonker Road  
4th Floor Ikon Building, Ausspannplatz  
P.O.Box 134, Windhoek, Namibia  
W: [www.pan.org.na](http://www.pan.org.na)  
T: +26461415420  
[info@pan.org.na](mailto:info@pan.org.na)

Find Us On:

