



GOVERNMENT GAZETTE

OF THE

REPUBLIC OF NAMIBIA

N\$6.00

WINDHOEK - 22 December 2017

No. 6492

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General Notice

BANK OF NAMIBIA

No. 504

2017

DETERMINATION UNDER THE PAYMENT SYSTEM MANAGEMENT ACT, 2003, AS AMENDED

In my capacity as Governor of the Bank of Namibia (The Bank), and under the powers vested in the Bank by virtue of section 14 of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended, I hereby issue this Determination on the Reduction of the Item limit for Domestic Cheque Payments within the Namibian National Payment System (PSD-2), which Determination shall become effective on date of publication in the *Gazette*.

I. SHIMI
GOVERNOR

Windhoek, 6 December 2017

Determination No. 2**REDUCTION OF THE ITEM LIMIT FOR CHEQUE PAYMENTS WITHIN THE
NAMIBIAN NATIONAL PAYMENT SYSTEM**

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PART I: PRELIMINARY

- 1. Short Title**
Reduction of the domestic cheque item limit to N\$ 100,000.
- 2. Authorisation**
Authority for the Bank to issue this Determination is provided in Section 14 of the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended.
- 3. Application of the Determination**
This Determination applies to all banking institutions, Namclear, businesses and individuals that issue, accept and process domestic cheque payments within the Namibian National Payment System.

4. Definitions

Terms used in this Determination are as defined in the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended. Terms unique to this Determination are defined as follows:

- 4.1 The Act' means the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended.
- 4.2 'Cheque' means a bill drawn on a bank payable on demand.
- 4.3 'Domestic cheque' means cheques issued from a Namibian account for payment to a Namibian account;
- 4.4 'Item limit' means the maximum value for which a cheque can be legally issued, processed and cleared within the Namibian National Payment System;
- 4.5 'Namclear' means the company authorised by the Payments Association of Namibia to provide clearing services in Namibia and operating as payment system service provider as defined in the Payment System Management Act, 2003 (Act No. 18 of 2003), as amended;
- 4.6 'Payments Association of Namibia (PAN)' means the Payment System Management Body established in terms of the Act.

PART II: STATEMENT OF POLICY

5. Background

- 5.1 The banking industry, through the Payments Association of Namibia (PAN), decided to reduce the cheque item limit from N\$ 500,000 to N\$ 100,000 effective from 1 February 2016, with the aim to eventually phase out cheques in Namibia.
- 5.2 The Bank, in support of the industry decision to phase out cheques, remains committed to the eventual phasing out of cheques as a payment instrument in Namibia, at such future date hitherto still to be determined.
- 5.3 The decision to delay the complete phasing out of cheques in Namibia, while cognizant of the options and underlying factors considered by the industry and the Bank i.e. costs of issuing cheques as a payment instrument, infrastructural and operational risks etc., was predominantly due to the fact that there are a number of statutory laws that make explicit mention of cheques as a payment instrument or as an alternative method of payment. These statutory laws could pose challenges for the industry should a payment instrument, which is considered as a legal form of tender be phased out without the undertaking of the appropriate process to reform legislation, and without the proper and effective stakeholder engagement.
- 5.4 This legislative matter carries quite a significant weight and may impact the decision to phase out cheques at this stage in Namibia.
- 5.5 As such, the cheque item limit remains at N\$100 000.00.
- 5.6 Consideration for the phasing out of cheques in Namibia is still underway by the banking industry, in conjunction with PAN and the Bank, and final arrangements in this regard will be communicated with the public in due course.

- 5.7 For more information, customers should contact their individual banking institutions to obtain the relevant information on product and service offerings.

6. Purpose

- 6.1 This Determination effects a reduction of the domestic cheque item limit from N\$ 500,000 to N\$ 100,000 within the National Payment System.

7. Scope

- 7.1 This Determination obliges Namclear, banking institutions, businesses and individuals to note and to continue with the current practice to not issue, accept or process domestic cheque payments in excess of N\$100,000.

8. Responsibility

- 8.1 Banking institutions, Namclear, businesses and individuals shall be responsible for the implementation of item limit of N\$100,000 for domestic cheque payments.
- 8.2 Banking institutions are required to make alternative payment means available to their customers to process payments in excess of N\$100,000.

PART III: IMPLEMENTATION REQUIREMENTS

9. Implementation Requirements

With regard to implementation of this Determination, it is required that: -

- 9.1 The banking institutions shall sensitize, inform and educate their cheque account holders well in advance not to issue domestic cheques above the item limit.
- 9.2 No person shall be allowed to split cheque payments into units of N\$ 100,000 or less, such that multiple cheques are issued for the settlement of the same transaction to circumvent this Determination.
- 9.3 Businesses and individuals in Namibia shall consult with their banking institutions in order to determine how payments should be effected where such payments exceed N\$100,000 per item.

PART IV: REMEDIAL MEASURES

10. Remedial Measures

- 10.1 If any person fails to comply with the provisions of this Determination, the Bank may impose remedial measures through the issuing of a Directive as provided for under the Act.

PART V: EFFECTIVE DATE

11. Effective Date

- 11.1 The effective date of this Determination shall become effective from the date of publication in the *Gazette*.

12. Repeal of PSD-2

- 12.1 This Determination repeals and replaces the Determination on the reduction of the item limit for domestic cheque payments within the Namibian National Payment System (PSD-2), published as General Notice No. 4 in Government Gazette No. 5940 of 1 February 2016.

PART VI: GENERAL AND ENQUIRIES**13. General**

- 13.1 This Determination is not exhaustive and may be supplemented and/or amended from time to time.
- 13.2 Any person that is uncertain of the contents of this Determination should initiate discussions with their local banking institution failing which they can contact the Payment and Settlement Systems Department of the Bank of Namibia to clarify the matter.

14. Enquiries

- 14.1 All enquiries related to this Determination shall be forwarded to:

The Director: Payment and Settlement Systems Department
Bank of Namibia
P.O Box 2882
71 Robert Mugabe Avenue
