

FOR IMMEDIATE RELEASE

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NAMFISA CAUTIONS THE PUBLIC ON BANK CARD AND PIN CODE RETENTION BY MICROLENDERS

The Namibia Financial Institution Supervisory Institutions (NAMFISA) is cautioning the public on microlenders retaining possession of bank cards and PIN codes, original identification documents, original passports, and original driver's license of borrowers.

NAMFISA's Corporate Communications & Consumer Education Manager, Victoria Muranda says, the retention of bank cards and PIN codes, original identification documents, original passports, and original driver's licenses is prohibited since 1 March 2012. This aims at ensuring and protecting microlending customers from being exploited by unscrupulous microlenders. Consumers of financial services are the most vulnerable members of the financial system, and it is the job of the financial regulator to ensure that they are treated fairly and are protected against market abuse through the enforcement of the Microlending Act. Muranda stressed that the retention of bank cards and PIN codes and original identification documents enables increased market conduct abuse.

Consumers are protected by NAMFISA who enacts proper legislation. The fact that lenders keep the bank cards and PIN codes, or original identification documents does not necessarily imply they will use these items for anything other than collecting payments on their loans. However, consumers, on the other hand, face a genuine risk of their cards being used for other reasons, and the regulator cannot wait until a loss occurs before taking preventative actions.

The Microlending Act, 2018 (Act No. 7 of 2018) provides for a 5 percent default interest charge for up to three months, after which the borrower can be handed over to debt collectors or lawyers. Before being handed over, the borrower should be informed of the lender's intention, 28 days before the handover.

Though each lender has its own method of dealing with defaulters, the provisions of the Microlending Act must be followed. Muranda further advises that lenders cannot require borrowers to sign documents without an agreement between the two on the terms of the loan. Microlenders found guilty of contravening section 23(1)(f) of the Microlending Act, which is to keep or make use of bank cards or personal information such as bank cards; PIN codes, original identification documents, original passports, or original driver's license as security or for collection arrangement purposes, is liable to pay penalties calculated at 10 percent of the annual value of loan disbursements in the immediately preceding financial year.

The public is reminded that as per the provision of section 3(2) of the Microlending Act of 2018, any person who conducts the business of a microlender without being registered in terms of this Act commits an offence and is liable on conviction to a fine not exceeding N\$500 000 or to imprisonment for a period not exceeding five years, or to both such fine and such imprisonment.

Borrowers are encouraged to contact NAMFISA and report microlenders that insist on keeping their bank card and PIN, by calling our **TOLL-FREE NUMBER (0800290500)**. Complaints can also be registered on the NAMFISA website www.namfisa.com.na or emails to complaintsdept@namfisa.com.na

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About NAMFISA

The Namibia Financial Institutions Supervisory Authority (NAMFISA) exists to supervise financial institutions and financial services, and to advise the Minister of Finance on matters relating to financial institutions and financial services in terms of the NAMFISA Act, 2001 (No. 3 of 2001).

NAMFISA is further responsible for supervising and enforcing compliance with the Financial Intelligence Act, 2012 with respect of all accountable and reporting institutions supervised by NAMFISA in terms of the NAMFISA Act.

This relates *inter alia* to the business of Long and Short-Term Insurance; Asset Management; Unit Trusts (Collective Investment Schemes); Pension Funds; Medical Aid Funds; Public Accountants and Auditors; Exchanges; Stockbrokers; Insurance Brokers and Agents; Friendly Societies; Money lenders; and Microlenders.