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NaCC, BoN in spat over fuel cards

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WINDHOEK – Yesterday’s public statement by the Namibia Competition Commission on a decision made by the Bank of Namibia has set off alarm bells of uncertainty, albeit subtle ones, on the level of communication between the two regulatory institutions.

The Namibia Competition Commission (NaCC) called a media briefing yesterday to express its “concern” with the possible stifling of consumers’ right to “fair, reasonable and just” choices of alternative payment methods, as a result of the Bank



Heinrich Gaomab II



Ndangi Katoma

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of Namibia's decision to phase out fuel and garage cards. NaCC is "highly concerned" that the decision has indeed led to constraining consumers in their method of choice to settle an applicable transaction.

BoN Director for Strategic Communications and Financial Sector Development, Ndangi Katoma, when contacted for comment said that with the phasing out of fuel and garage cards commercial banks provided options of debit and credit card use to all service station owners.

"It however remains the choice of the service station owners to accept or not accept debit and credit card payment options made available by commercial banks," Katoma said.

Indeed, says NaCC, the choice of payment medium rests with regulators and market forces, and it is the free choice of service providers to decline or accept specific payment mediums, provided it is officially acceptable. But NaCC says this should be as long as there is no coercive or excluding conduct between banks and service station owners.

The publicly expressed difference of opinion emerges two years after NaCC and Bank of Namibia (BoN) signed a memorandum of understanding that specifically aimed at "remov[ing] any grey areas that may have existed in the interpretation of the banking and competition laws in Namibia."

The two institutions said then that the MoU was to have a consistent implementation of regulation policies by the two regulators, without "friction and duplication of activities".

NaCC's Chief Executive Officer Heinrich Gaomab II, without elaborating, admitted the NaCC had discussions with BoN to

lator was ironing out the final implementation of the National Payment System, which ended the use of fuel and garage cards on the last day of February this year.

For motorists this means using either cash, debit cards or credit cards when filling up.

However, service station owners have not yet moved to accept debit cards for fuel payment, as they result in additional bank charges that eat into the dealer margin that constitutes the revenue of service station owners.

As such there are only a few service station owners who accept debit or credit cards, based on agreements with specific commercial banks.

It is one of the practices that had NaCC issuing a statement that such agreements between a specific bank and selected service station owners is a competitive disadvantage to other service station owners and "could be viewed as collusive practices that are either restrictive or exclusive in nature, thereby limiting or restricting competition in the market."

The Bankers Association of Namibia said two weeks ago that it would "consistently engage with fuel stations to persuade them to accept debit/credit cards for convenience sake". NaCC however asked the commercial banks to ensure that the choice of payment methods given to consumers "is not restricted or constrained as a result of this development".

The Association of Service Station Owners was also cautioned to "refrain from telling or persuading their members to engage in conduct that is uniform as it could be viewed as collusive in nature and may not be in accord with the free spirit of competition," with all members no longer acting independently.