

**TALKING POINTS BY THE GOVERNOR OF THE BANK OF NAMIBIA**

**MR JOHANNES !GAWAXAB**

**AT THE HANDOVER OF BAN LEADERSHIP**

**11 MAY 2021  
WINDHOEK  
NAMIBIA**

**Director of Ceremonies,**

Ms Ester Kali, outgoing President of the Bankers Association of Namibia (BAN),

Ms. Martha Murorua, incoming President of BAN,

Invited esteemed guests,

Members of the Media,

Good Morning!

1. **Permit me at the onset to thank Mrs Kali for your stellar leadership and cooperation with the Bank of Namibia during your tenure as BAN President.** I particularly want to thank you for steering the ship during the most challenging time as your tenure coincided with the outbreak of the Covid-19 pandemic. Over the past 12 challenging months, you have managed to coordinate the banking industry's position and response to the uninvited enemy that has shaken not only the financial sector but all major sectors of our economy.
2. **The Bankers' Association of Namibia is a creation of statute – in place since 1997, in line with the Banking Institutions Act, 1998, as amended.** BAN has continued to play an important role, in an ever-changing regulatory and economic environment, by creating a higher level of mutual understanding between the different stakeholders. Our financial system has benefited greatly from the synergy and collaboration between the regulator and BAN. This includes several transformative developments introduced over the years that are essential for Namibia to maintain and foster a world-class financial system.

Ladies and gentlemen,

3. **The handing over of the leadership baton is taking place amidst the Covid-19 pandemic that has upended the ways we work and live.** For the industry, business models and operations have been revamped, reflecting current and future realities. This while contending with a low inflation and interest rate environment and an economy that is trying to recover. For the regulator, it is not business as usual as we balance the need for smart regulation and supervision on the one hand, with promoting financial stability in order to mitigate the risks that may be introduced, on the other.

4. **As a central bank, we remain committed to our core responsibilities of promoting monetary stability and contributing to financial stability conducive for economic growth.** In this regard, inflation is well contained and will be low for longer whilst our financial system is stable and sound. However, going forward, we have our job cut out to stimulate growth and stabilize the economy through inclusive and sustainable growth. It is therefore vital that the Bank's research agenda takes note of the changes happening in the real economy and mobilize stakeholders to implement relevant evidence-based policy recommendations. My own vision for the Bank is to transform the central bank and make it relevant in discharging this core mandate, modernise the financial system and help restore economic growth.
  
5. **In relation to the financial system, it should be efficient and modern, while promoting financial inclusion.** Technology enables. I can see three things colliding at the moment: SMS and texting, content and payments. This collision allows a product to be advertised and marketed, and sold, and paid for. One can also interpret what customers think about a product through this collision. So, it is all about data production and processing. The time is ripe for innovation that assist to leverage digital breakthroughs to achieve the noble objective of financial inclusion and deepening and development of the financial sector.
  
6. **While ensuring a financial sector at the cutting edge of the technological revolution, we should not be oblivious to perceptions (perceived or real) of high banking charges and fees.** We need to do something about it, and fortunately, I take note of the industry's commitment through the National Payment System Vision and Strategy for 2025 to drive consumer education and financial inclusion through endeavors such as the integration of payment solutions to achieve high levels of interoperability, and the digitization of payments, just to name a few. With the dawn of a new Vision, coupled with the current and foreseeable socio-economic challenges, it is an opportune time to re-create a payments ecosystem that is inclusive and that allows for affordable and accessible payment services and products. Economic agents in the informal sector and rural areas, in particular, need this. Once again, I take this time to remind ourselves as key partners of one of a number of principle-based commitments outlined in the NPS Vision 2025 to drive digital technology adoption rates and to unlock the potential of the informal sector, which in turn will propel broad-based economic advancement for Namibia. Of course, in addressing the financial inclusion objective, it is imperative to ensure that no undue risks are introduced to the financial system, and that the costs associated in

rendering a safe, reliable, and efficient National Payment System (NPS) are effectively managed and optimized.

7. **The debate on the current low interest rate environment remains an intriguing one and it is not a zero-sum game as some would have us believe.** In my considered view it should also be good for banks. Yes, it has led to margin compression and it is unusual, but it can also allow commercial banks to leverage deposits and duration.

Ladies and gentlemen,

8. With these few words, allow me to welcome Ms. Martha Murorua as the new President. I look forward to working with you and BAN in modernizing the financial system whilst ensuring its stability.

I thank you for your kind attention.