

**OPENING REMARKS BY THE ASSISTANT GOVERNOR OF BANK OF NAMIBIA,
MR. MICHAEL MUKETE AT THE SEMINAR ON BANKING SUPERVISION, MACRO-
PRUDENTIAL ANALYSIS AND FINANCIAL STABILITY - 14 FEBRUARY 2012**

Good morning everybody. First and foremost, please join me on behalf of the Bank in extending a warm welcome to Bundesbank seasoned experts Dr Martin Pontzen and Mr Peter Spicka who have taken time off their busy schedules to facilitate this very important seminar on financial stability. Let us welcome them in our usual Eagle way of clapping hands. Secondly, I would also like to welcome NAMFISA delegates and finally the colleagues from the Bank, and in particular I am pleased to see members of Financial System Stability Committee. Let me urge you all to actively participate in the series of discussions during the next three days.

Over the last decade or so, addressing financial instability and **macroprudential analysis** has risen to the top of the policy agenda of many countries and Namibia is no exception. You will agree with me that with the recent global financial crisis, we witnessed how financial instability has impacted many countries' macroeconomic environment, with substantial consequences for their economic activities, price stability and monetary policy transmission processes. However, despite the global economic slowdown the Namibian financial system remained **resilient**, giving us a window of opportunity to now sharpen our individual and collective roles in strengthening financial stability and macroeconomic policies.

Ladies and Gentlemen, there is no universally accepted definition of financial stability or its antithesis financial instability, with many countries with varying national specific definitions. I believe the best way for all of us to get to grip with this jargon is to resort to a metaphor that might best describe financial stability. I have found a good metaphor coined by Rebecca Black in her lyrics of her song 'Friday' would do the trick. She describes weekend as a good metaphor of financial stability –Guess why? **Because no one is sure about that stability!** I hope post this seminar we will come up with Namibian context definition of financial stability.

While the development and implementation of the financial stability and macroprudential analysis is still at an early stage in Namibia, work streams within the Bank of Namibia made head way in key areas such as developing a stress testing model and framework to strengthen the financial stability analysis and reporting and to build

institutional and governance arrangements with other Regulators. I am also pleased to announce that Namibia is one of the 10 countries in Sub-Sahara Africa chosen to be part of FSB Regional Consultative Group. The countries are chosen on the basis of their financial system development and thus potentially their vulnerability to financial system instability. This initiative by FSB is aimed at broadening the consultations beyond the G-20 members' countries. The Sub-Sahara Africa FSB RCG was launched in Pretoria on the 4 February 2012.

In our endeavor to fast track this process we welcome this opportunity to learn from the experiences on financial stability in the European Union, in general, and at the Deutsche Bundesbank, in particular. We look forward to three days of productive discussions, and I wish you all the best for a successful event.

On behalf of the Governor of the Bank of Namibia, Mr Ipumbu Shiimi, please convey our heartfelt appreciation to Dr Jens Weidmann, President of the Deutsche Bundesbank, for making this seminar possible. I am convinced that the continued cooperation of this nature will allow us to come closer to our ultimate objective of promoting financial sector stability, not only on a national level but also globally. I thank you for your continued support and hope that next time when you return to Namibia that you could tour our beautiful country.

Finally, it gives me great pleasure to declare this Seminar on Banking Supervision, macro-prudential analysis and financial stability officially open.

I thank you for your kind attention.