Towards Sustainable
Economic Development

THE NAMIBIA FINANCIAL SECTOR TRANSFORMATION STRATEGY:

2025 – 2035

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ACRONYMS AND INITIALISMS

AfCFTA	African Continental Free Trade Agreement
AgriBank	Agricultural Bank of Namibia Ltd
BoN	Bank of Namibia
CSD	Central Securities Depository
ESG	Environmental, Social and Governance (Principle)
EKYC	Electronic Know Your Customer
FIM	Financial Institutions and Markets (Act)
Fintech	Financial Technology
FLI	Financial Literacy Initiative
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
MSMEs	Micro, Small and Medium Enterprises
MOF	Ministry of Finance
NAMFISA	Namibia Financial Institutions Supervisory Authority
NBFI	Non-Bank Financial Institution
NFSTS	Namibia Financial Sector Transformation Strategy: 2025-2035
NSFF	Namibia Financial Sector Strategy (2011-2021)
NSX	Namibian Stock Exchange
RegTech	Digital Regulatory Technology
SADC	Southern African Development Community
SFA	Strategic Focus Area
SMEs	Small and Medium Enterprises
SupTech	Digital Supervisory Technology

FOREWORD

The Namibia Financial Sector Transformation Strategy (NFSTS) 2025—2035 represents more than a policy document; it embodies the collective vision for a financial ecosystem that serves every Namibian, from the bustling commercial centres of Windhoek to the most remote rural communities.

The global financial landscape has undergone unprecedented transformation in recent years. Digital technologies have revolutionised how people access, manage, and transfer money. Climate change has emerged as a defining challenge requiring innovative financing solutions. The COVID19 pandemic has accelerated digital adoption while exposing vulnerabilities in our financial infrastructure. Against this backdrop, Namibia must not merely adapt but lead in creating a financial sector that is resilient, inclusive, and forward-looking.

This Strategy builds upon the solid foundation established by the previous Financial Sector Strategy (2011—2021), which made strides in expanding financial access and strengthening regulatory frameworks. However, the challenges and opportunities of the next decade demand a more ambitious and comprehensive approach.

The NFSTS 2025—2035 is designed to transform Namibia's financial sector into a dynamic engine of economic growth, social inclusion, and sustainable development.

At the heart of this Strategy lies the sector's commitment to financial inclusion. Despite notable progress, too many Namibians remain excluded from formal financial services, particularly in rural areas and among informal sector participants. Therefore, this Strategy prioritizes innovative solutions—from mobile banking platforms to agent banking networks—that will bring financial services to every corner of our nation. This Strategy envisions Namibia where geographic location, income level, or employment status no longer determines one's access to essential financial services.

Digital transformation represents another cornerstone of Namibia's vision. The rapid advancement of financial technology presents unprecedented opportunities to leapfrog traditional banking infrastructure and create more efficient, accessible, and secure financial services. Through strategic investments in digital payment systems, regulatory sandboxes for fintech innovation, and comprehensive digital literacy programs, the implementation of this Strategy will position Namibia as a regional leader in digital finance.

The Strategy's emphasis on financial sector localization reflects the determination to ensure that Namibia's financial institutions are not merely conduits for international capital but active partners in the national development. By strengthening domestic financial institutions, developing local capital markets, and building indigenous expertise, Namibia will create a financial sector that truly serves its citizenry's interests and priorities.

Consumer protection and financial literacy form the protective foundation upon which all other initiatives rest. As we expand access to financial services and introduce new products and technologies, we must ensure that consumers are equipped with the knowledge and protections necessary to make informed decisions. This Strategy establishes comprehensive frameworks for consumer education, dispute resolution, and regulatory oversight that will safeguard the interests of all financial service users.

The five strategic pillars of this Strategy—Financial Sector Development for Growth and Sustainability, Financial Access, Literacy and Protection, Digital Transformation and Innovation, Financial Sector Localization, and Skills and Capacity Development—are interconnected elements of a comprehensive transformation agenda. Success in one area will reinforce and accelerate progress in others, creating a virtuous cycle of development that benefits all Namibians.

Implementation of this Strategy will require multi-stakeholder collaboration among government institutions, regulatory bodies, financial service providers, development partners, and civil society organisations. The Ministry of Finance is committed to providing leadership and coordination. However, the success ultimately depends on the active participation and commitment of all stakeholders.

The alignment of this Strategy with Vision 2030, the Sixth National Development Plan (NDP6), the Integrated National Financing Framework and the United Nations Sustainable Development Goals ensures that our financial sector development contributes to broader national and global objectives.

As we embark on this transformative journey, I am confident that the dedication, expertise, and collaborative spirit that characterised the development of this Strategy will continue to guide its implementation.

I extend my profound appreciation to all stakeholders who contributed to the formulation of the NFSTS 2025—2035. The Bank of Namibia, the Namibia Financial Institutions Supervisory Authority (NAMFISA), the former Ministry of Industrialization and Trade, financial service providers, consumers, development partners, civil society organizations and the Financial Sector Council, your expertise, insights, and unwavering commitment to Namibia's development have been instrumental in creating a roadmap that will guide our financial sector transformation for the next decade.

Together, we will build a financial sector that truly serves all Namibians and contributes meaningfully to Namibia's shared vision of a prosperous, equitable, and sustainable future.

Ericah Shafudah (MP)
Minister of Finance
Republic of Namibia

MESSAGE FROM THE GOVERNOR OF BANK OF NAMIBIA

As the central bank of the Republic of Namibia and regulator of the banking system, the Bank of Namibia carries a fundamental responsibility to maintain financial stability, safeguard the integrity of the financial system, and promote an enabling environment for inclusive and sustainable economic growth.

In fulfilling this mandate, I am honoured to present the Namibia Financial Sector Transformation Strategy (NFSTS) 2025–2035; a strategic blueprint that defines the future of our financial sector and its role in accelerating Namibia's economic transformation. This Strategy is not merely an update of past efforts; it represents a deliberate shift toward a more inclusive, resilient, innovative, and development-oriented financial ecosystem.

From a regulatory perspective, the NFSTS responds to the need for a more agile, modern, and responsive financial sector, one that effectively channels capital to productive sectors, embraces innovation responsibly, and provides all Namibians with fair and equitable access to financial services. It recognises that financial stability and financial inclusion must go hand in hand, and that regulation must evolve to keep pace with structural shifts, technological advancements, and changing consumer behaviours.

The Bank of Namibia is committed to enhancing its supervisory frameworks through more risk-based, forward-looking, and technology-enabled approaches. We are deepening our focus on digital financial services, open finance, cybersecurity, and financial consumer protection, while ensuring that prudential oversight remains robust and aligned with global standards.

The NFSTS also recognises the importance of inclusivity, both in terms of access to financial services and participation in decision-making within the sector. This transformation will require the collective commitment of government, industry, and citizens alike, as lasting progress can only be achieved through shared purpose and partnership. As we continue to build regulatory capacity and develop enabling policies, special attention will be given to addressing the structural barriers including lack of access to financial services facing rural populations, informal businesses, youth, and women.

Ultimately, this Strategy reinforces the role of the financial sector as a catalyst for national development. With this Strategy, Namibia positions itself as a regional leader in financial innovation and inclusivity - proof that bold vision, when matched with decisive action, can reshape an economy for generations. The Bank of Namibia remains committed to leading by example, upholding sound regulations, and partnering with stakeholders to realise the Strategy's vision of a future-fit, inclusive, and transformative financial sector.

Let us seize this opportunity to align our regulatory vision with our national aspirations, aligned with Vision 2030 and together, build a financial system that truly works for all Namibians - one that not only meets today's needs but also anticipates the opportunities and challenges of tomorrow.

Mr. Johannes !Gawaxab
Governor, Bank of Namibia

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER OF NAMFISA

The Namibia Financial Sector Transformation Strategy 2025 –2035 (NFSTS) is more than a policy - it is a national imperative. At this pivotal moment, the sector must move beyond fragmented growth and embrace purposeful transformation.

The Namibian Financial Institutions and Supervisory Authority (NAMFISA), as the regulator of the Non-Banking Financial Institutions (NBFI) sector – encompassing pension funds, insurers, capital markets, microlenders, collective investment schemes - is central to this transformation. Our role in the financial ecosystem is focused on ensuring the stability, integrity, and development of markets that are crucial for long-term savings, risk management, and capital formation.

The NFSTS provides us with an unprecedented opportunity to align our regulatory approach with broader national development objectives while maintaining our core commitment to protecting consumers and promoting market confidence. The NFSTS makes a compelling case: we must invest strategically. This means creating an enabling environment for the development of subnational finance models to uplift all regions, leveraging digital innovation while strengthening cyber resilience and scaling green finance – because the climate crisis will not wait.

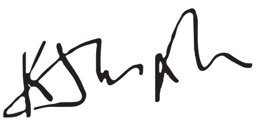
NAMFISA takes full ownership of the NFSTS and its unified vision. We welcome its emphasis on coordinated supervision, robust consumer protection, and outcome driven regulation, especially as we transition toward full implementation of the Financial Institutions and Markets (FIM) Act and Consumer Credit Bill. Yet ownership alone is insufficient. The success of the NFSTS hinges on broad-based commitment – requiring bold policymakers, agile institutions, intentional investors, and inclusive community engagement. It calls for champions at every level who shift from compliance to contribution.

The framework is set. The opportunity is clear. What remains is our collective will to deliver. At NAMFISA, we are ready. Our commitment is clear – to strengthen oversight, create an enabling environment for resilient financial markets, and unlock capital for sustainable long-term growth. But we cannot do it alone. We urge every stakeholder to ask: What will my contribution be?

NAMFISA stands ready to partner with the Bank of Namibia, the Ministry of Finance, other Government ministries, Offices and Agencies, financial institutions, and all Namibians to bring this Strategy to life.

Let the NFSTS ignite not just dialogue, but decisive action. Let it inspire bold choices and lasting partnerships. Together, we can build a financial sector that is not only functional – but transformational. The moment is here. The responsibility is ours. Let us act.

Kenneth S. Matomola
Chief Executive Officer, NAMFISA



EXECUTIVE SUMMARY

Strategic Context and Vision

The Namibia Financial Sector Transformation Strategy 2025–2035 (NFSTS 2025–2035) represents a bold and comprehensive roadmap designed to fundamentally transform Namibia's financial sector into a dynamic engine of inclusive economic growth, innovation, and sustainable development. This decade-long Strategy emerges at a critical juncture in Namibia's development trajectory, as the nation seeks to harness the transformative potential of financial services to accelerate progress toward Vision 2030 and the United Nations Sustainable Development Goals.

Anchored firmly in Namibia's national development priorities as outlined in Vision 2030 and the Sixth National Development Plan (NDP6), the NFSTS 2025–2035 envisions a financial sector that serves as a cornerstone of national prosperity, social equity, and environmental sustainability. The Strategy recognizes that a well-functioning, inclusive, and innovative financial sector is not merely a supporting element of economic development but a fundamental driver of transformation that can unlock opportunities for all Namibians, regardless of their geographic location, income level, or economic circumstances.

The NFSTS 2025–2035 envisions a financial sector that serves as a cornerstone of national prosperity, social equity, and environmental sustainability.

The strategic vision encompasses the creation of a financial ecosystem that seamlessly integrates traditional banking services with cutting-edge digital technologies, robust capital markets with grassroots microfinance initiatives, and sophisticated risk management tools with accessible consumer protection mechanisms. This integrated approach reflects a deep understanding that financial sector transformation cannot be achieved through isolated interventions but requires a coordinated, multi-dimensional strategy that addresses systemic challenges while capitalizing on emerging opportunities.

Current Challenges and Structural Constraints

Despite the relative stability and advancement of Namibia's financial system compared to regional peers, the sector continues to grapple with persistent structural challenges that limit its ability to fully support the country's development aspirations. These challenges represent both immediate obstacles to financial inclusion and deeper systemic issues that constrain the sector's potential to drive economic transformation.

Limited access to finance remains one of the most significant barriers to inclusive economic growth, particularly affecting rural populations, micro, small, and medium enterprises (MSMEs), women, and youth. While Namibia has made notable progress in expanding basic financial services, substantial gaps persist in the availability of appropriate, affordable, and accessible financial products that meet the diverse needs of different population segments.

Limited access to finance remains one of the most significant barriers to inclusive economic growth

The shallow nature of Namibia's capital markets represents another critical constraint on the financial sector's ability to support long-term economic development. Limited market depth, low liquidity, and insufficient diversity of financial instruments restrict the sector's capacity to efficiently channel savings into productive investments. This constraint is particularly problematic for MSMEs and emerging enterprises that require patient capital and flexible financing arrangements to grow and create employment opportunities.

Low levels of financial literacy across the population compound these structural challenges, limiting consumers' ability to make informed financial decisions and fully utilize available financial services. The underutilization of digital and sustainable finance solutions represents a significant missed opportunity for leapfrogging traditional infrastructure constraints and addressing emerging global challenges.

Strategic Framework and Five Pillars

The NFSTS 2025–2035 addresses these interconnected challenges through a comprehensive strategic framework structured around five mutually reinforcing pillars, each designed to tackle specific aspects of financial sector transformation while contributing to the overall vision of an inclusive, innovative, and sustainable financial ecosystem.

Pillar 1: Financial Sector Development for Growth and Sustainability

The first pillar focuses on deepening and broadening Namibia's financial markets while integrating sustainability considerations into the core of financial sector operations. Key initiatives include the development of sophisticated capital market instruments, establishment of green finance frameworks, and strengthening of financial infrastructure to enhance market efficiency and stability. The sustainability dimension reflects growing recognition that long-term financial sector stability and growth are inextricably linked to environmental and social sustainability.

Pillar 2: Digital Transformation and Innovation

The second pillar harnesses the transformative potential of digital technologies to revolutionize financial service delivery, expand access, and enhance efficiency across the financial sector. Central initiatives include the development of comprehensive digital payment systems, establishment of regulatory sandboxes for testing innovative financial technologies, and investments in digital infrastructure, cybersecurity frameworks, and digital literacy programs that ensure all Namibians can participate in the digital financial revolution.

Central initiatives include the development of comprehensive digital payment systems

Pillar 3: Financial Access, Empowerment and Protection

The third pillar directly addresses financial exclusion by promoting inclusive finance initiatives, strengthening financial capability among consumers, and establishing robust consumer protection frameworks. Key components include the development of financial products and delivery channels specifically designed to serve underserved groups, comprehensive financial education programs, and consumer protection frameworks that ensure appropriate safeguards against exploitation while maintaining market confidence.

Pillar 4: Financial Sector Localization

The fourth pillar advances local ownership, decision-making, and meaningful participation in the financial sector, recognizing that sustainable financial development requires strong domestic institutions with deep roots in local communities. Initiatives include support for domestic financial institutions through capacity building and technical assistance, promotion of local capital markets, and development of indigenous expertise in financial services through education, training, and professional development programs.

Pillar 5: Skills and Capacity Development

The fifth pillar addresses the critical need for human capital development within the financial sector, ensuring that technological advancement and institutional strengthening are accompanied by corresponding investments in people and capabilities. This includes skills development initiatives covering technical and soft skills training, institutional capacity building efforts, and development of research and analytical capabilities that support evidence-based decision-making.

Additional targets focus on capital market development, digital access expansion to rural and underserved areas

Strategic Targets and Measurable Outcomes

The NFSTS 2025–2035 establishes ambitious yet achievable targets that provide clear benchmarks for measuring progress toward the Strategy's objectives. Key targets include achieving a financial inclusion rate of 95% by 2035, representing a significant expansion from current levels through innovative approaches to reach previously excluded populations. The financial literacy target of 85% reflects recognition that access to financial services must be accompanied by the knowledge and skills necessary to use these services effectively. The MSME financing success rate target of 70% addresses one of the most critical constraints on economic growth and job creation. Additional targets focus on capital market development, digital access expansion to rural and underserved areas, and increased domestic ownership and control of financial institutions.

The NFSTS 2025–2035 establishes ambitious yet achievable targets that provide clear benchmarks for measuring progress toward the Strategy's objectives

Implementation Framework and Governance

The successful implementation of the NFSTS 2025–2035 requires robust governance structures, clear accountability mechanisms, and adaptive management approaches that can respond to changing circumstances and emerging challenges. The Strategy establishes a comprehensive implementation framework that balances central coordination with decentralized execution, ensuring both strategic coherence and operational flexibility.

The monitoring and evaluation framework establishes regular reporting cycles, performance indicators, and review mechanisms that enable continuous assessment of progress and identification of necessary adjustments. Stakeholder engagement mechanisms ensure that implementation remains responsive to the needs and perspectives of different groups, including consumers, financial service providers, civil society organizations, and development partners.

Stakeholder engagement mechanisms ensure that implementation remains responsive to the needs.

Expected Impact and Transformation Outcomes

The successful implementation of the NFSTS 2025–2035 is expected to generate transformative impacts across multiple dimensions of Namibian society and economy. Economic impacts include increased investment in productive activities, enhanced MSME development and job creation, improved efficiency of capital allocation, and strengthened resilience to economic shocks. Social impacts encompass reduced inequality through expanded financial inclusion, enhanced economic empowerment of women and youth, and strengthened social protection through insurance and savings mechanisms. Environmental impacts include increased financing for renewable energy and sustainable development projects, while institutional impacts include strengthened regulatory and supervisory capabilities and increased domestic ownership and control of financial institutions.

Conclusion

As Namibia embarks on this transformative journey, the NFSTS 2025–2035 serves as both a guide and a commitment to building a financial sector that truly serves the nation's development aspirations. The strategy's success will be measured not only by the achievement of specific targets and indicators but by its contribution to creating a more prosperous, equitable, and sustainable future for all Namibians.

The Strategy's success will be measured not only by the achievement of specific targets and indicators but by its contribution to creating a more prosperous, equitable, and sustainable future for all Namibians

1. OVERVIEW OF THE NEW NAMIBIA FINANCIAL SECTOR TRANSFORMATION STRATEGY: 2025–2035

What informs the new strategy?

Climate change & green industrialisation:

There is a need for a fair and smooth transition to a greener, more climate-resilient economy and financial sector.

Inequality:

Inequality stands as an obstacle eroding the very foundation of social security for our citizens.

Rural-urban divide:

The rural-urban divide excerbates existing inequalities, restricts economic opportunities for rural populations, and hampers the overall development of the rural communities.

Digital advancement:

Digital technology is accelerating, bringing innovative solutions, efficiency and inclusivity, but also risks.

New forms of finance:

Alternative financing models present an opportunity to enhance financial inclusion, although not without risks.

Futureproofing the workforce:

The evolving financial sector landscape demands that the workforce be equipped with the necessary skills and knowledge.

Economic growth challenges:

There is a need to rejuvenate economic progress beyond extractive industries through the support of the financial sector.

Five Strategic Pillars and Strategic Focus Areas (SFAs) for 2025–2035

Strategic Pillar 1: Financial Sector Development for Growth and Sustainability

- SFA1: Broadening and Deepening the Financial Markets
- SFA2: Enhancing Sustainable Financing for Growth and Development
- SFA3: Modernizing and Upgrading the Financial Infrastructure

Strategic Pillar 2: Financial Access, Literacy and Protection

- SFA4: Access to Finance for Individuals and Micro, Small and Medium Enterprises (MSMEs)
- SFA5: Financial Literacy and Education of Consumers
- SFA6: Empowerment of Financial Consumers

Strategic Pillar 3: Digital Transformation and Innovation

- SFA7: Digitization and Innovation of Financial Services, Regulation and Supervision

Strategic Pillar 4: Financial Sector Localisation

- SFA8: Financial Sector Localisation, Ownership and Participation

Strategic Pillar 5: Skills and Capacity Development

- SFA9: Futureproofing the Financial Sector Workforce

Desired outcomes and key targets for 2035

Strategic Focus Areas (SFAs) and Outcomes	Key Targets and Milestones
Broadening and Deepening the Financial Markets • An advanced and vibrant capital market that attracts and sustains domestic and foreign investors	• 70% Increased number of registered domestic and foreign investors by 2035 • 75% Increase of new companies listed or assets under management by 2035 • Atleast 5 new financial instruments introduced yearly
Enhancing Sustainable Finance for Growth and Development • A financial sector that supports sustainable financing initiatives and activities	• Availability of a sustainable finance strategy that puts measures in place to mitigate the effects of climate change on the financial sector and the economy by 2035 • Number of new forms of sustainable and inclusive finance products and instruments introduced • 60% of rural farmers accessing finance to mitigate against climate related pressures
Modernising and Upgrading Financial Infrastructure • A dynamic and modern financial system that facilitates secure and convenient financial transactions, including for the rural areas and informal sector	• 80% increased number of digital transactions, especially in rural areas by 2035 • New types of financial data or depth of credit history recorded annually • Total number of third-party services providers or financial institutions accessing the enhanced credit reporting systems through open banking APIs (application programming interfaces) recorded annually
Digitisation and Innovation of Financial Services, Regulation and Supervision • A vibrant digital financial landscape with affordable financial services for all Namibians	• A comprehensive regulatory technology (RegTech) and supervisory technology (SupTech) framework for the financial sector in place by 2025 • Atleast 100 applications, 50 fintech models tested and 10 licensed annually • Adoption of cyber security measures to reduce cyber risks
Access to Finance for Individuals and MSMEs • Access to affordable, convenient and reliable financial services for individuals and micro, small and medium enterprises (MSMEs)	• Attainment of a financial inclusion rate of 95% at national level and 75% for the rural population • 80% of MSMEs that are 10 year and older approved for financing, and atleast 60% of new MSMEs that are 10 years and younger approved for financing • 70% of informal sector businesses and start-ups accessing finance from formal financial instituitions yearly
Financial Literacy and Education for Individuals and MSMEs • A financially and digitally literate population that is confident and empowered, and participates and makes responsible financial choices	• Increased financial literacy rate from the current baseline of 54.9% to 85% by 2035 • 70% national digital financial literacy rate by 2035 • Digital financial literacy data disagregated by gender, age, urban and rural
Consumer Protection and Empowerment • Namibian consumers empowered with transparent financial information and knowledge, and confident in the national financial system.	• Financial services laws strengthened to enhance market conduct standards and requirements • Number of laws and regulations reviewed or introduced
Financial Sector Localisation • A financial sector where Namibians are well represented in terms of ownership, and participation with localised business decisions that support Namibia's economic development	• Key strategic decisions in the financial services industry made locally and core business functions performed locally • Localisation and participation in the financial sector tracked using an appropriate measurement toolkit • Metrics or indicators to measure or track local decision making in place
Futureproofing the Financial Sector Workforce • A workforce equipped with essential skills and digital capabilities, navigating the evolving financial landscape	• 70% of employees who have completed essential skills and digital training

2. THE ECONOMIC DEVELOPMENT CONTEXT OF NAMIBIA

Like many other developing economies, Namibia is wrestling with structural economic growth challenges that have been exacerbated by the COVID-19 pandemic. According to Hausmann et al. (2022),[1] after an initial decade characterised by slow growth (1990–2000), the Namibian economy underwent a rapid growth period that lasted 15 years, underpinned by the global commodity super cycle.[2] The Namibian economy grew on average by 1.9 percent per annum during the period 2011–2021. This robust growth was underpinned by an expansionary fiscal policy. However, the fiscal space eroded the economic growth, escalated by COVID-19, which declined annually on average by 1.8 percent between 2020 and 2024. Other important factors that drove the contraction in growth were the end of the commodity super cycle and the implementation of fiscal consolidation measures, perpetuated by COVID-19 towards the end of this period. An economic complexity analysis by Hausmann et al. (ibid.) has revealed that Namibia is relatively less complex, with distant opportunities to diversify. This calls for a targeted approach to develop productive capacities, and the financial sector will be critical if the transformation of the economy is to be achieved.

Namibia continues to face economic growth & development challenges exacerbated by COVID-19.

The post-COVID recovery has gained momentum as the economy grew by 4.3 percent annually from 2021 till 2024. Key drivers of growth after the pandemic period have been the oil rush, and the strong appetite for foreign direct investment in the Green Hydrogen potential in the country.

Namibia has significantly reduced poverty since 1990. People living below the national poverty line had fallen to 17.4 percent by 2015/2016 from 27.6 percent in 2004. Severely poor households declined from 13.8 percent in 2009/2010 to 10.7 percent over the same period (UNICEF, 2021). However, according to the Namibia Household Income and Expenditure Survey (NHIES) 2015/2016 Report,[3] 43.3 percent of the population is multidimensionally poor.[4]

Further, despite significant progress in poverty reduction, Namibia remains one of the most unequal societies in the world. Namibia's Gini coefficient, a measure of inequality, was 59.1 in 2015, the second highest after South Africa. Inequality occurs in the financial dimension as well as in terms of access to finance and non-banking services such as insurance. Although financial inclusion improved from 65 percent to 78 percent of the adult population during the implementation period of the previous Namibia Financial Sector Strategy (2011–2021), with an improvement in access to banking services and financial literacy, there is still a need to enhance the quality and usage of financial services.

Furthermore, inequality and poverty persist.

Vision 2030 inter alia sets out various financial sector objectives with a view to achieving a more efficient, competitive and resilient financial system that is vital to securing the prospects of sustainable economic growth and development. It is expected that the Strategy will guide the achievement of the financial sector objectives as set out in the various National Development Plans and Vision 2030 by consolidating them, especially those relating to capital and financial markets development, participation and ownership of financial institutions, access to finance, consumer protection, and financial literacy.

The financial sector serves as a crucial catalyst of economic growth in Namibia. The sector plays an intermediation role by channelling financial resources to critical sectors that contribute to economic growth and development. The financial sector contributed on average about 7.1 percent to the country's Gross Domestic Product (GDP) between 2015 and 2024. Nevertheless, growth in the financial sector decreased to an average of 1.5 percent during the period 2020 to 2024. The sector still faces challenges in supporting critical sectors of the economy mainly due to domestic financing constraints, notably collateral. However, the sector remained stable, sound and well capitalised, despite the recessionary economic conditions.

The financial sector should channel resources to critical sectors

[1] Hausmann, T., Santos, M.A., Barrios, D., Taniparti, T., Pye, J.T., Muci, J.F., & Lu, J. (2022, February). A growth diagnostic of Namibia. CID Faculty Working Paper No. 405. Center for International Development, Harvard University. https://growthlab.hks.harvard.edu/publications/growth-diagnostic-namibia

[2] According to the World Bank, a commodity supercycle refers to an extended period of boom and bust in the commodities markets, with prices falling significantly above or below their long-term trends. Such movements could sometimes outlast the business cycle and often persist for more than a decade.

[3] Available at https://nsa.org.na/publications/

[4] The multidimensional metric is a measure of non-financial aspects of poverty that may exist, taking into consideration the overlapping deprivations that poor people face at various levels of society.

The health and stability of the financial sector will be meaningless if its overall impact on poverty, inequality and unemployment remains inadequate. Efforts in the financial sector must therefore culminate in enhanced economic growth and development of the type that should help create employment and reduce inequality and poverty. Namibia needs to build on the sound foundation of its financial system to support development in the identified areas and sectors with more potential for economic structural transformation and inclusivity impact. This demands the re-orientation of the financial sector to be responsive to economic transformation needs. It must address existing shortcomings for it to play its part in addressing the binding constraints facing the economy.

The sector must be responsive to the needs of the economy.

3. OVERVIEW OF THE NAMIBIAN FINANCIAL SECTOR

The Namibian financial system comprises a banking sector and non-bank financial institutions (NBFI) sector. The banking sector comprises of the Bank of Namibia (BoN) as the central bank, seven commercial banks, three development finance institutions and a post office savings bank. The NBFI sector comprises the insurance, pension funds, investments and microlending industries. Other players in the financial sector include the development finance institutions, namely the Agricultural Bank of Namibia, the Development Bank of Namibia, and the National Housing Enterprise.

The size of the banking sector has grown significantly in terms of assets, deposits, and total loans and advances over the period 2011–2024. In this regard, total assets of the commercial banking sector increased from N$61.7 billion in 2011 to N$189.9 billion in 2024, representing an average annual growth of 9.6 percent, which was higher than the average inflation rate of 4.9 percent registered during this period. Similarly, annual growth in deposits averaged 10.0 percent during the same period, exceeding the average annual inflation rate. Total loans and advances recorded average annual growth of 8.6 percent during the period 2011–2024. As a percentage of GDP, banking sector assets rose from 68.3 percent in 2011 to 77.5 percent in 2024.

The banking sector has recorded good growth over the NFSS 2011–2021 period.

According to the World Bank, Namibia has the second largest financial system in Southern Africa.[5] The financial system is relatively well-developed and dominated by NBFIs, mainly pension funds and insurers. The assets of NBFIs also increased from N$129 billion in 2011 to N$474.1 billion at the end of 2024. Pension funds were the largest contributor to the total assets of the NBFIs constituting 55.4 percent of the total assets in 2024.[6] This was followed by the long-term insurance sub-sector and the collective investment schemes at 17.7 percent and 16.9 percent, respectively. As a percentage of GDP, the NBFIs sector assets stood at 193.5. percent in 2024, up from 140.8 percent in 2011.

The NBFI sector has also grown significantly over the same period, with the pension funds dominating.

The financial sector plays a critical intermediation role by providing funding to support economic growth and development. As a result, a well-developed and deepened financial sector is critical to the effective operation of the Namibian economy. Financial sector deepening as measured by the share of (PSCE) Private Sector Credit Extension to GDP was recorded at 47.6 percent in 2011, compared to 47.8 percent in 2024. On average PSCE stood at 52 8. percent of GDP for the period 2011–2024. Broad money (M2) as proportion of GDP stood at 64.4 percent in 2024, compared to 64.6 percent recorded in 2011 in line with inflation. This ratio of broad money to GDP in Namibia is much higher than the average for Sub-Saharan Africa of 53.5 percent.[7] Even though the depth of the Namibian financial system is somewhat greater (compared to most economies in Sub-Saharan Africa), there remains scope for further enhancement and expansion in order to reach a higher level that is comparable to industrialised countries. This would require an inclusive, sustainable, and agile financial sector.

The overall stock market capitalisation of the Namibian Stock Exchange (NSX) stood at over N$ 2.3 trillion as at December 2024. As a percentage of GDP the stock market capitalisation, stood at 943 percent at the end of 2024. However, local market capitalisation stood at N$ 36.57 billion (17.31 percent of GDP), a far cry from the envisaged local market capitalisation level of 75 percent of GDP anticipated in the 2011–2021 Namibia Financial Sector Strategy.

NSX market capitalisation remains below the target level of the NFSS 2011-2021.

5. Available at https://documents1.worldbank.org/curated/en/376661479214149670/pdf/1478722578918-000022351-Namibia-Output-P147539-2016-10-28-04-51.pdf
6. Bank of Namibia (2025) Namibia Financial Stability Report.
7. IMF International Financial Statistics Database.

Figure 1: Stock market capitalisation as a percentage of GDP

Period	Main Board Market capitalisation (N$ million)	GDP (N$ million)	Market capitalisation as percentage of GDP
Dec-11	9,304	90,912	10.2%
Dec-12	11,057	104,911	10.5%
Dec-13	18,729	117,423	16.0%
Dec-14	22,322	134,836	16.6%
Dec-15	29,430	146,019	20.2%
Dec-16	32,017	157,708	20.3%
Dec-17	36,018	171,570	21.0%
Dec-18	35,406	181,067	19.6%
Dec-19	36,339	181,211	20.01%
Dec-20	27,440	174,243	15.8%
Dec-21	38,040	183,292	20.8%
Dec-22	36,568	205,584	17.8%
Dec-23	44,088	228,887	19.3%
Dec-24	46,385	245,097	18.9%

Source: NSX and BoN

Activity on the Namibian Stock Exchange has remained broadly unchanged, and liquidity remains a challenge. According to the Namibian Stock Exchange Annual Report for 2021, while local listings have increased, the demand for these local listings has not. Most institutional investors have adopted a buy-and-hold approach, which decreases the liquidity of the securities even further. It is anticipated that the establishment of the Central Security Depository company will open the Namibian market to further interest from the global market, increasing their appetite not only for shares, but especially on the bond market. The liquidity challenge on the Namibian Stock Exchange could be addressed by the availability of more listed financial instruments. Listing of local stocks on the NSX, particularly by the SMEs, remains a challenge, and the buy-and-hold approach continues to characterise trading in the Namibian shares market. SMEs also find it very difficult to list on the NSX owing, amongst others, to disclosure requirements coupled with skills and capacity constraints.

The envisaged Central Security Depository should open the Namibian market to increased investor interest.

From the above, it is evident that Namibia's financial sector is modern and comparatively largely developed and sound. This state of the financial sector is a result of past efforts, including the implementation of the Namibia Financial Sector Strategy (NFSS) 2011–2021.

A summary of the past Strategy's achievements and challenges which should continue to be addressed going forward are highlighted in Box 1 below.

Box1. Summarised Achievements of the NFSS 2011–2021 and Challenges to Rollover

The last Namibia Financial Sector Strategy, implemented over the period 2011–2021, was aimed at addressing identified key weaknesses in the sector. These included: a shallow financial market; limited competition, limited financial safety nets, and an underdeveloped capital market; inadequate and less effective regulation; limited access to financial services; low financial literacy; and a lack of consumer protection, amongst others. The main goal of the Strategy was to bring about an effective, efficient, stable, competitive, resilient, and inclusive financial sector by 2021. Furthermore, the Strategy identified specific reform areas and determined specific outcomes that would indicate whether the overarching goal and its subsidiary aims had been achieved. This goal would have been achieved through:

- a deepened, efficient and developed financial system;
- respected, world class and effective regulators;
- a stable, well-regulated and competitive financial sector;
- significant local ownership of financial institutions;
- an inclusive financial sector; and
- financially literate and protected consumers of financial services and products.

An independent evaluation of NFSS 2011–2021 carried out in 2022 concluded that considerable progress had been made across the various reform areas that the Strategy targeted; however, weaknesses were still observed in the system and some challenges were still being faced, as highlighted below.

- **Deepening and development of financial markets:** The most significant outcomes achieved were the implementation of changes to regulation 15 under the Long-term Insurance Act (5 of 1998), the Short-term Insurance Act (4 of 1998), and regulations 28 (regulation 13 from 2018) and 29 (regulation 15 from 2018) under the Pension Funds Act (24 of 1956). The Namibia Financial Institutions Supervisory Authority Act (3 of 2021) and the Financial Institutions and Markets (FIM) Act (2 of 2021) were passed in 2021, but these are yet to be implemented. This delay has resulted in the partial achievement of other, incidental outcomes. Progress on financial market deepening and development has also been slow. The localisation of the NSX remains way below the target of 75 percent of GDP that was to be achieved by 2021 due to it having only a few primary listings for the past few years. The development of government secondary market activities was also found to have remained limited, with a buy-and-hold tendency, driven by a limited diversity of asset classes and instruments. Furthermore, while progress has been made with the establishment of the envisaged Central Securities Depository (CSD), other aspects such as the market size and liquidity, and the lack of risk diversification are also limiting the scope for developing and deepening the capital market in Namibia.

- **Financial safety net:** The establishment and operationalisation of the Namibia Guarantee Authority was fully achieved, and these arrangements provide confidence in the financial system and reduce the risk of financial system crisis.

- **Financial inclusion:** Though more advances could still be made, some progress was found to have been made under this goal, which stretched across the three key aspects of consumer protection, financial literacy, and access to financial services and products for individuals and MSMEs. The targets relating to access to financial services and products were partially-to-mostly achieved for individuals, but less so for MSMEs. Outcomes relating to financial literacy were mostly fully achieved through the Financial Literacy Initiative (FLI) coordinated under the Ministry of Finance (MOF), while the measures envisaged by the NFSS through the Financial Services Adjudicator Bill to prevent delays in consumer protection were found not to have been fully implemented.

- **Localisation of the financial sector:** The evaluation found that significant advances had been made in the participation of Namibians on boards and in senior management of financial institutions, although the ownership aspect still lags behind. The banking industry's foreign ownership averaged 64 percent, with local ownership at around 35 percent in 2020. Although the sector heeded the call to transform by adopting a voluntary Charter for the sector which spells out the sector's transformation agenda, the full realisation of this transformation is yet to be felt. The key challenge is to ensure that achievements transcend the numbers and result in localisation of decision making, thus rendering the sector more responsive to the developmental needs of the Namibian economy.

- **Local ownership of NBFIs:** The evaluation also found the NBFIs to be lagging with respect to local ownership transformation. There is thus a need for the sector to ensure that local ownership transformation is genuine and effective, and that decisions on financing and investment are in line with Namibia's development vision.

- **Skills development:** While a comprehensive study of skills in the financial sector was completed and a Skills Development Plan was developed, the implementation of the Plan is still in a pilot phase and needs to be intensified in the future. It must also be continuously reviewed to ensure that it takes account of future needs that arise in the ever-evolving financial sector landscape.

Overall, Namibia's financial sector has developed well over the past 10 years. The strategic outcomes of NFSS 2011–2021 were largely achieved, and where a desired primary outcome was not fully achieved, subsidiary outcomes were achieved. As highlighted below, these achievements provide a solid foundation for the new Strategy and reorientation of the new objectives to consider emerging issues in the financial sector.

Despite persisting challenges, the financial sector has served the Nambian economy well:

- Stock market capitalisation as a percentage of GDP increased from 10% in 2011 to 21% in 2021.
- Number of Namibian companies listed on NSX increased from seven in 2011 to 14 in 2021.
- 90.9% of depositors protected by the Deposit Guarantee Authority, compared 0% in 2011.
- 4.9%. of total deposits covered by the Deposit Guarantee Authority, compared to 0% in 2011.
- 45% of bank equity owned by Namibians, compared to 34% in 2011.
- Six incubated asset managers with a minimum of 75% Namibian equity.
- 57 624 881 e-money accounts by 2021 following the launch of e-money regulations in 2012.
- 215 324 active basic bank accounts by 2021, following the introduction of the basic bank account in 2012.
- 110 short courses identified, eight piloted with industry in 2022.
- 47 SME loans covered under the Credit Guarantee Scheme since its commencement in 2020.

The financial sector has played a pivotal role in driving Namibia's economic development. The sector has been instrumental in facilitating capital flow, ensuring the efficient allocation of resources, and fostering private sector growth. Initiatives to expand financial inclusion have further enhanced the role of the financial sector, allowing a broader spectrum of the Namibian populace to participate in and benefit from the country's economic activities. Financial inclusion is currently estimated to be around 78%, while the financial literacy rate is estimated at 54.9%.

4. LEGAL AND POLICY ENVIRONMENT

The legal and policy framework for regulation and supervision determines the operating rules for financial markets and services in Namibia. Due to the constant and sometimes rapidly evolving nature of financial markets and services, it is critical for the legal and policy framework for regulation and supervision to evolve commensurately to ensure that the appropriate level of prudential and market conduct oversight of financial services is maintained.

An effective regulatory environment is a key enabler for financial development.

Within the NFSS 2011–2021, specific legal and policy frameworks were expected to be achieved, but some of these either remain Bills and in the law-making process or have been promulgated but not yet implemented (for example the FIM Act). In both cases, these remain relevant and carried over to the current Strategy. However, due to the ever-evolving nature of financial services, there are components of the existing legal and policy framework that may need to be reviewed and amended and there are new aspects of financial services, products and infrastructure that require changes in the existing legal and policy framework, or an altogether new policy and legal framework.

As the promulgation process is long and protracted, it is important that the legal and policy framework for regulation and supervision receive constant attention. Furthermore, all financial sector laws, where necessary, should be accompanied by a detailed policy paper or an explanatory memorandum to ensure that the objects of the policy are in the national interest and are reflected in the resulting laws and regulations. The way financial institutions are supervised is equally important – supervision of financial institutions incurs costs, and it is best to employ a focused approach where supervisory resources are directed to those aspects that pose the highest risk, i.e. risk-based supervision. The strategies to be implemented will ultimately ensure that Namibia has a modern, robust, and adaptive policy and regulatory framework that provides for an evolving and innovative financial sector.

The pace of change & innovation in the financial sector necessitates regular policy & regulatory reviews.

While significant progress has been made in the development of the legal and policy framework for the financial sector, there remain gaps and deficiencies that need to be addressed and closed. Similarly, the manner of supervision for the financial sector is also evolving, and in Namibia, the transition from compliance-based supervision to risk-based supervision has started, but is not yet complete.

Further, the institutional framework for regulation and supervision of the financial sector has, to date, served the sector well, but as the legal and policy framework expands to cover all components of financial sector supervision (prudential, market conduct and complaints adjudication) across a broader spectrum of institutions, it is important to ensure that the institutional framework supports this expansion. It is of critical importance that all components of financial sector supervision receive their deserved attention and are executed objectively. As such, this Strategic Pillar has two strategic focus areas – one that addresses the legal and policy framework, and the other that addresses the institutional framework.

To ensure effectiveness & efficiency, the institutional framework for regulation & supervision must be regularly reviewed.

The institutional framework for regulation and supervision dictates which institutions are responsible for what aspects of financial sector regulation and supervision. Due to constant change, inherent conflicts of interest, and the need to provide regulation and supervision in the most cost-effective and efficient manner, the institutional framework for regulation and supervision should be periodically reviewed to ensure an optimal structure and institutional arrangements. The current institutional framework for regulation and supervision of the financial sector is as follows:

- **Prudential supervision:** Prudential supervision of the banking institutions and NBFIs is the responsibility of the BoN and NAMFISA.
- **Macroprudential supervision:** The BoN is responsible for financial stability regulation and macroprudential oversight of the financial system, while the FIM Act designates NAMFISA as the responsible entity for micro-prudential supervision of financial institutions and financial intermediaries.
- **Market conduct supervision:** While the FIM Act provides for comprehensive market conduct supervision of NBFIs and charges NAMFISA with this responsibility, the Act has not yet become operational. The Banking Institutions Act (13 of 2023) does not provide comprehensively for market conduct and, consequently, the BoN does not perform market conduct supervision for banking institutions.

Prudential & market conduct oversight need to evolve with the financial markets to ensure they do not stifle innovation.

- **Complaints adjudication:** Although both the BoN and NAMFISA currently have complaints departments, these lack administrative or judicial efficacy, and there is no complaints adjudicator for the effective resolution of complaints.

- **Financial market integrity:** The Financial Intelligence Centre (FIC) serves to protect the integrity of the Namibian financial system against risks posed by money laundering, financing of terrorism, and other financial crimes.

- **Consumer credit supervision:** The Consumer Credit Act, when promulgated, will cover market conduct supervision related to credit provision by banking institutions, NBFIs and currently unregulated institutions (i.e., retailers or similar). It is critical that market conduct supervision is consistently applied.

Regulation must be strengthened to facilitate the NBFI environment.

5. WHAT INFORMS THE NEW STRATEGY?

The NFSS 2011–2021 was intended to achieve specific outcomes in respect of the identified reform areas of financial inclusion and financial markets but it largely did not achieve these intended outcomes because of the delayed implementation of the FIM Act. Consequently, certain reform areas and related outcomes are being carried forward into the new Namibia Financial Sector Transformation Strategy 2025–2035. In addition to noting previous reforms that form part of the new Strategy, it is imperative to take a comprehensive and forward-looking approach that addresses both domestic challenges and global trends.

The new Strategy carries forward unresolved reform areas & considers new global & domestic economic & financial developments.

At present, the key global trends include the following:

- **Climate change and green industrialisation:** Emerging climate change, the need for sustainable consumption, and efforts to transition to clean energy require climate action, which needs to be financed. Given the extent of the action that may be required, the related financing needed, and the available public resources, a financing gap may be experienced. The government needs to consider crowding in private climate finance and green finance through policy and innovative financial instruments. Digital innovation and the adoption of technology would also be needed for taking effective climate action and transitioning to net zero production paths.

Namibia must draw lessons from global trends that affect financial sector development, such as climate change, technological advancement, cyber risks, etc.

- **Demographic shifts:** The world's population is increasing. While some countries have large youth populations, the world's population is generally ageing. The number and proportion of older people are growing, putting pressure on pensions, social security, and health systems and finance.

- **Inequality:** Inequality in access to opportunities, employment, services, housing and healthcare continue to have a global impact. Gender inequality affecting women and young girls in the areas of education, employment, health and finance remain prevalent. Access to ownership and control over property, financial services, and natural resources requires ongoing reform and policy intervention.

- **Digital technology:** The development and adoption of digital technology is accelerating, bringing innovative solutions, efficiency and inclusivity, but also risks. These digital technologies include financial tools and automation, payment solutions, and marketing through financial technology and other technological advancements.

- **Urbanisation:** The proportion of people living in urban areas has increased to more than half of the global population, according to the United Nations. This trend is expected to continue for the foreseeable future, putting pressure on urban infrastructure, services, and the environment.

- **Cyber risks:** Digital transformation and the increased adoption of digital technology and services have brought about cybersecurity threats and risks for financial data and transactions, personal information, financial institutions, and applications.

Domestically, Namibia faces a steep structural transformation path which calls for a more active and deliberate approach to build capabilities and create economic capacities in sectors with revealed comparative advantages. The key economic challenges and binding constraints to growth and development are generally low productivity levels across sectors, and informality, particularly in the rural areas. The inability of the economy to produce sustainable jobs and viable economic opportunities, especially for the youth, women, and the rural economies, threaten to negatively impact political stability, which is a key tenet for development. It is therefore essential that the financial sector plays its role in supporting the creation of jobs and supporting viable economic opportunities in the economy. More specifically, the financial sector can:

- **Finance priority sectors with high potential:** The financial sector must support efforts and facilitate investment in identified sectors as per the National Development Plan 6, that are complementary to transitioning to private sector-led growth.

- **Finance entrepreneurship and local enterprises:** Finance and other support for MSMEs and entrepreneurs will create jobs and infuse economic dynamism and transformation.

- **Support agricultural initiatives:** Agriculture as a priority strategic sector with untapped potential which could equally deliver on food security needs to be a target sector for financial services.

- **Support rural development:** The financial sector must support activities creating economic interlinkages between the rural and urban economies. The financing should go beyond agricultural activities and support non-agriculture activities in rural areas, which will support job creation and raise the living standards of people in rural areas.

- **Consider a subnational development focus:** The financial sector must adopt a regional approach to funding economic diversification opportunities that considers regional endowments and potential.

- **Increase employment of Namibians:** Regulators and financial institutions can ensure that the correct skills are produced that can be absorbed in the financial sector.

- **Increased scale of the financial sector:** Developing the financial sector domestically and beyond will in the longer term provide more jobs for Namibians. Aside from jobs, other key issues facing Namibia include a lack of housing, the over-indebtedness of our people, and general financial exclusion, and the financial sector has a role to play in this regard.

Furthermore, within the financial sector, a new environment is emerging, presenting both opportunities and threats:

- **New forms of financing:** Funding models, including peer-to-peer lending and crowdfunding, are emerging. In the absence of a regulatory framework for such funding mechanisms, it presents potential risks to consumers as they are not regulated, and consumer protection would be lacking.

- **Technological advances:** Blockchains and cryptocurrencies have been introduced into the financial services by the enactment of the Virtual Assets Act (10 of 2023). The use of artificial intelligence and FinTech is increasing in the financial services industry. These technological advances will require a dynamic and carefully thought-out regulatory and supervisory response. The use of a central bank digital currency is being explored by the BoN.

- **Digitalisation:** Advancements in digital technologies have increased the efficiency of the financial sector, allowing the streamlining of operations and reducing costs. Embracing digitalisation and innovation not only creates opportunities to develop better banking and financial products and services, but opens the way for the sector to play a key role in promoting economic growth and conditions that foster employment creation. It can contribute to channelling funding to businesses, especially MSMEs, and thus contribute to financial inclusion. Digitalisation also brings with it challenges that must be noted, including cyber and data privacy risks. Similarly, connectivity challenges, particularly for rural and remote areas, need to be recognised to ensure that digitalisation does not increase exclusion and inequality.

- **Regional integration:** The financial sector should leverage the advancements and expansion opportunities presented by regional and continental initiatives.

The new Strategy also considers domestic economic & social challenges (such as unemployment, empowering women, the youth & other vulnerable groups).

The financial sectors must channel resources to sectors with growth potential to help bring about the structural transformation of the economy, including the rural economy.

Targeted support to MSMEs & the agriculture sector has potential to create jobs & raise living standards in rural areas.

By increasing funding to priority sectors, the financial sector could assist in the country's aspirations to job-creation.

Technological advancements offer opportunities for new forms of financing which Namibia should embrace, while mitigating associated risks.

Digital technologies have improved efficiency & should provide cost benefits & enhance financial inclusion.

6. THE NEW NAMIBIA FINANCIAL SECTOR TRANSFORMATION STRATEGY 2025–2035

The Namibia Financial Sector Transformation Strategy 2025–2035 (NFSTS 2025-2035) will focus on the following five Strategic Pillars and Objectives:

STRATEGIC PILLARS & OBJECTIVES

Financial Sector Development for Growth and Sustainability	To develop a financial system that supports an effective intermediation role of the financial institutions and optimises the mobilisation and allocation of capital to productive sectors in the economy.
Financial Access, Literacy and Protection	To broaden access to finance, enhance financial literacy, and safeguard consumer protection in Namibia.
Digital Transformation and Innovation	To foster the development and adoption of new technologies in the sector, including for regulation, supervision, and financial services.
Financial Sector Localisation	To increase meaningful ownership, representation and participation of Namibians in the financial sector.
Skills and Capacity Development	To address existing skills deficiencies and develop an agile and future-fit financial sector workforce.

Details of these Strategic Pillars are outlined below, followed by their focus areas and desired outcomes, and the strategies that are to be employed.

PILLAR 1: FINANCIAL SECTOR DEVELOPMENT FOR GROWTH AND SUSTAINABILITY

Financial sector development in Namibia involves strengthening both financial institutions and markets to create a system that supports sustainable economic growth. Financial market development can be tracked by measuring the size of the financial sector to the size of the economy, effectively measuring the extent of the provision of financial services in the country. This strategic pillar builds on and absorbs some of the initiatives from the NFSS 2011–2021 related to financial markets deepening and development and further strengthens these with strategies that embrace technological development and innovation in finance.

Strengthening both financial institutions & markets to support growth is at the heart of the new Strategy.

To ensure that the financial sector can play its role in stimulating economic growth, it is necessary that all the required financial infrastructure are in-place, modern and functional. This is and will remain critical for the financial sector itself to grow and develop. Digital identity and Electronic Know Your Customer (EKYC) have crucial roles to play in the digital transformation of a financial sector. With a robust digital identity system, even those in remote rural areas that do not readily have access to the traditional banking system can participate in the economy. Similarly, EKYC will streamline the customer onboarding process, making it faster and more efficient. Overall digital identities and EKYC can significantly reduce the risk of identity theft and fraud; and by improving regulatory compliance, EKYC helps financial institutions to comply with (AML/CFT) Anti-money Laundering / Countering the Financing of Terrorism regulations by accurately identifying customers and monitoring their transactions. These are all reasons why the Namibian financial sector needs to embrace and adopt digital identification and EKYC.

Additionally, the financial sector has the potential to contribute to climate change mitigation and indirectly address its associated challenges. Financing of certain sectors such as energy, transport and agriculture require alternative financing instruments and capital arrangements, given the changing operating requirements, and the size and long holding periods of the investments. Similarly, the financial infrastructure which forms the backbone of the financial system needs to be enhanced, as it significantly affects the efficiency and stability of the sector.

The financial sector must position itself to contribute to the country's climate change adaptation & mitigation.

Furthermore, by broadening and deepening the sector's offerings, fostering sustainable financing solutions and cultivating modern infrastructure, Namibia is committed to driving inclusive growth, uplifting communities, and ensuring the well-being of her environment. Through collaboration, technological excellence, and unwavering integrity, Namibia envisions a financial ecosystem that not only meets the needs of today but paves the way for a prosperous and sustainable tomorrow.

It is important that the financial ecosystem meets today's needs & paves the way for a prosperous & sustainable tomorrow.

Under this Strategic Pillar, the aim is for Namibia's financial sector to develop into a financial system that supports an effective intermediation role of the financial institutions and optimises the mobilisation and allocation of capital to productive sectors in the economy. As such, this Strategic Pillar comprises three focus areas, namely, broadening and deepening the financial sector, enhancing sustainable finance for growth and development, and upgrading and modernising the financial infrastructure.

DETAILS OF THE PILLAR 1 STRATEGIC FOCUS AREAS (SFAs)

SFA1: Broadening and deepening the financial markets

Within the Namibian context, deepening and broadening the financial markets aims to increase the availability, accessibility and diversity of financial products and services, which also caters for the inclusion of marginalised and underserved sectors of the economy. Although the financial sector has made strides over the NFSS 2011–2021 period in terms of access to financial services and deepening financial markets, intense efforts are required to achieve greater success in this respect. Financial deepening is a process that involves increasing the efficiency, depth (e.g., credit intermediation and market turnover), breadth (e.g., range of markets and instruments), and reach (e.g., access) of financial systems. As such, deepening can confer important benefits for macro-stability, financial inclusion and sustained growth.

The new Strategy aims to ensure increased availability, accessibility and diversity of financial products and services.

The market value of local companies listed on the NSX remains below the NFSS 2011–2021 target. The previous strategy targeted local market capitalisation as a percentage of GDP to be 75 percent. However, at the end of the period, local market capitalisation as a percentage of GDP stood at 17.31 percent. This is attributed to the fact that there are only 12 domestic companies with a primary listing on the NSX; the rest are dual-listed stocks, most with a primary listing on the Johannesburg Stock Exchange.

The local market capitalisation of NSX remains below desirable levels.

The debt market remains dominated by government paper, with very limited secondary market trading. The buy-and-hold strategy has been driven by the limited supply and diversity of locally listed assets.

Development of a government secondary market will enhance financial deepening.

Financing instruments and products for certain needs are absent, while infrastructure funding also continues to be an unachieved goal. The envisaged infrastructure fund is still to be established. The Central Securities Depository license was approved by NAMFISA in 2024, but its establishment is still a work in progress. Overall aspects such as market size, market liquidity and the lack of risk diversification are limiting the scope for developing and deepening the capital market in Namibia.

On the banking side, while the banking sector is profitable, liquid and well capitalised, there is still a lot to be done in terms of intermediation and supporting businesses and activities that will lead to the structural transformation of the economy. In particular, the sector must make an effort to develop appropriate products to serve MSMEs, which are regarded as the backbone of the development efforts, as well as the youth and women as special groups that require furtherance.

Alternative finance models should be considered for the development of the capital market. Innovative forms of financing including securitisation of existing assets, peer-to-peer lending, crowdfunding and venture capital have globally taken off, and are increasingly relied upon to supplement other forms of financing and unlock nascent value. The main objective under this focus area is therefore to strengthen advanced capital markets and resilience by promoting a diverse array of debt, equity and structured financing instruments. As such, the desired outcomes and strategies to achieve such outcomes are presented below, followed by an elaboration of each of the strategies.

Alternative forms of financing will supplement and strengthen capital markets & can diversify the financial sector to absorb shocks.

OUTCOME:
AN ADVANCED AND VIBRANT CAPITAL MARKET THAT ATTRACTS AND SUSTAINS DOMESTIC AND FOREIGN INVESTORS

Strategy 1: Develop a policy framework for advanced capital markets and resilience.

Strategy 2: Encourage the development of innovative and diverse financial services, instruments and products.

Strategy 3: Promote investor education and participation by youths, women and MSMEs in capital markets activities.

Strategy 1: Develop a policy framework for advanced capital markets and resilience: Namibia, like many emerging markets, needs to attract both domestic and international investments to support economic growth. A well-defined capital market provides a platform where savers can lend their funds to those who wish to invest. In this case, advanced capital markets can lead to more efficient allocation of financial resources, stimulate economic growth, and provide more financial options for businesses and the government. To employ this Strategy, the financial sector will:

- develop strategies to advance the capital markets industry by 2026; and
- introduce measures to encourage local shareholding in international companies by 2027.

Strategy 2: Encourage the development of innovative and diverse financial services instruments and products: A diversified financial sector can better absorb economic shocks and offers a wide range of financial products to consumers, thus catering to various needs of the economy. In this regard, the financial sector regulators will:

- promote the establishment of a sector-led innovation hub that focuses on promoting financial technologies by 2026;
- develop incentives framework by 2026 and provide incentives for financial institutions that introduce innovative products;
- collaborate on regulatory sandboxes to allow new financial products to be tested in a controlled environment by 2025 (this applies to the BoN and NAMFISA); and
- develop a strong, reliable and competitive alternative finance market through a responsive policy framework by 2030.

Strategy 3: Promote investor education and participation by youths, women and MSMEs in capital market activities: Engaging these groups will allow us to tap into a large segment of the population that has been overlooked. This will result in an increase in the pool of funds available for investment and ensure that the benefits of economic growth are more evenly distributed. In this regard, the financial sector will:

- introduce incentive schemes and equip these groups with skills needed to understand and participate in capital markets by 2027.

A well-defined capital market provides a platform where savers can lend their funds to those who wish to invest.

Ensuring investor protection builds trust in the market.

SFA2: Enhancing sustainable finance

At a global level, developments around the environmental, social and governance (ESG) principles have triggered questions concerning their potential impact on the financial sector and the economy at large, more particularly in terms of climate change risks. Moreover, there is currently a growing consensus that the financial system falls short of living up to its social potential and purpose. Consequently, global economies have started to focus on the development of strategies to mitigate the impact of environmental factors on the financial sector to ensure, amongst others, that the risks from climate change do not negatively affect the financial sector and constrain economic growth and development, nor hinder financial inclusion. The growing importance of sustainability and the potential for green growth has led to the promotion of sustainable finance initiatives, and the integration of ESG factors into financial decisions has become critical for growth and development objectives.

ESG factors should therefore be integrated into financial decisions.

For Namibia, climate change has over the years manifested through excessively dry conditions, erosion and floods, particularly in rural areas, and therefore disproportionally affecting the poor. Although many rural areas are rich in fertile land and resources like forestry and water, they face significant challenges, including inadequate infrastructure, a lack of financial resources, and poor access to basic financial services. These issues hinder rural communities' ability to mitigate climate change risks, adopt adaptive strategies, and build resilience against droughts and floods. The challenges cited above affect the per capita incomes of the poor and constrain the financial inclusion agenda.

Formal financial services must be extended to rural areas to avoid a disproportionate climate impact on the poor.

There is a need to create a progressive financial sector that facilitates the transition to a greener economy by developing green financing for enterprises that protect the environment and conserve natural resources. Namibia is well-endowed with natural energy resources, and this, together with the electricity scarcity in the Southern African Development Community (SADC) region, presents an enormous opportunity. Climate change and its associated risks increasingly require financial sector responses from insurers who offer financial protection and financial institutions who mobilise financial resources needed for investments in climate change mitigation and adaptation (building resilience). Namibia is a party to the Paris Agreement and other international treaties relating to sustainable development and climate change transformation. These forms of funding would put Namibia on the path to securing its goals of sustainable and inclusive development.

It is important to create a progressive financial sector that facilitates the transition to a greener economy.

Furthermore, in anticipation of the exploitation of Namibia's offshore oil and gas discoveries, it is critical that the financial sector is prepared not only for the economic opportunities these present, but also for the potential environmental and social impacts. A well-functioning and diversified financial sector is critical for harnessing these opportunities while ensuring that the transition to a greener economy is equitable and inclusive. Balancing the environmental effects of oil and gas exploration with Namibia's commitment to sustainability is vital.

A well-functioning and diversified financial sector will be critical to harness the opportunities presented by emerging industries in the country.

Taking all the above into consideration, the main objective under this focus area is to develop a highly competitive, innovative and diversified financial sector that facilitates transition to sustainable economic growth and development. As such, the desired outcomes and strategies to achieve the outcomes are as highlighted below.

OUTCOME:
A FINANCIAL MARKET THAT SUPPORTS SUSTAINABLE FINANCING INITIATIVES AND ACTIVITIES

Strategy 4: Develop a comprehensive, sustainable finance strategy to integrate sustainable practices within the financial sector.

Strategy 5: Develop new financing products, instruments and securities for effective financing of priority sectors.

Strategy 4: Develop a comprehensive, sustainable finance strategy to integrate sustainable practices within the financial sector: A sustainable finance strategy will align the financial system with long-term growth and stability, and complement the integrated national financing strategy. Financial institutions play a crucial role in effectively mobilising and channelling resources. Given the global shift towards sustainability, having a clear strategy will position Namibia to tap into international investments geared towards sustainable development. To achieve this, the financial sector will:

- promote the integration of sustainability into all financial practices, ensuring that it encompasses areas from banking to insurance, pensions and capital markets by 2025.

A sustainable finance strategy must be aligned to long-term growth and stability.

Strategy 5: Develop new financing products, instruments and securities for effective financing of priority sectors: As Namibia grows, it will need innovative financing mechanisms tailored to its unique challenges and opportunities. New instruments can help channel funds more effectively into priority sectors like agriculture, tourism, or renewable energy. To give effect to this, the following activities are recommended:

- identify the most promising sectors in need of funding and design instruments in alignment with the integrated national financing strategy by 2027;
- regularly review and refine these instruments based on their performance and changing market dynamics (ongoing); and
- increase the participation of the domestic financial sector in providing funding (auxiliary services) for extractive industries (oil, gas and mining) by 2030.

Priority sectors must be identified for tailored financial instruments.

SFA3: Modernising and upgrading financial infrastructure

Financial infrastructure enabled by financial technology and digitalisation promises faster, more transparent and potentially inclusive financial services. However, this all depends on other enabling infrastructure, including regulation, telecommunications, information technology, electricity, etc. The financial sector strives to embrace cutting-edge digital technologies, seamless payment systems, and resilient credit mechanisms. Through strategic partnerships, innovative solutions and unwavering commitment to security and efficiency, the aim is to create financial infrastructure that seamlessly connects individuals, businesses, and governments, propelling Namibia towards economic excellence, financial inclusivity and global competitiveness.

Technology-enabled financial infrastructure fosters efficiency, accessibility transparency & inclusivity.

An efficient and modern infrastructure will ensure that available technology is leveraged to develop digital infrastructure and platforms to enhance efficiency and access new markets. This infrastructure may include different types such as trading, central securities depositories, clearing houses and a modernised settlement system. Platforms may include pre-trading, trading, faster payments, administration and other post-trade activities. This will further enable new models in digital finance, including the issuance of digital licenses to unlock new business models and markets, providing a safe and transparent infrastructure, while maintaining financial market stability. The main objective under this focus area is to create a state-of-the-art financial system that empowers Namibia's economy for sustainable growth and prosperity. As such, its outcome and strategies are as outlined below.

OUTCOME:
A DYNAMIC AND MODERN FINANCIAL SYSTEM THAT FACILITATES SECURE AND CONVENIENT FINANCIAL TRANSACTIONS, INCLUDING FOR THE RURAL AREAS AND INFORMAL SECTOR

Strategy 6: Upgrade the existing financial infrastructure by incorporating cutting edge digital payments technologies and innovative financial solutions.

Strategy 7: Implement a digital identity, digital payments and secure data sharing system that streamlines and simplifies EKYC processes.

Strategy 8: Foster collaboration with stakeholders to enhance the relevant information and communication technologies (ICT) required for digital financial services.

Strategy 6: Upgrade the existing financial infrastructure by incorporating cutting edge digital payments technologies and innovative financial solutions: The acceleration of digital payment technologies can make financial transactions more seamless, quick, and accessible. For a country like Namibia, where remote areas may have limited access to conventional banking, these digital solutions can be revolutionary. The following projects and activities will be pursued:

Cutting edge technologies enable the extension of financial services to remote and rural areas.

- explore and introduce innovative digital financial services and solutions tailored to Namibia's unique landscape by 2025 (and ongoing);
- upgrade financial infrastructure to ensure that it is compatible with new technologies such as open banking platforms, blockchain and embedded finance by 2026; and
- encourage the development of alternative credit scoring methods and models to enhance the utilisation of alternative data by 2025.

Strategy 7: Implement a digital identity, digital payments, and secure data sharing system that streamlines and simplifies EKYC processes: EKYC will simplify the customer identification process, allowing financial institutions to bring customers onboard swiftly, securely and without the need for physical paperwork. This will bring excluded segments into the formal financial sector, while at the same time reducing the operational costs of banks and curbing potential financial crimes by ensuring accurate customer information. To achieve this, the following activities will be implemented:

Robust digital identity & EKYC systems will enable and ease customer onboarding & AML/ CFT compliance.

- develop and adopt a responsible digital public infrastructure that interconnects all three layers (digital ID, digital payments, secure data sharing) by 2026;
- develop EKYC solutions leveraging the envisaged digital identity system to ensure efficiency, security and ease of customer verification and onboarding by 2027; and
- monitor and review the system regularly to identify potential areas of improvement or necessary updates (and ongoing).

Strategy 8: Foster collaboration with stakeholders to enhance relevant ICT required for digital financial services: As the world moves towards digitalisation, ICT becomes the backbone of any financial service. Collaboration ensures that all stakeholders, from the government to private players, are aligned in their vision and can pool resources for maximum efficiency and effectiveness. In support of this Strategy, the following activity will be undertaken:

ICT infrastructure & electricity are key enablers for digitisation.

- identify gaps in the current ICT infrastructure and develop a strategic roadmap to address these gaps.

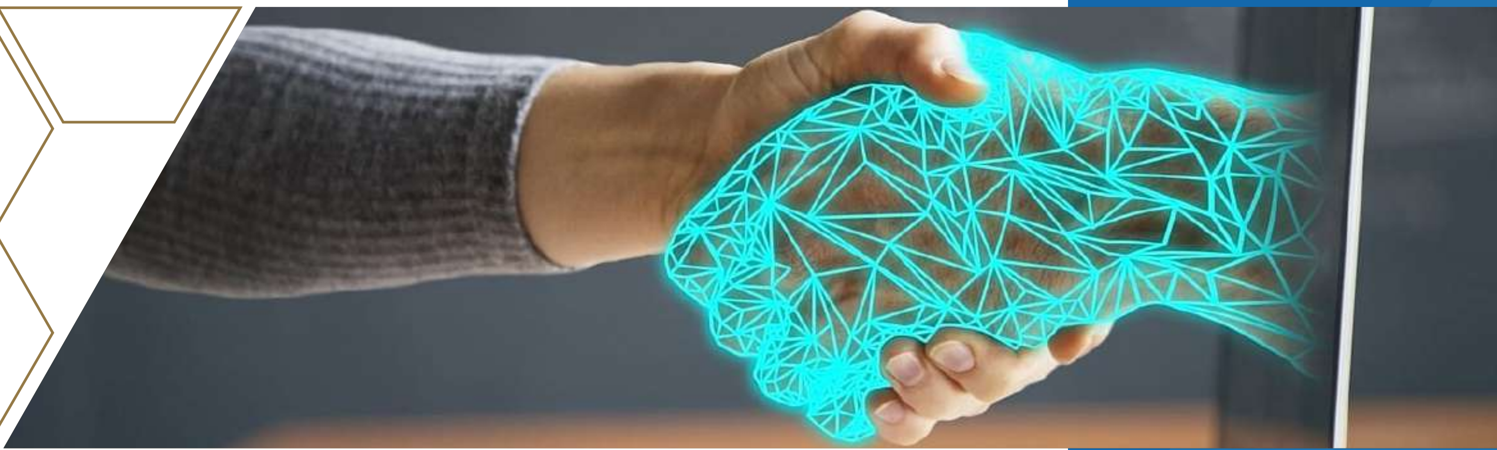
PILLAR 2: DIGITAL TRANSFORMATION AND INNOVATION

The global financial sector is increasingly using digitalisation to enable or improve processes, by making use of digital technology and data in the provision of financial services. The adoption of technology in the financial sector brings efficiency, speed and cost-effectiveness to the provision of financial services. At the same time, financial technology necessitates the management of risk related to financial integrity and stability. In Namibia, the financial sector has adopted digital transformation through the creation of electronic payment solutions and electronic wallets, but more still needs to be done to ensure that the sector and its consumers optimise the benefits offered by technology. With this Strategic Pillar, Namibia aims to encourage the development and adoption of new technology in the sector, including the digitalisation of regulation and supervision of financial institutions.

Globally. the financial sector is increasingly using digital technology & data to improve processes in the provision of financial services.

Enhancement of associated infrastructure is necessary to enable digital transformation of the financial sector. To harness the potential of digital financial services, sufficient ICT and other infrastructure needs to be in place. This includes reliable electricity supply, internet connectivity, telecommunications, digital identity, and other infrastructure which may fall under the mandate of non-financial sector regulators/authorities. This Strategic Pillar consists of two focus areas, namely, digitalisation and innovation in the regulation and supervision of financial institutions; and EKYC and digital identity onboarding in the financial sector.

Namibia must deepen digitalisation in the provision of financial services as well as in its regulatory & supervision approaches.



DETAILS OF THE PILLAR 2 STRATEGIC FOCUS AREAS (SFAs)

SFA4: Digitalisation and innovation of financial services, regulation and supervision

To facilitate financial inclusion, the financial sector needs to ensure an environment that facilitates innovation, efficiency and compliance. Such an environment will allow the sector to find solutions to the needs of customers, who are generally expecting faster, customised services and data privacy and security. Moreover, digitalisation of the financial sector should boost innovation, support entrepreneurship, and reduce the current urban-rural divide. It similarly offers opportunities for the emancipation of vulnerable groups such as women, youths and MSMEs. However, consideration should at the same time be given to safeguarding data privacy and ensuring the cybersecurity of customers.

Technology & skills gaps need be addressed for effective digitalisation.

It is also necessary to leverage digital innovations to enhance the resilience of the financial sector, while still allowing innovation to flourish. In this regard, the two financial sector regulators in Namibia (BoN and NAMFISA) have initiated technology, innovation and Fintech start-up spaces referred to as Fintech Sandbox and Fintech Square, while an Electronic Transactions Bill has also been drafted. Consideration is also being given to distributed ledger technology, and research on a central bank digital currency is also underway. These initiatives should be accompanied by sector-wide collaboration, and coordination should be pursued to further enhance the level of success in digitally transforming the sector to improve efficiency, cyber resilience and security, and further reductions in costs. The outcomes of this SFA and strategies to achieve the outcomes are as outlined below.

Digitalisation should streamline regulatory and supervision processes while still ensuring the resilience of the sector.

OUTCOME:
A VIBRANT AND CYBER-RESILIENT DIGITAL FINANCIAL LANDSCAPE WITH AFFORDABLE FINANCIAL SERVICES FOR ALL NAMIBIANS

Strategy 9:	Facilitate the digitalisation of financial services, regulation and supervision to reduce costs, improve speed, and enhance transparency and financial inclusion.
Strategy 10:	Foster an enabling environment that provides for RegTech, SupTech and digital financial services.
Strategy 11:	Strengthen cybersecurity readiness and responsiveness.

Strategy 9: Facilitate the digitalisation of financial services, regulation and supervision to reduce costs, improve speed, and enhance transparency and financial inclusion: Digitalisation of financial services can bring vast sections of the population into the formal banking system, especially in areas that lack traditional banking infrastructure. Digitalised services can also streamline transactions, reduce fraud, and increase transparency. Similarly, digitalising regulation and supervision via RegTech and SupTech plays a pivotal role in modernising the financial sector, enhancing compliance, and promoting transparency. In this regard, the financial sector will:

Digitalisation offers significant opportunities for a resilient financial sector & the economy, but associated risks need to be mitigated.

- develop a comprehensive (legal) framework to facilitate the digitalisation of financial institutions and platforms, including the establishment of technology for RegTech, SupTech and Fintech by 2027; and
- facilitate the development and adoption of digital solutions by financial institutions by 2026.

Strategy 10: Foster an enabling environment that provides for RegTech, SupTech and digital financial services: The Fintech sector presents immense opportunities for financial innovation, inclusion, and growth. By establishing a regulatory environment for Fintech, Namibia can harness these benefits while ensuring consumer protection and financial stability. In advancing this Strategy, the following actions will be taken:

RegTech & SupTech approaches to regulation can play a pivotal role in modernizing the financial sector, enhancing compliance & promoting transparency.

- develop comprehensive financial sector Fintech action plans by 2025;
- enable the adoption and use of electronic or digital signatures and identification (including EKYC/digital ID);
- regularly update laws and regulations to ensure they are relevant and conducive to technological adoption (ongoing);
- put in place mechanisms to monitor the effectiveness of RegTech and SupTech for continuous refinement of strategies and solutions by 2026; and
- strengthen the oversight of Fintech activities through a dedicated body or team under the existing financial regulatory structure by 2026.

Strategy 11: Strengthen cybersecurity readiness and responsiveness: As financial services move online, the threat of cyberattacks becomes more significant. Strengthening cybersecurity ensures the protection of sensitive financial data and maintains trust in digital platforms. The initiatives to be explored include:

Strengthening cybersecurity is essential for safeguarding the integrity of the financial system

- continiously strengthen the monitoring of cybersecurity risks through a coordinated approach through the relevant structures and platforms; and
- enhance contingency measures through coordination, communication, and preparedness among key stakeholders in the financial sector of Namibia (ongoing).

PILLAR 3: FINANCIAL ACCESS, EMPOWERMENT AND PROTECTION

The Financial Access, Empowerment and Protection pillar focuses on expanding access to affordable and appropriate financial services. This includes strengthening consumer capabilities through continious financial literacy, awareness and education activities, and safeguarding users through robust consumer protection mechanisms.

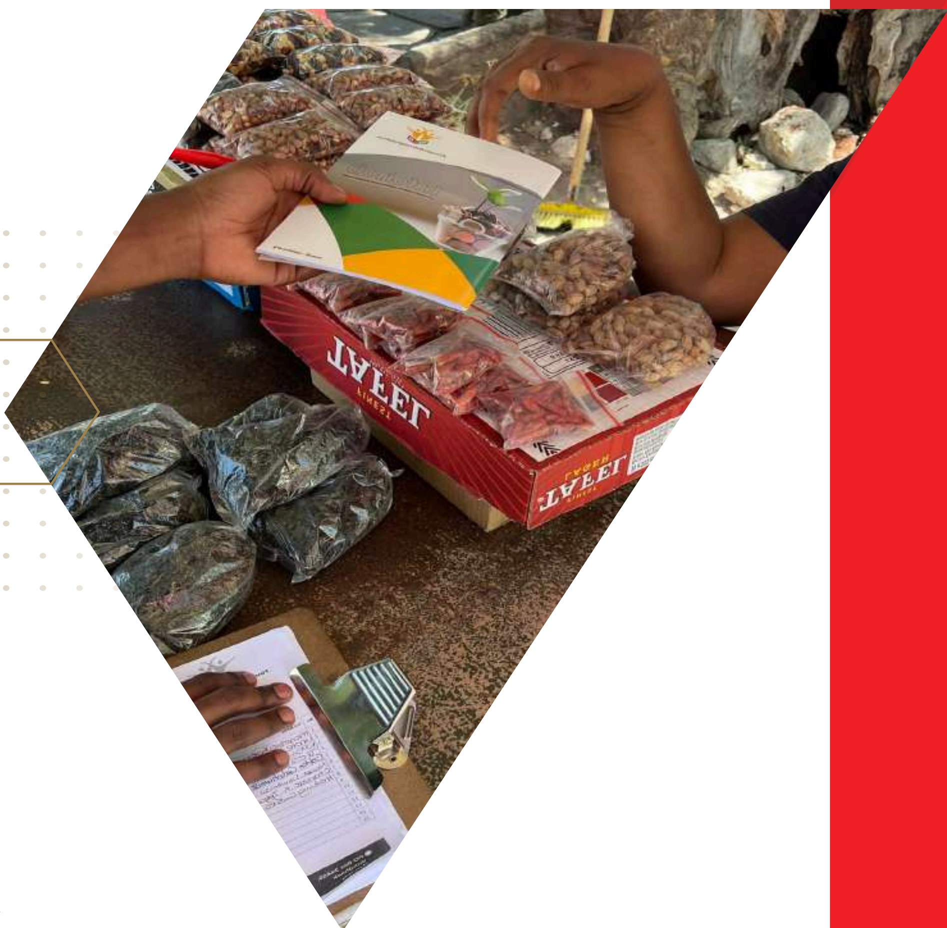
Financial inclusion is defined as access to and usage of affordable, convenient, and reliable financial services and products by all eligible members of society. This means that individuals and businesses have access to useful and affordable financial products and services that meet their needs. The purpose of financial inclusion is usually two-fold: firstly, it aims to draw the unbanked population/segments into the formal financial system, providing them with access to financial services ranging from savings, payments, and transfers to credit and insurance, which includes microfinance (microcredit, micro-saving and microinsurance), all delivered in a responsible and sustainable way; and secondly, to improve and enhance the delivery of financial services to those already included but underserved, notably due to their geographical location. Financial inclusion consists of three dimensions, namely access to financial services and products (for both individuals and MSMEs); financial literacy (knowledge and behaviour); and consumer protection.

Namibia has made significant strides on the financial inclusion front, but disparities between urban and rural areas remain.

This Strategic Pillar aims to build on the progress achieved in the NFSS 2011–2021 in terms of broadening access to finance, enhancing financial literacy efforts, and safeguarding consumer protection in Namibia. These three aspects remain relevant and critical for enabling the financial sector to play an effective role in expanding financial inclusion in Namibia and facilitating economic growth and development.

The key achievements of the NFSS 2011–2021 are in terms of financial inclusion, where the financial exclusion rate declined significantly (as highlighted in the Box Article above), and good progress was made in terms of the other inclusion dimensions of financial literacy and consumer protection. There is, however, still a lot to be done in order to ensure that rural inhabitants have similar access to financial services and products to those residing in urban areas. It is also equally important to ensure that inclusion is expanded beyond the access dimension to include quality and affordability. The sector needs to continue leveraging technological advancements and innovations to enhance service delivery and product offerings. The strategic focus areas under this Strategic Pillar are: access to finance for individuals and MSMEs; financial literacy and education; and consumer empowerment and protection.

A lot still needs to be done to enhance access & usage for the underserved rural segments & MSMEs.



SFA5: Access to finance for individuals and MSMEs

A key component of financial inclusion is access to basic and affordable financial services. Individuals and businesses need access to appropriate financial services and products. These services and products should be affordable and fit for purpose. The 2017 Namibia Financial Inclusion Survey showed that 78.0 percent of Namibian adults are financially included through access to financial services. The proportion of the financially excluded population thus decreased to 22.0 percent in 2017 from 31 percent and 51 percent reported in 2011 and 2007, respectively.

Affordability is a key challenge for financial access and inclusion.

There are, however, financial inclusion disparities between rural and urban areas, with 75.3% of the urban population being financially included, versus 59.3% of the rural population. Much therefore still needs to be done to enhance access and usage for the underserved rural segments who still face high transportation costs to access ATMs, bank branches, and other types of formal financial services. Furthermore, access to finance for MSMEs remains a problem. Financial institutions perceive MSMEs as highly risky, and they often lack appropriate collateral. There is a need to reduce the gaps in access to long-term finance for businesses and entrepreneurs, in particular considering the different financing options and their inherent risks and requirements, including in respect of development finance and commercial bank lending. Under this Strategic Pillar, the focus will be on access to finance for individuals and MSMEs.

Broadening access will deepen financial inclusion & empower individuals & MSMEs to participate actively in the economy.

One aspect that has not received significant attention is social security, which can provide the employed population with basic financial services – in particular, the Social Security Commission is currently providing benefits for workplace accident insurance, maternity and sick leave, and death benefits. Expansion of the benefits provided by the Social Security Commission to health benefits and pensions would significantly expand access to finance in Namibia. Furthermore, there are public enterprises that provide key financial services to specific segments of the Namibian society that need to be modernised or further supported. Support should further be extended to Fintech and NBFIs targeting MSMEs, and underserved customers. Priority should continue to be accorded to the adoption of new technologies and the digitalisation of operations as a key enabler for both financial inclusion and enhanced data collection and reporting. The main objective of this pillar is to broaden access to unserved and underserved communities, especially in rural areas, youths, women and MSMEs. In order to continue addressing these persisting financial exclusion challenges, new outcomes and strategies will have to be pursued, as highlighted below.

There is a case to expand social security benefits as part of expansion of financial services.

OUTCOME:
ACCESS TO AFFORDABLE, CONVENIENT AND REALIABLE FINANCIAL SERVICES FOR INDIVIDUALS AND MSMEs

Strategy 12: Implement measures to promote access to financial services for underserved populations (rural areas and the informal sector, MSMEs, youths and women).

Strategy 13: Promote the development of affordable and accessible financial institutions and products.

Strategy 12: Implement measures to promote access to financial services for underserved populations, including in rural areas and the informal sector, MSMEs, youths and women: Enhancing financial access for underserved populations can help reduce inequalities and poverty, foster entrepreneurship, and spur inclusive economic growth. By targeting demographics like the youth, women, and MSMEs, there is potential for driving innovation, creating jobs and ensuring a more equitable distribution of resources. Pursuant to this, the following projects and activities will be undertaken:

Women, youths & MSMEs are special groups that are underserved in Namibia & require targeted approaches.

- determine financial inclusion gaps for the youth, women, MSMEs, and the rural and informal sectors, and develop targeted inclusion policies to develop strategies in addressing these gaps by 2026;
- encourage the development of specialised financial products tailored to the needs of these segments, such as micro-loans, micro-insurance and micro-savings, and blended finance initiatives by 2030;

- develop and implement a suitable digital instant payment system to enhance access and reach, including in rural areas by 2025;
- introduce the national policy on the informal economy, start-ups and entrepreneurship, and the attendant Act on national enterprise development by 2025;
- develop a policy framework for the use of alternative data to develop alternative credit scores by 2026;
- periodically review, through impact assessments, the SME Financing Strategy to ensure its relevance and sustainability (yearly);
- assess the viability of a risk capital facility for start-ups, scaleups, youth and the informal economy to further reduce the gap in access to finance by 2026;
- resource and right-frame the Ministry of Industries, Mines and Energy and support schemes (e.g., the Equipment Aid Scheme, the Sustainable Development Goals Impact Facility, and the SADC-mandated Industrial Upgrading and Modernization Programme) with a view to their becoming viable revolving funds to ensure integrated support and alignment with MSMEs financing needs in the formal and informal economies by 2028;
- collaborate with industry to develop basic standard SME loan application terms to facilitate easier access to finance for MSMEs by 2026;
- investigate potential incentives for credit providers to finance MSMEs and youth, such as low interest rates by 2027;

Strategy 13: Promote the development of affordable and accessible financial institutions and products: Institutions such as microfinance entities, community banks, mobile banking networks, and savings and credit cooperatives, as well as microinsurance and micro-pension products, have proven to be effective in serving low-income people and MSMEs elsewhere. This is because diverse financial institutions and products cater to the needs of different segments of the population, ensuring that the entire spectrum, from big businesses to individual savers, has access to financial services. For example, entities like microfinancing institutions and mobile banking networks can deeply penetrate areas where traditional banks might not reach, thereby fostering financial inclusion. Consequently, the following projects and activities will be undertaken under this Strategy:

Diversification of financial services is important to cater for the needs of different segments of the population.

- devise strategies for offering incentives to entities willing to establish institutions such as microfinance enterprises, community banks, savings and credit cooperatives, and mobile banking networks in Namibia to encourage their speedy development by 2027;
- introduce training and educational initiatives to build capacities for rural communities to establish and maintain village savings and credit cooperatives or group schemes by 2026.
- establish the National Youth Fund and streamline it with existing government fund initiatives to support youth microenterprises, particularly those operating in the informal sector and rural areas by 2026;
- re-evaluate the role of the financial sector in accelerating access to housing opportunities (for low and ultra-low income communities) in line with the financial inclusion agenda by 2030.

SFA6: Financial literacy and education

Financial literacy is defined as the combination of awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions to ultimately achieve individual financial well-being. Like consumer protection, financial literacy plays a critical role in ensuring financial inclusion. For example, for consumer protection to be effective, it should be accompanied by consumer literacy on financial matters. Consumers are likely to participate in any sector if they feel protected, but also if they are knowledgeable about the products and services offered in that sector. Financial literacy serves two important, but distinct, consumer groups:

Financial literacy plays a critical role in ensuring financial inclusion.

New consumers of financial services: These are consumers who, for whatever reason, have not previously been exposed to financial services and need to develop their understanding of financial services. These consumers require understanding of the most basic elements of financial services, without which their access to and use of financial services would remain non-existent or limited.

Financial literacy & digital financial literacy foster financial health.

Existing consumers of financial services: These are current consumers of financial services who need to enhance their understanding of financial services due to advances in technology and/or product design or regulatory changes.

There has been significant momentum when it comes to financial literacy activities in Namibia since the adoption of the NFSS 2011–2021. In this regard, the Financial Literacy Initiative (FLI), a national platform for enhancing financial education for individuals and MSMEs, was launched in 2012 to contribute to the narrowing of the financial exclusion gap through creating awareness of financial services and products. The FLI, which falls under the MOF, is funded by platform supporters from the public and private sectors, regulators and parastatals, NGOs, and other civil society organisations. The platform supporters signed a Memorandum of Understanding to jointly design, fund and undertake targeted financial education and consumer protection initiatives in the country. Some of the activities implemented by the FLI thus far include financial wellness training, training for minimum wage earners, micro-entrepreneurs' simulation-based training, financial education for primary school learners, consumer education through outreach activities, and the undertaking of the financial capability surveys. Furthermore, primary and secondary school curricula are being revised (with focus on the former) to include financial literacy. Given the ongoing advances in financial services, financial literacy should continue to be an integral part of a financial sector strategy for the foreseeable future. Furthermore, financial literacy has gone beyond the mere provision of financial education, as it now focuses more on behavioural change of consumers in dealing with financial matters.

Initiatives under the Financial Literacy Initiative (FLI) have been ongoing but financial literacy needs to be an integral part of the new Financial Sector Strategy.

There remains a large financial literacy gap in Namibia. The 2017 Namibia Financial Capability Survey indicated that Namibia's financial literacy level stood at 52 percent. This is a cause for concern, and is further complicated by the rapid developments in financial technology, which now encompasses the concept of digital financial literacy. Given the disparities in Namibia, this has the potential to further exacerbate the literacy gaps amongst various segments of the population. This highlights the need for continuous improvements to financial literacy initiatives, to enable consumers to be able to make use of innovative financial products and services in a meaningful way. The set objective for this focus area is to enhance and expand financial literacy and digital financial literacy amongst consumers of financial services.

Disparities in tech savviness can exacerbate the financial literacy gap.

The outcomes and strategy are outlined below.

OUTCOME:
A FINANCIALLY AND DIGITALLY LITERATE NAMIBIAN POPULATION THAT IS CONFIDENT AND EMPOWERED, AND PARTICIPATES AND MAKES RESPONSIBLE FINANCIAL CHOICES

Strategy 14: Enhance and expand financial literacy and digital financial literacy among consumers of financial services, covering the full scope of personal and business finances, including for MSMEs.

Strategy 14: Enhance and expand financial literacy and digital financial literacy amongst consumers of financial services, covering the full scope of personal and business finances, including for MSMEs: Financial literacy empowers individuals to make informed decisions about their finances, leading to better financial health, reduced debt, and increased savings. For MSMEs, understanding finances can lead to better business decisions, which can have broader economic benefits. Digital financial literacy ensures that consumers can navigate the rapidly evolving digital financial landscape safely and efficiently. In pursuance of the above, the following activities and projects will be undertaken:

Digital financial literacy must be integrated into financial education initiatives.

- develop a clear policy framework for the coordination of financial literacy initiatives by 2026;
- undertake a financial literacy and capability survey to determine the financial literacy gap by 2026;
- establish a baseline for digital financial literacy and develop strategies for the adoption of digital financial literacy.
- it is recommended that at least half of the 0.2% after-tax operating profit committed by the financial institutions in the Namibian Financial Sector Charter towards financial education should go to the FLI, and that the remainder should go directly to financial education activities executed by independent entities themselves that can be monitored and evaluated by the FLI
- develop a digital financial literacy manual and incorporate it into school curricula by 2027;
- FLI to incorporate the digital aspect of financial literacy in their existing training programmes by 2026; (and continuously)
- implement the financial education policy that will set the specific standards and priorities for financial literacy and education by financial institutions by 2027; and
- develop online courses, content or mobile apps that offer interactive lessons on financial and digital financial literacy by 2030.

Data on financial literacy must be maintained for appropriate & targeted initiatives.

SFA7: Consumer protection and empowerment

In the context of financial inclusion, consumer protection means protecting consumers through effective regulation, supervision and enforcement of market conduct standards by financial service providers. Consumer protection goes hand-in-hand with consumer empowerment, which entails empowering consumers to make more informed financial decisions through the provision of information, education and effective avenues for redress. The consumers require useful, suitable, accessible and affordable products. This requires policy measures that ensure appropriate and timely disclosures and information about services and products. They also need to be assured that their claims will be met as and when these become payable. More importantly, consumers should be able to take their complaints to an independent and competent tribunal, other than courts with their cumbersome procedures and legal costs, for simple, convenient and effective resolution. In this respect, consumer protection seeks to shape a financial system that secures fair treatment of users of financial services and upholds responsible conduct by financial institutions.

Consumer protection must go hand in hand with consumer empowerment & hence must be combined with financial literacy

Digital innovations have resulted in the emergence of new products, services and distribution models by market players. On the demand side, digitalisation has improved appetite through increased internet access, smartphone penetration and interoperability. It has, however, also introduced risks associated with digitalisation that are specific to financial services.

Consumer protection is a critical component of financial inclusion, and without proper protection mechanisms, financial inclusion will remain an unattainable goal. There is an urgent need to strengthen the existing financial laws for the fair treatment of consumers or, if necessary, to develop new laws providing for market conduct requirements and standards. This need cannot be overemphasised, as its satisfaction will provide for accountable institutions and an effective, efficient and accessible consumer protection framework, including for the effective and speedy resolution of consumer complaints. Similarly, understanding and implementing the right supervisory architecture is pivotal for the stability, growth and integrity of Namibia's financial sector. In this respect, the objectives of consumer protection pursued by the NFSTS are to shape a financial system that secures fair treatment of and conduct towards users of financial services, upholds responsible conduct on the part of financial institutions, and provides adequate and effective protection of users of financial services to build and maintain confidence and trust in the financial sector.

Consumer protection is critical for the attainment of financial inclusion.

The outcome and strategies are outlined below.

OUTCOME:
NAMIBIAN FINANCIAL CONSUMERS WHO ARE EMPOWERED WITH TRANSPARENT FINANCIAL INFORMATION AND KNOWLEDGE AND ARE CONFIDENT IN THE NATIONAL FINANCIAL SYSTEM

Strategy 15: Ensure that the relevant supervisory framework is in place and enforce regulations that safeguard consumers' rights, improve transparency, and address issues such as predatory lending and unfair practices.

Strategy 16: The BoN and NAMFISA are to establish clear mechanisms for handling consumer complaints and grievances.

Strategy 15: Ensure that the relevant supervisory framework is in place and enforce regulations that safeguard consumers' rights, improve transparency, and address issues such as predatory lending and unfair practices: Strong consumer protection regulations can foster trust in the financial sector, ensuring that consumers are treated fairly and transparently. This can promote broader participation in the financial system and discourage unethical practices. Similarly, it is important that prudential supervision, market conduct supervision and complaints adjudication for the financial sector are executed objectively, and without any real or perceived conflicts of functions, powers or interests. The financial sector will:

The financial system must ensure fair treatment & conduct.

- develop and implement a relevant regulatory framework to enable effective consumer protection by providing access to an effective and efficient grievance and redress mechanism by 2030;
- regularly review and update the consumer protection framework to keep pace with evolving financial practices and products; and
- investigate the optimal financial sector supervisory framework for Namibia by 2026.

Regular reviews & updating of the consumer protection framework are necessary for a fast-evolving environment.

Strategy 16: The BoN and NAMFISA are to establish clear mechanisms for handling consumer complaints and grievances: The two regulators are responsible for ensuring that financial institutions comply with laws and regulations; handling consumer complaints will allow regulators to monitor compliance and take corrective action if necessary. The BoN and NAMFISA should ensure that financial complaints are handled impartially, with a view to restoring consumer trust and ensuring fairness. The BoN and NAMFISA will:

There is a need for a dedicated mechanism which ensures effective handling of grievances.

- set up a centralised grievance redressal platform that is accessible both online and offline, and promote its existence by 2027;
- adopt clear mandates and operational guidelines for the adjudication of consumer complaints, outlining their powers, responsibilities, and boundaries by 2026; and
- regularly review and update the processes to ensure they align with the evolving financial landscape and the needs of consumers.

PILLAR 4: FINANCIAL SECTOR LOCALISATION

The financial sector is a key sector in any jurisdiction as it facilitates the flow of financial resources to the real sector of the economy through its intermediation role. Localisation of the financial sector can stimulate economic growth and employment creation by ensuring that the financial needs of the Namibian economy are catered for.

The financial sector is key as it facilitates the flow of financial resources to the real sector of the economy.

For historical reasons, it has been extremely difficult for previously disadvantaged Namibians to participate in the ownership of financial institutions. While some Namibians have succeeded in setting up financial institutions, for most, asymmetry in opportunities prior to independence, coupled with a lack of funding, skill and experience, and the domination of established financial institutions at independence, have made the establishment of a financial institution since independence a rare exception. While there have been initiatives to address ownership, participation was voluntary and slow, and by dint of moral suasion. At present, Namibia's financial sector is skewed with regard to both ownership and participation:

Ownership: Based on available data, ownership of financial institutions is skewed towards foreign ownership, and where ownership is Namibian, it is skewed towards the previously advantaged segment of the population. While the banking sector has voluntarily reached a 25% ownership target, the NBFIs, particularly the insurance and investment industries, have not yet achieved the desired localisation target. Previous efforts to obligate increased ownership through statutory means were deemed unconstitutional, a fact that needs to be taken into consideration as a new ownership strategy is developed.

The Namibian financial sector remains foreign dominated in terms of ownership, with limited participation by Namibians,

Participation: Participation in financial institutions has been limited to director and senior management levels, and often without decision-making authority. Key decisions remain the privilege of the parent companies abroad.

A phenomenon of the above situation is that certain decisions that are core to the business activities of financial institutions continue to be made outside Namibia, mainly by the parent companies, or outsourced to external service providers. In addition, certain operating activities, like back-office administrative functions, continue to be carried on outside Namibia. This has raised questions as to what extent local economic needs are considered during decision making by these institutions. Moreover, this has implications for encouraging consumers to access quality services and products in real time.

Deliberate initiatives are required to address historical localisation inadequacies.

It remains important that Namibians participate meaningfully in a key sector such as financial services. Through meaningful participation, Namibia can ensure that the financial sector contributes to its development agenda, and that decisions are made locally. Furthermore, to ensure that there is increased local ownership and meaningful participation in the financial sector by Namibians to better serve the country, it is essential that the required skills and expertise be developed. For this purpose, strategies need to be developed to increase the creation of and ownership in financial institutions by Namibians. As such, the strategic focus area under this Strategic Pillar is financial sector localisation, ownership and participation.

DETAILS OF THE PILLAR 4 STRATEGIC FOCUS AREAS (SFAs)

SFA8: Financial sector localisation, ownership and participation

Significant advances have been made in the participation of Namibians on boards and in senior management cadres of financial institutions. For example, 62% of the members of boards of commercial banks, and 82% of the top three tiers of management are Namibian citizens. However, the achievements need to transcend the numbers into localisation of decision making, thus making the sector more responsive to the developmental needs of the Namibian economy. While progress has been made with regard to Namibians serving on boards and managements of financial institutions, key decisions remain a privilege of the parent companies abroad. This needs to be addressed to ensure that decisions on financing and investment are in line with Namibia's development vision. From the ownership perspective, banking institutions voluntarily instituted a 25 percent shareholding by local shareholders. In 2022, the banking industry's foreign ownership averaged 64 percent, with local ownership at around 35 percent.

Participation needs to transcend the numbers into localisation of decision making

Considerable efforts need to be undertaken to ensure that more Namibians take up ownership in banking and NBFIs. Although the sector heeded the call to transform by adopting a voluntary Namibian Financial Sector Charter which spells out the sector's transformation agenda, the full realisation of this transformation has yet to be felt. The NBFI sector, in particular, is lagging with respect to local ownership transformation. Consensus on and a policy framework for economic inclusion and empowerment will advance localisation, and hence finalisation of NEEEF (the National Equitable Economic Empowerment Framework) and the national investment policy and legislation should advance these outcomes in the future.

Furthermore, there is a need to develop specific and measurable targets for broadening ownership and participation in all key areas in order to transform the financial sector. This entails banking, insurance, brokerage, investment management and collective investments. Public procurement and sector reservations may be deployed as tools to incentivise financial institutions to embrace local ownership and participation. Namibians should also be encouraged to invest in the financial sector through concerted financial literacy activities. Provision for collective or institutional vehicles, such as pension funds for Namibian ownership of financial institutions, instead of just individual ownership, should be made under the new Strategy. This is because it is likely that collective ownership is the most appropriate, meaningful, and sustainable form of ownership. Individual ownership, e.g., through employee schemes or private individuals, may not have the desired impact. It can also be limited to a small grouped with the financial means to contribute capital, potentially excluding broader participation. Collective ownership, on the other hand, has the potential to be more inclusive and impactful. Based on the above, the overall objective of this focus area is to increase the ownership, representation and participation of Namibians in the financial sector, which should result in a financial sector that reflects the characteristics outlined above.

A lot still needs to be done to ensure that more Namibians take up ownership in banking institutions.

The overall outcome and strategies that will be employed to achieve the outcome are outlined below.

OUTCOME:
A FINANCIAL SECTOR WHERE NAMIBIANS ARE WELL REPRESENTED IN TERMS OF OWNERSHIP AND PARTICIPATION IN THE FINANCIAL SECTOR

Strategy 17: Implement a meaningful localisation strategy for financial institutions in terms of ownership, participation and decision making.

Strategy 18: Employ improved data measurement on localisation and participation.

Strategy 17: Implement a meaningful localisation strategy for financial institutions in terms of ownership, participation and decision making: Local ownership and participation in decision making must be in the interests of Namibians, and promote reinvestment within the country, reduce external dependencies and support local development. To achieve this Strategy, the financial sector will undertake following activities:

• investigate alternative ownership models and incentives for ownership transfer that can be considered for input by 2027;

• encourage local ownership in the financial sector and align localisation targets and benchmarks to relevant legislation; (continious) and

• develop incentives to facilitate the localisation of the financial sector: Incentives can accelerate the shift towards local ownership, management and workforce participation, ensuring that the financial sector is more rooted in the country's socioeconomic fabric. As such, the NFSTS envisages that the financial sector will:

- offer incentives for financial institutions that meet localisation benchmarks as identified in the alternative ownership model/strategy by 2030;
- provide grants or low-interest loans for local previously disadvantaged startups and youths in the financial sector to encourage the development of locally owned institutions and enterprises by 2027;
- prioritise locally owned institutions in public procurement in line with the Code of Good Practices on public procurement issued by the Ministry of Finance by 2026;
- ensure that the increase in local ownership correlates with proportional representation on boards and in voting rights, in line with the provisions of Companies Act (28 of 2004), which indicates that major operational decisions typically require a 50% plus one share threshold, and the provisions of other relevant legislation; and
- employ sector reservations mechanisms for locally owned financial institutions by 2027.

Strategy 18: Employ improved data measurement on localisation and participation: Accurate data allows for effective monitoring and evaluation, ensuring that the localisation goals are being met and providing insights for further refinement of strategies. To achieve this Strategy, the following activities will be pursued:

- develop standardised metrics and tools for measuring localisation across the financial sector, as well as reporting requirements for ownership and participation by 2026; and
- regularly publish reports on localisation progress to promote transparency and accountability yearly.

Public procurement & sector reservations should be considered as tools to incentivise financial institutions to embrace local ownership & participation.

Localisation must be made meaningful in terms of decisions and consideration of local circumstances.

The use of incentives could enhance the localisation efforts & should be explored.

Data on localisation & measurement challenges must be addressed.

PILLAR 5: SKILLS AND CAPACITY DEVELOPMENT

Human capital plays a pivotal role in the growth and development of the financial sector. Investments in human capital are therefore instrumental in shaping improvements to the financial sector where knowledge, skills, competencies and capabilities are key drivers of productivity, competitiveness and growth. The popular assertion cited by many players in the Namibian financial sector is that there is a lack of appropriate skills, and that this shortcoming has restrained innovation and entrepreneurship. However, this assertion can be countered by the argument that efforts made by the industry to promote local skills development or skills transfer in Namibia have been inadequate.

Investment in human capital is necessary for shaping improvements to the financial sector.

In order to address the skills gap in the financial sector, the recommendations of the study commissioned as part of the NFSS 2011–2021, Building a high-skilled workforce in the Namibian financial sector: Needs, priority and actions, should be implemented. The findings of this comprehensive study resulted in the development of a Skills Development Plan for the sector. It made three recommendations, namely the provision of short courses; influencing the curricula for qualification programmes; and the provision of professional certificates. These are in the process of being implemented. The process for short courses has already commenced, with piloting by different training institutions; the influencing of the curricula for qualification programmes will be an ongoing annual undertaking; and the professional training certificates must still be introduced.

As the financial sector develops and evolves, skills requirements will also change in line with its transformation. The upcoming phase of Namibia's financial sector development journey will require a more flexible labour force that is agile and empowered with skillsets of the future to efficiently and effectively perform their roles. The sector must therefore intensify its focus on skills development to upskill and reskill, and build a dynamic skills base that is future-fit. This will require collaboration among various stakeholders, including the institutions of higher learning and professional bodies. The sector must also explore opportunities for more effective coordination, synergies across the financial sector to deepen the talent pool, growth, and mobility. This Strategic Pillar therefore has as its SFA, "Futureproofing the financial sector workforce".

The skills development interventions should progress from short-term to long-term.

DETAILS OF THE PILLAR 5 STRATEGIC FOCUS AREAS (SFAs)

SFA9: Futureproofing the Financial Sector Workforce

Skills development is a highly dynamic process. Given new developments in the financial sector and its changing landscape brought about by technological advancement, there is a need to continuously build workforce competencies and provide training support for professionals at different stages of their careers. It is therefore imperative to regularly conduct skills shortage surveys in the financial sector and devise strategies to fill the identified gaps. Importing critical skills may also be required, and therefore developing a database of the skills and expertise for which work permits have been issued is necessary, for inclusion in the skills development plan/programme. The overarching objective of this strategic focus area is to address existing skills deficiencies and developing an agile and future-fit financial sector workforce.

Adequate investment in human capital is an effective way to futureproof the financial sector workforce.

The achievement of this objective should result in a financial sector workforce reflecting the features outlined below.

OUTCOME:
A NAMIBIAN WORKFORCE EQUIPPED WITH ESSENTIAL SKILLS AND DIGITAL CAPABILITIES, NAVIGATING THE FINANCIAL SECTOR LANDSCAPE

Strategy 19: Foster collaboration in reviewing, updating and implementing the existing financial sector skills development plan.

The dynamic nature of skills development requires a good database to facilitate continuous assessment.

Strategy 19: Foster collaboration in reviewing, updating and implementing the existing financial sector skills development plan: Collaboration promotes the pooling of resources, expertise and capabilities. For a country like Namibia, fostering these partnerships can fast-track development and innovation in the financial sector, ensuring that the sector is both globally competitive and locally relevant. The financial sector will therefore:

- establish collaborative platforms or consortiums that facilitate continuous dialogue on skills development in the sector;
- regularly review the sector Skills Development Plan to reflect changing needs;
- upskill the existing workforce with relevant skills in technological advancement and sustainable finance; and
- in collaboration with tertiary institutions, introduce specialised courses to prepare students for roles in sustainable finance, responsible investment and ESG analysis.

Digital & other specialised skills must receive special focus going forward.

Achieving a future fit skills set needs to be a collaborative effort.

7. INSTITUTIONAL ARRANGEMENTS, MONITORING AND EVALUATION

The NFSTS shall be owned by the Government of the Republic of Namibia, under the custody of the Ministry of Finance.

Monitoring and evaluation will be vital to ensure the successful implementation of the Strategy.

As such, an Implementing Committee consisting of the Executive Director of the MOF, the Deputy Governor of the BoN, and the Deputy Chief Executive Officer: Prudential Supervision of NAMFISA shall ensure the implementation of the NFSTS. To facilitate a smooth implementation process, working groups shall be created where relevant, with lead agencies and other identified stakeholders to be involved in the implementation of a strategy/specific action plan.

Monitoring & evaluation is key for successful implementation of the Strategy.

The existing Financial Sector Council Advisory Body, chaired by the Governor of the BoN and deputised by the Chief Executive Officer of NAMFISA, shall oversee progress by the working groups through regular reporting that will be coordinated by the BoN and NAMFISA as secretariat institutions.

Working groups shall be created to facilitate a smooth implementation process,

The Advisory Body shall in turn table the report to the Financial Sector Council, chaired by the Minister of Finance or a Deputy Chair in the absence of the Minister. The Chairperson of the Council shall then report progress with implementation to the Cabinet, and obtain the necessary Cabinet approvals for implementation. Membership of the Financial Sector Council and Advisory Body is as specified below.

The existing structures (Advisory Body & Council) shall continue to oversee implementation progress.

The Financial Sector Council shall be composed of the ministers and heads of the following ministries and government bodies:

a) Ministry of Finance (Chair)
b) Bank of Namibia
c) Namibia Financial Institutions Supervisory Authority
d) Ministry of Industries, Mines and Energy
e) Ministry of Higher Education, Innovation, Youth, Sport, Arts and Culture
f) National Planning Commission
g) Ministry of Information and Communication Technology
h) Ministry of Justice and Labour Relations

The heads of the following institutions will form the Advisory Body:

a) Bank of Namibia (Chair)
b) Namibia Financial Institutions Supervisory Authority (Deputy Chair)
c) Development Bank of Namibia
d) Agricultural Bank of Namibia
e) Namibia Post Ltd
f) Social Security Commission
g) Namibia Competition Commission
h) Bankers Association of Namibia
i) Namibia Stock Exchange
j) Namibia Savings and Investment Association
k) Microlender Association of Namibia
l) Retirement Funds Institute of Namibia
m) Namibia Insurance Association
n) Other Non-Banking Industry Representatives
o) Namibia Consumer Trust
p) Namibia Chamber of Commerce and Industry
q) Namibia Business Innovation Institute
r) Civil Society

Regular reporting at different levels shall be ensured.

8. STAKEHOLDERS

A) CORE

The core implementers of the Strategy are:

- **Ministry of Finance:** The Ministry is the owner and main sponsor of the Strategy by virtue of its role as regulator of the financial sector.
- **Bank of Namibia:** The Bank is a key stakeholder by virtue of its role as a supervisor of the banking sector.
- **Namibia Financial Institutions Supervisory Authority:** The Authority is a key stakeholder by virtue of its role as a supervisor of the non-bank financial sector.
- **Ministry of Industries, Mines, and Energy** The Ministry is responsible for industrialisation, including SME development, and increase the competitiveness of Namibian industry in the domestic, regional and international markets. Thereby providing services that stimulate investments for sustainable economic development and benefit to all Namibians.

B) PERIPHERAL

The peripheral stakeholders include:

- Development Bank of Namibia
- Agricultural Bank of Namibia
- Namibia Post Ltd (NAMPOST)
- Environmental Investment Fund
- Social Security Commission
- Namibia Stock Exchange
- National Housing Enterprise
- Namibia Special Risk Insurance Association
- Namibia Competition Commission
- Bankers Association of Namibia
- Namibia Savings and Investment Association
- Retirement Funds Institute of Namibia
- Namibia Insurance Association
- Microlender Association of Namibia
- Namibia Consumer Trust
- Namibia Chamber of Commerce and Industry
- Namibia Business Innovation Centre
- Ministry of Environment and Tourism
- Ministry of Information, Communication and Technology
- Ministry of Gender Equality and Child Welfare
- Ministry of Agriculture, Fisheries, Water and Land Reform

C) CONSUMERS

i) Domestic

Domestic consumers include:

- Informal sector individuals
- Formal sector individuals
- Informal enterprises
- MSMEs
- Private sector institutions (i.e. formal and established corporates)
- Public sector (i.e. government ministries; public enterprises; village, municipal and regional councils)

ii) Regional

Typically, the regional consumers are likely to be formal and more sophisticated individual and public and private sector institutions.

iii) Development Partners

Development partners may include:

- World Bank Group
- International Monetary Fund
- African Development Bank
- UN Agencies
- GIZ Namibia
- Bilateral development banks/agencies
- Alliance for Financial Inclusion

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Towards Sustainable
Economic Development

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