



NATIONAL HIGH SCHOOL *Competition* 2026

RESOURCE MANUAL



Bank of Namibia National High School Competition 2026

This resource manual consists of information extracted from the following documents:

1.	Bank of Namibia 20th Anniversary History Book.	2
	Chapter 1 – Precursor to the Bank of Namibia	
2.	Introduction to Central Banking Booklet	25
3.	Bank of Namibia Annual Report 2025	43
	Part A – Operations and Affairs of the Bank	
4.	Monetary Policy Framework	120
5.	Namibian National Payment System Vision.	136
6.	Booklets	
	- BoN digital banking manual	153
	- FLI Glossary booklet	250
	- FLI InvestWise	261
	- FLI Tips & guidelines	290
7.	Banknotes & Coins	304
	- Updated Namibian banknotes & new coinage series (Security Features)	
	- Hage G. Geingob Commemorative Banknote	
8.	Learners may also study all the chapters of the school handbooks listed below:	
	a. Economics Learner’s Book (Grade 10) by M. Engelbrecht	
	b. Economics Ordinary Level Learner’s Book (Grade 10) by R. Nghitwikwa – Absalom & E.N shikongo	
	c. Economics Learner’s Book (Grade 12) by Robert Siyanga	
	d. Economics AS Level Learner’s Book (Grade 12) by R. van der Merwe, L. Momambo & C. Esterhuyse	
	e. Excellent Economics (Grade 12) by Robert Siyanga	

Notes

- A footnote should be included for the new Bank of Namibia Act 1 of 2020.

QUESTIONS
ANSWERS
QUIZ



BANK OF NAMIBIA

Celebrating
20
Years
in
Central Banking



Bank of Namibia 20th Anniversary History Book

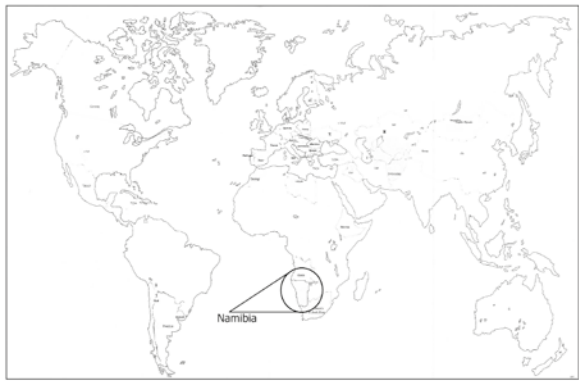
Chapter 1

This chapter provides a historical perspective of banking during the period before independence, including monetary units used. An overview of central bank operations and functions exercised and the limited monetary and financial discretion allowed at the time is reflected.

Precursor to the Bank of Namibia

As the saying goes, money is what makes the world go round, but money was not always around. Looking back, history reveals that bartering was widely used for trading. This was no less true in the former South West Africa (SWA) - today Namibia. Most indigenous people in all parts of the country traded livestock, especially cattle, for other items they required. The population groups in the water-rich northern part of the country dabbled in agriculture and caught fish in the Okavango, Zambezi and Kunene rivers.

The people also traded amongst each other with barter



items such as mahangu (millet), salt, onyoka (shell necklaces), omba (a shell from east Africa), brass or copper bracelets and iron implements. The people of the south, including the San and Nama, bartered ostrich eggshell beads and feathers, pottery and hides.

Navigators initially ignored the south-west African coast because it looked so inhospitable. Gradually ports of call were established at Angra Pequena (today Lüderitz), Walvis Bay and Sandwich Harbour, where trade developed with the local nomadic groups.

When white hunters, adventurers, explorers and later the missionaries first entered the country, barter trade developed between them and the locals and they traded beads and ivory for cattle and hides. The locals then also traded their goods for other items such as soap, weapons (knives and guns) and cloth.



Subsequent to the arrival of the Europeans and the realisation that there were valuable minerals available, they started negotiating with various headmen to obtain land and mining rights.

With more human traffic along the coast, inland trade increased. The Europeans brought bartering commodities such as weapons, ammunition and brandy in exchange for food and these items became more sought-after by the indigenous population.



Currency

Imperialism and colonialism brought about a general change in the monetary approach in this country, when silver and gold coins began to be used as a method of payment. The British Pound Sterling was the first currency to be introduced.

As far as can be ascertained, British Pound Sterling was in circulation in the early 1800s when the Cape Colony was occupied by England and by 1825 it was recognised as legal tender there. By 1841, Sterling was the only legal tender in the Cape. When British traders opened a trading depot at Walvis Bay in the 1850s, Sterling was automatically circulated in SWA.

Due to mining operations in the then Transvaal, workers were recruited from the Caprivi as well as neighbouring countries, which were also British colonies, namely British Bechuanaland (Botswana), Northern Rhodesia (Zambia), Southern Rhodesia (Zimbabwe) and other parts of South Africa (SA). These mineworkers received their wages in Pound Sterling and brought this currency home with them and so Sterling was gradually circulated country-wide.

By the time Germany proclaimed SWA as its Protectorate in 1884, British Pound Sterling was already a legal tender in the country. All banks at that time issued their own notes, until 1891, when the Cape Bank Act started regulating the issuance of banknotes in the Cape Colony.

German Mark

The German Mark was introduced by proclamation in SWA in 1893. Advised by Berlin, Governor Theodor Leutwein decreed that after 2 July 1901, apart from the Mark, no other currency would be legal tender within German South West Africa. Despite this, throughout German occupation, Sterling continued to be used in cross-border trade.



Generally, coins were used locally but during 1904 to 1906, paper money became popular and its preference increased dramatically. The cheque system was introduced and became an acceptable form of payment as well. The fact that banks were limited to only a few towns gave postal authorities, with their 104 post offices in the country, the opportunity to also cash in and postal money transfers became an important part of their business.

Further, in order to sustain sound business in the

Protectorate, hotels and general dealers issued private emergency money by way of tokens/promissory notes, thus in-house 'money'. These tokens had no intrinsic or monetary value, but they were convenient for facilitating trading deals and could be exchanged for specific goods.



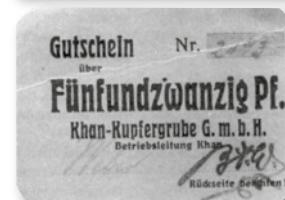
Seitz Notes

From the time that



the First World War broke out in August 1914, until South African occupation in 1915, virtually no goods were imported. Provisions were depleted and paying cash for what was available was almost impossible. This resulted in huge credit balances with the German banks. For the financing of military activities, the German authority commandeered goods to the approximate value of £1 million and loaned £300 000 from the banks. To counter this, various types of promissory notes were issued by the government.

These notes were named after the Governor of South West Africa at that time - Dr Theodor Seitz. The German government apparently guaranteed the repayment of the Seitz notes which were in circulation amongst the Germans and were accepted by the German banks, but not by the Union Administration or the British banks.



The Germans regarded the Seitz notes as a weaker currency than the German Mark banknotes. People were anxious and started hoarding 5, 10 and 20 German Mark gold coins and for transactions mainly Seitz notes were used. This created a shortage of German Mark gold coins in circulation.

1914 - 1921

During the occupation, the Union of South Africa Administration estimated the German currency (notes and coins) in circulation in SWA (reflected below in Sterling) to be as follows:

German Mark and cash vouchers:	£200 000/250 000;
Silver	£30 000/50 000;
Gold	£20 000/25 000;
Seitz notes	£150 000.

Concurrently, the British banks kept their accounts in Sterling, but accepted German silver coins at the rate of one shilling for one Mark. They brought their own notes and British gold coins into circulation. In September 1915 Standard Bank and the National Bank already agreed to lend money to reliable and credit-worthy clients against German Mark banknotes with a 40% margin. These notes were sent to New York for realisation.

During the war years, food and other supplies were imported from SA and SWA found it difficult to pay for these goods in Sterling. The British banks - to a large extent - helped by advancing loans in Sterling, but it was just a vicious circle: supplies that were imported against Sterling, were sold for Mark, so banks had to advance more Sterling for new imports.

The community's funds were thus almost all deposited in the German banks which did not really want to get rid of their Mark notes and cash voucher notes seeing that they could be exchanged below par for Sterling. The banks only wanted to pay out in Seitz notes.

When the 'war' was over in SWA with the signing of the Peace Treaty of Khorab on 9 July 1915, people streamed to the three main centres - Windhoek, Swakopmund and Lüderitz - and merchants flourished. In the space of two years retailers and shopkeepers became wholesalers. Most of the German citizens were convinced that the war would be over within six months and so they kept spending money accordingly. Hotels, liquor stores and breweries especially, experienced a wave of prosperity in their liquor trade. The amount spent by consumers at these establishments during this period exceeded £1.5 million. This was, in fact, the total amount the people owed to the Standard Bank, the National Bank and the Land (Agricultural) Bank in the Territory collectively. People were not keen to pay off their debts but rather spent their money on purchasing motor vehicles, seemingly compensating themselves for the privation they suffered during the 'war'.

Civil courts closed after war broke out as during that time no property could be bought or sold. It meant that no debts could be recovered by means of judgment orders. The Deeds Register could not be accessed for the registration of conveyances, properties or mortgages.

When the First World War ended in Europe in 1919, creditors in SWA demanded the reopening of the courts, but the government delayed this 'matter of debt' action pending a decision regarding the foreign exchange issue. The banks especially faced major problems in recovering debts. There were many varying legal opinions regarding the question of which monetary unit should be used for the repayment of debt. One group opined that all the debts - in Mark - which were incurred during the war and period of occupation, could only be repaid in the legal tender of the German Reich, namely German Mark banknotes. Others were of the opinion that the pre-war debts should be repaid in gold. Eventually - at the end of 1920 - a Council of Debt Settlement was instituted and it commenced with its activities in 1921. This council decided that pre-war debts should be repaid in gold and that other disputes with regard to money matters should be considered according to the merits of each case.

The banks had to be very cautious in the acceptance of securities and awarding advances and had to obtain the best possible legal counsel in this regard.

Pound Sterling

By virtue of the fact that British Pound Sterling was legal tender in SA even before the formation of the Union of South Africa in 1910, the banks in SWA also dealt in Pound Sterling. Subsequently that currency was made legal tender locally once again.

Salisbury Banknotes

Prior to 1931 both Standard and Barclays banks, on occasion when the need arose or when there was a shortage of Pound Sterling, circulated Rhodesia's Salisbury banknotes in SWA. However, history again played its part when in the late 1920s the economy was hit by the depression and the New York Stock Exchange crashed in 1929. When it was rumoured that Britain and Rhodesia were planning to abandon the gold standard, the South African government published the SWA Banks Proclamation in 1930, authorising registered banks to issue local banknotes. The banks took the necessary steps. The Salisbury notes had to be withdrawn because their value would have dropped by 25% as they were no longer gilt-edged. Britain and Rhodesia abandoned the gold standard on 21 September 1931 but SA did not.

Windhoek Banknotes

The banknotes referred to as Windhoek notes - on par with the SA Pound Sterling - were to be ready for circulation in October 1931. It can thus be presumed that the notes were available in Windhoek before that date. For some or other reason neither of the banks could decide on a suitable date for the launch in October. Barclays note issues were dated 1 October and those of the Standard were dated 31 October 1931.

As an emergency measure the Administration authorised that both issues could be released on 31 October 1931. Standard Bank's issues were allowed to circulate as legal tender even though its notes would only be payable to bearer on the 31st of that month. This was quite possibly a unique but ironic situation in the history of banking -

in that a financially sound institution had to be legally empowered to start circulating post-dated paper money for its requisitory (demand) obligations.



In SWA the last of the local Windhoek banknotes were issued in 1959 and also replaced with ZAR when that currency came into circulation.

South African Rand (ZAR)

British and SA Pound Sterling continued to be used in SA and here in SWA until SA withdrew from the Commonwealth and became a Republic on 31 May 1961.

The RSA introduced its own currency - the Rand - (named after the gold fields of the Witwatersrand) and the British Pound was eventually withdrawn from circulation.

Banks before Independence

German Banks

Early in the 1900s, banking in SWA naturally developed according to the German banking system because it was a German Protectorate. Smaller businessmen made use of a savings or cooperative bank and did not have commercial bank accounts. As in Germany, bank matters in SWA were limited to the accounts of a few traders in the larger centres. In the rest of the country the main trader or dealer in the district was also the farmer's and the retailer's banker.

The Nord Deutsche Bank, (Hamburg), together with the Deutsche-Afrika Bank (Berlin) opened a branch of the Deutsche-Afrika Bank in Lüderitz in 1907. The building that housed the bank was completed in that same year. The capital was provided by the Nord Deutsche Bank and Diskonto-Gesellschaft. This bank did not advance

cash or grant mortgages to the community, but strictly did business with companies. By 1913 there were also branches in Windhoek and Swakopmund. (After the First World War the history of the Deutsche-Afrika Bank is linked to that of First National Bank - see page 13)



Some other banks were:

- Deutsche Südwestafrika Genossenschaftsbank (1908) (building society where money for mortgages was made available);
- Südwestafrikanische Bodencreditgesellschaft (1912) with branches in Windhoek, Swakopmund and Lüderitzbucht;
- Banking division of the Deutsche Kolonial-Gesellschaft in Swakopmund and in Windhoek;
- Spar und Darlehenskasse at Gibeon; and the
- Landwirtschaftsbank (agricultural bank) established in 1913.

This latter bank was founded by a German Imperial Ordinance dated 9 June 1913. An extraordinary characteristic of this bank was that it could collect debts due to the government, accept and administer money deposited by State departments and keep the cash accounts of civil and military authorities. It was a predecessor of what is today known as the Agricultural Bank of Namibia.

In 1914 the First World War broke out and the face of banking was set to change.

The only German bank that remained functional after the First World War was a small local - ostensibly - mortgage

bank in Swakopmund namely the Swakopmunder Bankverein. This bank was liquidated in 1931.

British Banks

Two British banks based in SA, namely Standard Bank and the African Banking Corporation entered the economic arena in SWA after the Union of South Africa occupied the German Protectorate in 1915. The British banks issued their own banknotes as well as British gold coins.

Standard Bank

The Standard Bank of British South Africa was established in SA in 1862, with the 'British' being dropped from the name in 1883. Locally Standard Bank opened its first branch in Lüderitz on 19 August; in Windhoek on 20 August and in Swakopmund on 23 August 1915.

In 1918 the first truly British bank namely the Standard Chartered Bank opened a branch in Lüderitz but conducted banking business as part of Standard Bank South Africa Limited until 1961.

The African Banking Corporation opened in Lüderitz but soon realised that it was not profitable and withdrew, only to reopen in Windhoek on 19 April 1920. It was taken over by Standard Bank in November that same year and the two branches merged on 31 December 1920.

Standard Bank South Africa became a subsidiary of Standard Bank Limited in 1962 and did business in both SA and SWA. The name Standard Bank Limited was adopted for the holding company in England subsequently to become Standard Chartered Bank PLC. A holding company in SA was established in 1969 as Standard Bank Investment Corporation (STANBIC) - now Standard Bank Group Limited - and listed on the JSE in 1970.

In 1973, following the merger of Standard Bank and Standard Chartered Bank to form Standard Chartered, the Standard Bank of South West Africa Limited (STANSWA) was established and continued to do business in SWA. The South African holding company indicated that the decision to incorporate STANSWA as a separate subsidiary of Standard Bank South Africa



was in order to prepare for the country's independence. Due to international pressure (economic and trade sanctions) being applied against the RSA as a result of the apartheid policy, Standard Chartered withdrew. Standard Chartered sold its 39% stake in Standard Bank Group in 1987, transferring complete ownership of the holding company to South Africa. As a result, the name of the local subsidiary STANSWA changed to Standard Bank Namibia.



South African Banks

National Bank / Barclays DCO / First National Bank

The Nationale Bank der Zuid-Afrikaansche Republiek Beperk (National Bank of the old South African (Boer) Republic Limited) was registered in Pretoria and opened on 5 April 1891. After the conclusion of the second Anglo-Boer War in 1902, the name of this bank was changed to the National Bank of South Africa Limited. This Bank opened in Windhoek within a month of German surrender in 1915. In 1920, the National Bank of South Africa (NBSA) obtained a majority shareholding of 75% in the struggling Deutsche-Afrika Bank for £70,000. The bank was in distress caused by post-war actions taken against German companies and the dramatic devaluation of the Reichsmark. Later that year, the shareholders in Hamburg put Deutsche-Afrika Bank into voluntary liquidation. This sale included Deutsche-Afrika Bank shares of 2 million Mark and dividends of 867,000 Mark. The deal included all assets but excluded any liabilities. After stripping the Deutsche-Afrika Bank of its assets, the NBSA sold this shell company to the Commercial Bank of South Africa for £1,275 in 1923. In the same year, Deutsche-Afrika Bank, having been officially put into liquidation by the Master of the High Court sold its buildings, including furniture and fittings, in Windhoek, Swakopmund and Lüderitz for an amount of £20,000.

In January/February 1925, the Master of the High Court accepted the final accounts in the liquidation of Deutsche-Afrika Bank and ruled that all books and accounts of the Deutsche-Afrika Bank should become the property of the NBSA. This ruling indicated that the NBSA was officially seen as the successor of the now dissolved Deutsche-Afrika Bank.

Later that year the National Bank of South Africa Ltd merged with the Anglo-Egyptian Bank and the Colonial Bank to form Barclays Bank [Dominion, Colonial and Overseas (DCO)]. In that same year the National Bank in SWA was integrated with Barclays Bank DCO.

It continued to do business until 1971, when Barclays Bank International took over the business of the DCO in SA and SWA. The banks in these two countries became part of the newly-established Barclays Bank Incorporated in the RSA.



In 1987, due to international sanctions, Barclays sold its share in Barclays Bank to the Anglo American Corporation and the bank's name was changed to First National Bank Ltd. The bank in SWA was converted into a wholly-owned subsidiary company named First National Bank of Namibia Ltd in 1988.



Bank Windhoek

Bank Windhoek's roots can be traced back to 1948 when Volkskas Bank opened its first branch in the then SWA. In 1982 when a group of local entrepreneurs decided to establish a local Namibian-owned bank, they took over eight local branches of Volkskas Bank and established Bank Windhoek on 1 April of that year.

In 1990 Bank Windhoek amalgamated with Trust Bank (SWA) Ltd (established in 1969) and Boland Bank Ltd both of which had local branches. Boland Bank had been established as a regional general bank in 1900

and was listed on the Johannesburg Stock Exchange (JSE) in 1969. (See Chapter 3 Banking Supervision - Banks - Post Independence)



Commercial Bank of Namibia

The first branch of the Nederlandsche Bank en Kredietvereniging (Netherlands Bank and Credit Society) in SWA was opened in 1955. It changed its name to Nedbank in 1971. However, in SWA the name of the local branch of this bank was changed to the Bank of South West Africa or Swabank on 12 April 1973. Business under that name commenced in Windhoek and Johannesburg on 1 July 1973. Three months later, branches opened in Keetmanshoop and Otjiwarongo. In the latter half of the 1970s branches were also opened

in Swakopmund and Cape Town. The year 1973 also saw the formation of the Nedbank Group. During 1976 this group purchased a building in the centre of Windhoek in Bülow Street (now Dr Frans Indongo Street) on auction and since then this site has remained its head office.

During 1979 the name of the bank changed to the Bank of South West Africa/Namibia.

In 1980 Dresdner Bank AG acquired a majority share in Swabank and a new board of directors was appointed. Dresdner Bank AG of West Germany held the majority share while 49% of the shares were held by local investors. Commercial banking facilities were introduced and a new branch was opened in Johannesburg. In 1988, Swabank was converted from a Namibian savings bank into a fully-fledged financial institution. In 1989 Swabank, (part of the Nedcor group) obtained the shares of the Dresdner Bank AG and changed the name of the bank to Bank of Namibia. The bank was then requested by the incoming government of Namibia to change the name of the financial institution to the Commercial Bank of Namibia, which it did.

Namibian Banking Corporation Limited

In the meantime, the Permanent Building Society which had been firmly established in South West Africa since after the Second World War in circa 1945, merged with the Nedbank group in 1988. This merger resulted in the formation of the NedPerm Bank with its head office in the RSA. A branch was opened in Windhoek in the same year.

On 1 October 1990 (after independence) the Nedcor group transferred the assets and liabilities of the Windhoek branch of NedPerm Bank Limited to the Namibian Banking Corporation Limited which had been registered in Namibia as a Namibian banking institution.

(See Chapter 3 Banking Supervision - Banks - Post Independence)

Building Societies

Traditionally, building societies were financial institutions that accepted deposits which yielded interest and made loans available for the purchase of homes or home improvements secured by mortgages. They developed from the Friendly Society movement in England in the late 17th century to assist their members to buy or build a house. These were financial institutions which were owned by their members. The members in the cooperative savings groups or mutual societies pooled their money and when the last member had a house, the society dissolved. Building societies were therefore non-profit societies. They offered financial services and actively competed with banks for most personal banking services such as savings deposit accounts, but were particularly involved in mortgage lending.

Building societies evolved by taking on new members as earlier purchases were completed and thus continued on

a rolling basis. These institutions were later established in the UK, Ireland, Australia, New Zealand, and also South Africa where they were firmly established by the late 1800s. After the Second World War in 1945 this concept was imported to SWA but only as branches of South African parent companies.

Building societies maintained that, as mutual societies, they only had to make a profit to cover their operational costs, and had no need to generate an additional profit to return to share-holders. They could supply better and cheaper home loans than the banks and demutualised societies. The building societies' approach to lending was that prospective home owners were required to put down deposits of 25% of the purchase price. Funds were drawn by means of a chain of branches and agencies with fixed interest rates. At that time, commercial banks were not in the long-term loan market.

Before the Second World War, the building societies had been increasing their assets at a faster rate than the commercial banks. In the post-war growth years of 1945 to 1960, their assets grew at about the same rate as those of commercial banks. The functions of the building societies had thus been perfected in a non-inflationary environment.

In the early 1960s, the South African government placed restrictions on the interest rates that societies could pay on their deposits or by capping their lending capacity. This meant that the flow of mortgage funds to building societies, made by the institutions and the people it was supposed to help, was restricted.



During the stock exchange boom of 1969 more and more money was being put into stocks and less into fixed deposits at building societies and their supply of new funds dwindled. In the period 1961-1970 the assets of the commercial banks which were not involved in long-term loans, grew by 14.6% per annum compared with building societies' assets which increased at a rate of 9.7% annually. Although personal savings continued, in real terms, building societies were in trouble.

In addition, building societies had a network of branches all over and their function was to take in deposits on which interest had to be paid, while the income-generating part of their business was confined to centralised home loan

departments. For example in 1985, one of the building societies had 70 branches and over 300 agencies in the RSA. Not only was the up-keep of these branches expensive but they also did not earn money. To make the branches profitable the building societies needed to increase their range of functions and to convert them into income-generating units. Furthermore, associated with the rising costs of an extensive branch network, was the rising cost of modern technology.

Thus, several factors created a difficult environment for the building societies to thrive. These included the heavy intervention of and regulation by the government, the cost of maintaining a network of non-profitable branches and strong competition from commercial banks, which became actively involved in the mortgage market.

From 1945 until 1990, the following building societies opened and closed in Namibia:

- Allied Building Society
- Johannesburg Building Society
- Natal Building Society
- Permanent Building Society
- Provincial Building Society
- Saambou Building Society
- South African Permanent Building Society
- South African Permanent Mutual Building Society
- Southern Trident Building Society
- SWA Building Society (Swabou)
- Trust Building Society
- United Building Society

Initially the legal framework, in this country, by which building societies operated was contained in the South African Building Societies Act, 1934 (Act No. 62 of 1934) which was repealed by the Building Societies Act, 1965 (Act No. 22 of 1965). In 1986 that Act was replaced by the Building Societies Act, 1986 (Act No. 2 of 1986), which permitted building societies to be converted into equity-based joint stock institutions and compete with the banks on equal terms.

To make building societies more competitive, income earned from investments in building societies eg subscription shares, were declared tax-free.

With independence in 1990, there was only one building society in operation in Namibia namely Swabou. When the SA building societies namely United, Perm, Allied, Natal, Provincial, Southern Trident and Trust amalgamated, their assets in SWA were transferred to the SWA Building Society (Swabou) which was established in April 1979.

In 1981 Saambou Building Society transferred its South West African assets to Swabou.

Swabou's main purpose was to provide profitable and convenient avenues for savings and investments and to provide mortgage finance of property. Through its wholly-owned subsidiary companies, Swabou Insurance and Swabou Life it also provided short-term and life assurance cover.
(See Chapter 3 Banking Supervision - Banks - Post Independence)

The Banking Sector at Independence



With independence the Namibian banking sector consisted of five commercial banks, namely:

- Standard Bank Namibia Ltd;
- First National Bank of Namibia Ltd;
- Bank Windhoek Ltd;
- Commercial Bank of Namibia Ltd; and the
- Namibian Banking Corporation (see pg 122).

There was one building society namely the South West Africa Building Society.
(See Chapter 3 Banking Supervision - Banks - Post Independence)

South African Reserve Bank - Windhoek Branch

The SARB opened a branch in Windhoek in 1961 to perform the duties of the SARB in SWA. The branch was only responsible for distributing currency, providing clearing facilities to commercial banks and serving as banker to commercial banks and the South West African Administration (SWAA). It did not have the authority to formulate monetary policy for the Territory, as South Africa's policies were automatically applicable in SWA.



Public Finance during the South African Era 1915 - 1990

At this point it is necessary to briefly outline how public finance was managed during the South African era. The most important features were designed to regulate inter-governmental relationships between SA and SWA in general and financial relations in particular. The changes in these public finance arrangements were brought about by the need to accommodate the changing circumstances in SWA, and changes in South African policies.

Bank Supervision

Initially supervision of all commercial banks in SA and SWA was undertaken by the Registrar of Financial

Institutions in the South African Department of Finance. The SARB Bank Supervision Department was created and began its work on 1 October 1986. The responsibility for the supervision of banks and building societies was officially transferred from the Department of Finance to the South African Reserve Bank on 24 April 1987. This included the supervision of all commercial banks in SWA/Namibia.

Banking and other Financial Services

SWA fell within the Rand Monetary Area and did not have a central bank or monetary policy of its own, save the branch of the SARB which opened in Windhoek in 1961. There was an unrestricted flow of funds between the Territory and the RSA. Interest rates and reserve requirements reflected the South African monetary policy applied by the SARB. In 1988 the banking sector in SWA/Namibia employed 1, 732 people.

Funds for private sector development were available from the Development Fund of SWA, the First National Development Corporation (FNDC), the National Building and Investment Corporation (NBIC) and the Land and Agricultural Bank.

Even before independence, the banking and financial services sector was described as being well-developed, but the local money market was underdeveloped. This was regarded as a shortcoming and received attention from the authorities in 1989. The local Building Society Act was already in force and the Namibian Bank Act was being prepared in 1989.

Total assets and liabilities of the commercial banking system amounted to R1 457,5 million at the end of 1988 - reflecting an expansionary phase of the economy. Total advances for the same period were R960,6 million, or R372,7 million more than a year before.

Before 1969

Prior to 1969, with the exception of a number of public departments, the SWAA had been in charge of most public services. With the exclusion of the collection of customs and excise duties of which a transfer payment was received from SA, the SWAA developed and managed its own tax system and tax laws. It also administered the Territorial Revenue Fund and Reserve Fund and local authorities in the white areas. Funds for services in the so-called 'native areas' were directly appropriated by the South African government.

Surpluses created a false understanding of economic self-determination and this resulted in the provision of public services of a very high standard. However, the majority of the population did not share in these benefits. In urban areas there was steady progress in expanding the infrastructure which did not happen in the rural areas. This dual system was the main reason for the change in the basis of public finance organisation in SWA in 1969. International pressure on the RSA over its continued presence in the Territory intensified considerably during this time.

1969 - 1980

During this period the recommendations of the Commission of Enquiry into South West Africa Affairs (Odendaal Report) were implemented. This led to the government of the RSA assuming control of important administrative, fiscal and constitutional matters in terms of the implementation of the South West Africa Affairs Act, 1969 (Act No. 25 of 1969). The Act basically signified the political and economic integration of SWA with the RSA.

This curtailed the jurisdiction and responsibilities of the (White) Legislative Assembly and the Executive Committee of the SWAA, thus surrendering certain functions to the South African government. The authority of local government bodies was diminished, becoming largely similar or equivalent to that of a South African provincial administration.

Furthermore, the SWA/Namibia Account was administered as part of South Africa's State Revenue Fund. All tax proceeds originating in SWA/Namibia were accounted for separately. Subsequently, the following instruments of government and financial institutions operated during this period:

- the Territorial Revenue Fund and the Territorial

Development and Reserve Fund, administered by the SWAA;

- the South African Bantu Trust, for the development of those homelands which had not yet received self-governing status;
- the Revenue Funds of the self-governing territories (Owambo, Kavango, Caprivi, Damaraland, Namaland and the Rehoboth Gebiet);
- South Africa's State Revenue Fund which also appropriated funds directly to SWA/Namibia for functions such as defence, police and foreign affairs.

This system was adjusted to the local situation but based on the public finance model used in the South African public service. As a consequence of these adjustments and the running of a dual system, public finance became complicated, awkward and uneconomical.

During the 1970s, massive capital expenditure programmes such as road and dam building projects were embarked upon, predominantly in areas which had previously received negligible public services. Government activities quickly began to expand and departments such as public works, water affairs and roads in particular made heavy demands on the national budget. For reasons of low profitability or heavy capital requirements, private initiative was lacking and public corporations such as the FNDC were established for certain sectors. The budget deficits that arose from this high level of government expenditure were charged to the SWA/Namibia Account. As expected, this growth in the government sector raised the standard of living for some sections of the population.

After 1980

By the late 1970s political developments in both SWA and RSA as well as in the international arena indicated that the Territory was moving towards independence. Subsequently, it was decided once more to adjust the dispensation of SWA/Namibia's public finance.

A Central Revenue Fund was created as well as the process of the consolidation of the 28 departments of the SWA/Namibia Account, the activities of the South African Development Trust (SADT) and the Post Office Fund into 11 departments initially. The various functions which had previously been controlled from Pretoria were transferred to Windhoek. These included the public service commission, public finance, police and defence. The number of government departments increased to 16.

A further modification concerned relations between the territorial authorities, the SWAA and the SADT. The Proclamation of Representative Authorities (AG 8 of 1980) was promulgated. Apart from serving as an interim constitution it allowed each of the eleven population groups to establish their own representative authority and fiscal arrangements were aligned with it. Regional revenues, such as personal income tax, were supplemented by contributions from central government.

Even though the RSA in the 75 years of its governance of SWA/Namibia derived revenue from fisheries, mining and agriculture, most if it was used for infrastructural development.

Customs and excise were paid by the South African government in acknowledgement of SWA/Namibia's participation in the Southern African Customs Union (SACU). Prior to 1981/82, in terms of the South West African Affairs Act, SWA/Namibia received a fixed 2.55% of the net receipts of the customs and excise pool after appropriation to other member states of SACU, namely Botswana, Lesotho and Swaziland.



Trade statistics could not be provided in the absence of border control between SWA/Namibia and the RSA, which prevented SWA/Namibia to share more in the customs pool. The former's contribution was arbitrarily determined, depending primarily on South Africa's ability to pay and on representations made by SWA/Namibia from time to time. Its share in the net customs and excise pool was estimated to be between 13% (1985/86) and 6% (1988/89) of total customs and excise collections in the Common Customs Area.

General sales tax, which was introduced at a rate of 4% in 1978/79, gradually rose to 9% in 1989 and to 15% (with effect from 1 December 2000), became the single most important source of tax and revenue for the central government. However, this 'own' revenue was insufficient to cover total current capital expenditure together with transfers to the lower levels of government.

By the time AG 8 was implemented, the RSA realised that there was no hope of SWA ever becoming a fifth province of that country, so the government then started recording debts incurred by SWA.

(See Chapter 2 - Pre-Independence Debt)

The Road to Independence

The League of Nations, which had been established after the First World War became defunct. After the Second World War the United Nations (UN) was instituted in San Francisco on 24 October 1945, with its headquarters in New York.

During 1945 the Prime Minister of the Union of South Africa, General J C Smuts, filed for the formal annexation of SWA with the UN, but the request was denied.

The next year, the UN ruled that former League of Nations mandated territories, including South West Africa, were to become trust territories and were to be granted independence under an agreed timetable. The Union rejected this ruling.

At the same time the Pan-African movement began and many African countries were spurred on to claim independence from their colonial masters.

SA repeated its request for the formal annexation of SWA in New York on 4 November 1946. General Smuts claimed that he had the support of traditional leaders, but Chief Hosea Kutako, leader of the Chief's Council of the Herero in SWA, refuted this.

After the National Party came to power in May 1948, the Union of South Africa followed a policy to progressively strengthen economic and political ties between the Union and SWA, to the extent that it would eventually be impossible not to consider SWA as part of the Union.

Locally, the Chief's Council increasingly made contact with other traditional leaders to further their cause with regard to independence. This stance gave rise to a 40-year long drawn-out dispute with SA. Chief Kutako appointed the Reverend Michael Scott to give oral evidence to the United Nations Fourth Committee on South Africa's administration of SWA. At his request



Scott became a permanent representative for the SWA liberation movements at the UN in 1950.

The apartheid policy implemented in SA was equally applied in SWA and caused even more strife. The forced removal of blacks from the Old Location in Windhoek to Katutura and the shooting of protesters on 10 December 1959 was the catalyst for the radicalisation of the oppressed people and intensified resistance against apartheid. Petitions to the UN were followed by the formation of the Owamboland People's Organisation - the forerunner of the South West African People's Organisation (SWAPO) which fought to free the country from South African rule.

When the South African government introduced and enforced more segregation policies in the early 1960s,

the UN General Assembly decided to revoke South Africa's mandate over SWA.

The South African government however, rejected this resolution and SWAPO launched an armed struggle on 26 August 1966.

In October 1966, the UN General Assembly ended South Africa's mandate for the administration of SWA and assumed direct responsibility for the Territory until its independence.



In 1968 the United Nations Security Council passed a motion to change the name of the Territory to Namibia, but this was not recognised by the RSA.

Council for Namibia

The UN established a Council for Namibia and entrusted it with the task of securing independence for Namibia. In 1976 the UN's Council for Namibia established the United Nations Institute for Namibia as a training and applied research institute. The Institute aimed at making available the necessary documentation required when the country became independent. A new government would face enormous challenges in correcting the imbalances of the past during the illegal occupation of the country by SA. The white-controlled economy and the socio-economic structure and institutions had reduced the black people in the Territory to mere vassals. These structures and institutions needed to be identified and dismantled and in this context ten sectoral studies were undertaken and completed by the Institute. Furthermore, the Institute pointed out that there was a need to prepare a study on national development strategies for a post-independent Namibia.

After many years of international pressure on the RSA, including trade and financial sanctions, an Administrator-General was appointed on 1 September 1977, to prepare the country for independence. In July of the next year the UN Security Council appointed Martti Ahtisaari as UN Special Representative for Namibia. The election that was held in the country in December 1978 was won by the Democratic Turnhalle Alliance, after which a Constituent Assembly was formed. This was not recognised by SWAPO, which did not participate, nor by the UN.

In April 1978 the RSA accepted an independence plan proposed by the five Western Powers, as did the SWAPO party. The Security Council of the UN adopted Resolution 435 on 29 September 1978. The Administrator-General proceeded with his task and promulgated the Abolishment of Racial Discrimination - Urban Residential Areas and Public Amenities Act, 1979 (Act No. 3 of 1979).

On 20 December 1982, the UN General Assembly asked the Institute to prepare a comprehensive document on all aspects of socio-economic reconstruction and development planning. In cooperation with SWAPO, the Office of the United Nations Commissioner for Namibia and the United Nations Development Programme, the Institute produced the publication 'Namibia: Perspectives for National Reconstruction and Development' first published in 1986. This study was divided into 27 chapters which collectively provided a comprehensive view of the socio-economic conditions in the Territory at the time. It further identified the restrictions imposed by South African occupation and elaborated on the various options which could be applied to overcome those constraints to establishing a just society.



Chapter 19 of the said publication deals with the country's monetary system, financial institutions and public finance.

Following a protracted armed liberation struggle and numerous negotiations and meetings, all parties concerned finally came to an agreement on the independence of Namibia in 1988. The signing of the trilateral agreement between South Africa, Angola and Cuba and a bilateral agreement between Angola and Cuba on 22 December 1988 in New York set the wheels of transformation in motion. On 1 March 1989 the Transitional Government of National Unity



was dissolved. On 1 April 1989 Resolution 435 was implemented and the stage was set for Namibia to become an independent state.

An election for the Constituent Assembly took place on 8 and 9 November 1989. Over 97% of registered voters went to the polls. Martti Ahtisaari certified that this election was 'free and fair'.

The election results were as follows:

SWAPO	57.3%
DTA	28.6%
UDF	5.6%
ACN	3.5%
NPF	1.6%
FCN	1.6%
NNF	0.8%
SWAPO-D	0.5%
CDA	0.4%
NNDP	0.1%

Chapter 2

This chapter provides an account of the events leading to the establishment of the Bank of Namibia, immediately before and after independence. Furthermore, the legal framework within which the Bank operates is dealt with. It touches on areas such as the Constitution, Bank of Namibia Act and other relevant legislation being administered by the Bank. The developments that led to the introduction of the national currency in Namibia and how it changed the operations of the Bank are also covered. It explains and describes the functions of the Bank and its financial relationship with customers and stakeholders too.

Establishment of the Bank of Namibia

During the 1960s, 1970s and 1980s the development of South West Africa was overshadowed by politics. The rest of the world was hesitant to invest in a country whose future was uncertain. Historically too, when African countries gained their independence, often civil war and unrest followed and the economies of those countries collapsed.

On the one hand, the South African government in the 1960s was pumping money into SWA, wanting the world to believe that the country would not be able to support itself. On the other hand, SWAPO had gradually become 'a government in waiting'. SWAPO's mission was to liberate SWA from apartheid South Africa's illegal occupation. As a liberation movement, SWAPO had adopted a strategy to educate and train the cadres who would eventually occupy important management and administrative positions after Namibia became independent. Thousands of young Namibians in exile were therefore trained in friendly countries to become doctors, nurses, economists, administrators and in other professions. The United Nations Institute for Namibia also played a significant role in preparing Namibia for independence.

Furthermore, SWAPO approached the UNO (today the UN) and other sympathetic organisations outside the country for assistance. They obliged and in cooperation assisted SWAPO in drawing up possible strategies in all aspects of government for when the country became independent.

Even before independence, the need for a central bank was identified as one of the priorities by SWAPO. A strategic decision was taken that there would not be any economic disruption after independence was attained. SWAPO also realised early enough that there could and would be no economic development if peace and stability were not maintained in the country.



As an organisation SWAPO knew the country's natural resources, its fish stocks and its agricultural potential. SWAPO was also aware of the fact that the country would need its own currency, backed by sound economic management practices. Furthermore, no country could develop economically without a central bank to regulate the currency and administer monetary policy. SWAPO also knew that it was important to consult other countries within the southern African region. Namibia had to plan its own economic destiny.

In 1988 SWAPO approached Olof Palme of Sweden about the possibility of assistance specifically with the establishment of a central bank after independence. He offered the organisation the services of a specialist banker, Erik Lennart Karlsson, who had assisted many other African countries in the banking business. On a top secret mission the then President of SWAPO, Dr Sam Nujoma and SWAPO Secretary of Finance, Hifikepunye Pohamba, went to Rome, Italy and met with Karlsson. At this meeting, banking and economics for an independent Namibia were discussed and SWAPO referred to the publication of the Institute for Namibia namely 'Namibia: Perspective for National Reconstruction and Development' in which the various options for the currency system and central banking had been investigated.

Namibia's de facto membership of the Rand Monetary Area (RMA) meant that it did not have an independent monetary policy and only had limited control and management of its national wealth. It was essential for the government of an independent Namibia to establish its own monetary system and governing authority as soon as the necessary arrangements could be made.

Four varying basic currency system options were offered for consideration and were:

- the fully autonomous currency board system or enclave without a central bank or a currency board system;

- a currency board or enclave with a limited discretionary monetary authority or central bank;
- a common currency union with a supra-national central bank; or
- an independent currency monetary system with a fully-fledged central bank.

These options are discussed briefly for the sake of clarity:

Currency board or enclave without a central bank or a currency board system

Namibia would be expected to continue using the ZAR as the sole currency and be guided by the RMA. There would thus be no central banking institution and functions which would otherwise be performed by a central bank, would be performed by the Minister of Finance in consultation with the SARB. The SARB would, in other words, be the principal authority on overall monetary and financial matters and be the custodian for the management of foreign exchange reserves. As before, there would be free movement of capital within the RMA although this flow would favour SA which had a much more developed capital and money market.

A currency enclave or board with limited discretionary monetary authority or central bank

This option was slightly more sophisticated and would have some influence over the domestic economy. Despite some control, this system had the same main disadvantages and others as the first option, for instance:

- every additional unit of its currency in circulation must be acquired for value;
- exchange rate policy is that of the dominant partner;
- interest rates must materially move in line with those of the dominant partner; and
- the country must suffer the cost of imported inflation without any effective monetary tool to counter it.

A common currency union with a supra-national central bank

Under this option, a joint central bank and a common currency is shared by a group of countries. An example of this system is the West African Monetary Union. To prevent any individual country from influencing monetary and financial policy for its sole interest, the responsibilities of the central bank are jointly managed within a framework of joint decision-making.

An independent monetary or currency system with a fully-fledged central bank

This last option was consistent with the policy objectives and fundamental aims of the new government, as an independent monetary system with a fully-fledged central bank would consolidate genuine independence and development.

It would further allow the country to issue its own independent currency backed by its own reserves. This system is found in most developed and developing countries. The central bank would, in respect of monetary and financial policy matters, have a wide

range of discretionary powers. It would be able to initiate an expansion or contraction of its economic assets and liabilities and could exercise considerable influence over monetary and financial conditions in the country, over the various banks and the financial sector in general.

Given the country's limited experience in monetary policy management, the second option was considered the most favourable. This option would enable the new Namibian government to benefit from South Africa's experience while at the same time providing the country some scope for an independent monetary policy.

Namibian Constitution

The Constituent Assembly Proclamation was published on 6 November 1989 and dealt with preliminary issues such as the adoption of certain rules and regulations concerning their meetings. It also stipulated that the Constituent Assembly was to draw up the Namibian Constitution, which had to be adopted by a two-thirds majority of the said Assembly as well as the date on which the constitution would come into force. Furthermore and most importantly, the Constituent Assembly had to determine the date for the independence of Namibia. The UNTAG peacekeeping mission arrived and the first democratic UN supervised election was held in the country on 8 and 9 November 1989.

As if to affirm that the world was changing, the Berlin Wall came crashing down during this election. This event heralded the end of the cold war and the beginning of a new world order.

Over and above the many other important issues for which provision had to be made in the constitution, the establishment of a central bank in Namibia also had a place. The Bank of Namibia's legal foundation is enshrined in Article 128 (1) of the Republic of Namibia's Constitution which reads: 'There shall be established by Act of Parliament a Central Bank of the Republic of Namibia which shall serve as the State's principal instrument to control the money supply, the currency and the institutions of finance and to perform all other functions ordinarily performed by a central bank.'

The Namibian Constitution was accepted and approved by all parties on 9 February 1990.

After more than a century of colonial rule the country finally became an independent sovereign State - the Republic of Namibia - on 21 March 1990. His Excellency, President Dr Sam Nujoma, was sworn in as Namibia's first President on the same day.

The fight for self-determination had been won, but the battle for economic independence had just begun. Everything was lined up for the process of creating a central bank for Namibia and the introduction of Namibia's own currency.

International Support

After SWAPO had met with Karlsson in 1988, he called upon the Swedish government to assist with the establishment of a central bank for independent Namibia. Sweden, through the Swedish International Development Agency (SIDA) started preparing for the setting up of a central bank once the country became independent.

Before SIDA provided the necessary support, two fundamental questions were addressed namely:

- whether Namibia would need its own currency; and
- whether Namibia would be able to introduce such a currency instead of continuing to use the ZAR.

SIDA then embarked on an investigation into the modes for the establishment of a central bank, by, inter alia:

- undertaking study visits to other central banks in the region; and
- by holding a seminar with other central banks in the southern African region on their experiences of developing central bank activities in the shadow of the RSA.

SIDA's final report, setting out the arguments for having a central bank and detailing the steps to be taken to establish such a bank was completed in March 1989. It was found that Namibia could indeed establish its own central bank and introduce its own currency, but that the country at that time lacked the human resources and economic expertise to take on this enormous task. SIDA saw this as an opportunity to further assist an independent Namibia by proposing and offering a SIDA assistance package for the creation of a central bank to the government in Namibia.

Based on the recommendations in SIDA's final report, the new Namibian government entered into an agreement with SIDA in which the latter undertook to:

- provide Namibia with a fully-fledged, Namibian-staffed, self-sufficient and well-functioning central bank, with a proper race and gender balance;
- contribute to financing the introduction of the country's own currency. The intention was to strengthen the monetary independence of Namibia as well as to ensure an efficient and effective management of the country's financial resources. One key issue at stake was the strengthening of Namibia's autonomy in relation to the RSA, which had hegemonic control over Namibia's economy;
- assist the Bank of Namibia with training of staff in managerial and other positions and to improve their skills. The services of knowledgeable consultants were procured with the aim of establishing a uniquely Namibian institution that would be on par with central banks worldwide; and
- assist with the computerisation of the Bank of Namibia.

The services of the Swedish advisor Erik Karlsson were secured and he was commissioned to assist with the creation of the central bank.

From the outset in July 1990, in cooperation with the International Monetary Fund (IMF)/United Nations Development Programme (UNDP) and SIDA, the Bank of Namibia worked toward becoming a fully-fledged institution. In this context, SIDA provided the Bank of Namibia with the services not only of the Deputy Governor (Karlsson - who later became Governor), but also of a training manager.

SIDA focussed on:

- a recruitment strategy for the Bank and an ambitious staff training programme, funded by SIDA to the amount of Swedish Krone (SEK) 4.04 million;
- a computerisation strategy developed by short-term consultants after which it was implemented and again funded by SIDA to the amount of SEK 19.1 million; and
- a new national currency.

Furthermore, on an ongoing basis, personnel would be trained to keep up with developments in the banking sector.

Banking Statutes

With independence and in terms of the Namibian Constitution, all existing legislation governing the country as well as the banking industry was inherited by the new Namibian government. Relevant to the banking industry were: the Currency and Exchanges Act, 1933 (Act No. 9 of 1933); the Prevention of Counterfeiting of Currency Act 1965, (Act No. 16 of 1965); the Banks Act, 1965 (Act No. 23 of 1965); and the Building Societies Act, 1986 (Act No. 2 of 1986).

To change the status quo and establish its own central bank, the new government had to either draft new legislation or amend existing legislation. Subsequently, to fulfil its obligations, a new legislation for the establishment of a central bank for Namibia was drafted and passed by Parliament in 1990.

The Bank of Namibia Act, 1990 (Act No. 8 of 1990)

The Bank of Namibia Act, 1990 (Act No. 8 of 1990) provided a legal framework within which the establishment of a central bank could be carried out. With technical assistance from the IMF, UNDP and SIDA, the Bank of Namibia was founded on 16 July 1990.

Provision was made for the appointment of a Governor and the Board of the Bank with six members to serve on it. The Governor was designated as the Chairperson of the Board and also Chief Executive Officer.

Name of the Bank

In 1989 Swabank registered and changed its name to Bank of Namibia, but as the country was preparing to become an independent state the Minister of Finance-

in-waiting, Dr Otto Herrigel, requested that the name be ceded to the new central bank of Namibia which was to be established a few months later. Dr Herrigel further suggested that Swabank rather use the name Commercial Bank of Namibia. The Namibian Banking Corporation was then established by the parent company Nedbank, after which the Commercial Bank of Namibia was registered in 1990. The central bank thus became the Bank of Namibia.

Staff and Offices

All SARB staff at the Windhoek branch had three options:

- to be transferred back to the RSA;
- to join the Bank of Namibia; or
- to resign/retire.



The majority chose to join the Bank of Namibia. A few, including the branch manager, returned to the RSA. The Bank of Namibia took up office in the building which previously housed the Windhoek branch of the SARB in Göring Street, (now Daniel Munamava Street) Windhoek. It primarily took over the functions already performed by the Windhoek branch of the SARB up until then. There was only one department (Operations) with a staff complement of approximately 63.

This Operations Department had three divisions, namely:

- the Currency Division (issuance of coins and notes);
- the Banking Division (clearing and payment of cheques); and
- the Accounting Division.

The SARB maintained its branch in Windhoek until the Bank of Namibia commenced its operations on 1 August 1990. With its creation, new employment opportunities were created at the Bank. Positions were advertised and, where possible, appropriately qualified personnel were appointed.

Given the difficulty of recruiting nationals experienced in central banking, by 31 January 1991, the Bank of Namibia in the first year had appointed 42 nationals in positions which were previously occupied by staff recruited by the UNDP, IMF and SIDA. In the meantime

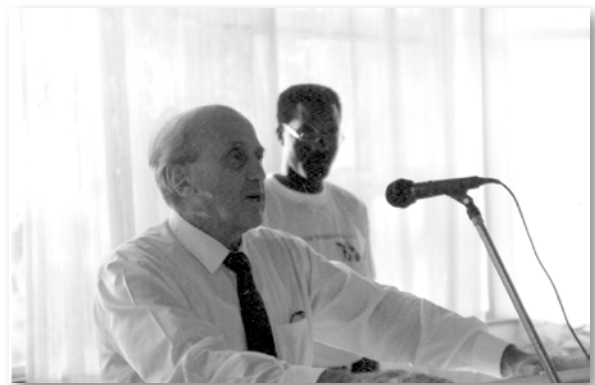
the training of recruited staff in the various disciplines started in earnest.

The ZAR remained legal tender in Namibia and the Bank became the agent of the SARB for issuing and receiving South African currency. The Bank of Namibia continued to provide a clearing house facility for cheques and interbank clearance settlements.

Besides the Governor's and the General Manager's offices, the Bank had seven departments by 1991. Four of these departments were housed in the former SARB building and two in the Capital Centre in central Windhoek. Subsequently one of these, the Supervision Division, moved from there to the Sanlam Centre the following year. The Exchange Control Division was housed in the CDM building.

The accommodation of staff in four separate and distant buildings had a number of disadvantages, of which internal communication was the most predominant.

The Inauguration of the Bank of Namibia 15 July 1990



Issuance of National Currency 1993

Preparations for the introduction of a national currency, named the Namibia Dollar, commenced soon after independence. The Technical Committee on the National Currency was formed in September 1990 and charged with performing this task. This committee

consisted of representatives of the Ministry of Finance and the Bank of Namibia. Dr Johan Jones* (committee chairperson), Paul Hartmann (secretary) and Dr David Rush* were appointed from the Ministry of Finance. The other two members were Erik Karlsson* and Emanuel Lule* from the Bank of Namibia. (*now deceased).

According to the Bank of Namibia Act, the President had to decide on the monetary unit and its symbols on the one hand. On the other hand, approval of the Minister of Finance was required for the denominations, composition, form and design of the national currency.

The Technical Committee had to produce specifications and devise proposals for notes and coins and organise the tender process. When the tendering was concluded and the Cabinet had selected the winners of the designs and decided upon the printer and minter, the Committee had to follow up on the Cabinet's decision.

As described in the Bank of Namibia Act, the Bank issues the national currency and arranges for the printing of notes and the minting of coins.

Specifications and Tendering

On 7 October 1991, international tenders were called for the design and printing of currency notes, to reach the Bank of Namibia no later than 30 April 1992. Professional local artists checked and evaluated the received designs whereafter, in May 1992, all the designs were presented to the Cabinet. On the basis of quality, appearance and quoted price, the Cabinet decided to award the tender for the printing of the notes to AB Tumba Bruk, Sweden. In September 1992, the Bank of Namibia signed the contract with that company. According to the contract, one third of the currency notes were to be delivered to the Bank not later than August 1993; the residual amounts at a later stage, to be decided upon by the Bank.

All designs received for coins were rejected by the Cabinet, after which it was decided to announce a competition for coin designs in June 1992. The competition was launched in the same month with the closing date being 28 August 1992. More than 140 sets of designs were received. After scrutiny by professional artists and technical experts, the Cabinet decided to award the prize for the designs of the N\$1 and N\$5 to Bernard Sargent of the South African company Metal Image. The designs for 5c, 10c and 50c were awarded to the mint of Finland. Quotations for the minting of these coins had to be received by the Bank of Namibia by 9 October 1992.

Early in December 1992, the Cabinet awarded the tender contract for the minting of the entire series of the Namibian coinage to the mint of Finland. The contract between the Bank of Namibia and the mint of Finland was signed in January 1993.

The Swedish government agreed to provide the Bank of Namibia with part of the capital (SEK 20 million), needed to introduce a new national currency to be used to pay for the production costs of the banknotes.

Awareness Campaign

In order to inform and educate the Namibian people on the implications and practical details of the national currency, an awareness campaign was launched. A National Currency Committee was established with the Deputy Governor as Chairperson and the Public Relations Officer as Vice-Chairperson in order, amongst other things, to oversee the campaign. The Committee held its first meeting on 4 February 1993, after which meetings were held on a regular basis until the notes were issued.

To ensure that the entire population of Namibia would accept the new currency with pride, the Committee, with the assistance of a local advertising agency, formulated a mass communication strategy to launch the new currency.

Under the auspices of the training coordinator, staff training sessions were undertaken to inform and educate the staff about the requirements and implications for them and the Bank, on the introduction of the national currency.

At the ordinary meetings with the commercial banks, information was given about the introduction of the national currency. The banks were requested to present to the Bank all possible questions that could be raised in connection with the introduction of the currency. Cooperation between the top management of the Bank and the commercial banks via a technical committee was very fruitful, especially when it came to clarifying and making public the payment techniques to be used for money transactions between Namibia and the RSA.

Special meetings were also held with commercial banks to which representatives of the business community were invited. The campaign was stepped up with television and radio commercials. The theme was: 'There's a new sun rising over Namibia'. All commercial banks, building societies, municipalities, post offices and major retailers were supplied with stands, leaflets, and promotional badges which were displayed and distributed at point of sale stations. A documentary on the Bank of Namibia was produced and screened on local television.

A comprehensive rural road information programme was launched, where teams from the Bank of Namibia, in local languages, informed and educated the Namibians in those parts of the country.

On Monday 30 August 1993 the first consignment of Namibian banknotes arrived at the Windhoek International Airport. Under Police escort, the banknotes were transported to the Bank of Namibia where they were unloaded, unpacked and stored in the vaults. In subsequent weeks the Bank of Namibia delivered smaller consignments of banknotes to the commercial banks in Windhoek. From these banks, sufficient quantities of banknotes were distributed to the various commercial bank branches throughout the country, in anticipation of the official launch date.

Official Launch of the Namibia Dollar

The Namibia Dollar was officially launched by His Excellency the President, Dr Sam Nujoma on 14 September 1993. A ceremony was arranged by the Bank of Namibia and took place at the garden restaurant outside the Parliament building. The ceremony commenced with the signing of a new Bilateral Monetary Agreement (BMA) between Namibia and the RSA by the respective ministers of finance and as from 15 September 1993 the Namibia Dollar became legal tender in Namibia.

Namibia Dollar as Legal Tender

A proclamation on the determination of the monetary units and symbols of the currency of Namibia, as well as a general notice on the characteristics of notes and coins to be issued by the Bank, were gazetted. Specimen notes were sent to foreign central banks. All the arrangements with the IMF, necessary for a country introducing its own currency, were completed. (IMF: refer to Chapter 5)

Before the Namibian coins could be fully utilised, coin-operated machines (parking meters, public telephones, etc), which only accepted South African coins, had to be converted and calibrated to accept Namibian coins.

The first consignment of Namibian coins arrived at Walvis Bay on 13 November 1993. From there they were transported by road under Police escort and delivered to the Bank's premises in Windhoek and from there to commercial banks. Issuing of the coins started on 8 December 1993.

Design and Symbolism of Namibia Dollar Banknotes

The primary function of banknotes is to serve as a safe, secure and generally accepted payment medium. However, banknotes also serve as a national symbol of any country - almost on par with the national flag and the coat of arms. In a way banknotes act as the 'business card' of the country, conveying a message to the holder.

The first design of the banknotes dates back to 1993, when N\$10, N\$50 and N\$100 banknotes were officially introduced. In 1996, the N\$20 and N\$200 notes were put into circulation. These latter two notes were redesigns of the original notes and contained a number of trademarked security features, including anti-copier and anti-scanner features. The original banknotes were subsequently upgraded to include the same security features as the N\$20 and N\$200.

Themes

Each banknote conveys a message about the country in which it is used. In Namibia's case the message contains four main themes:

The armed struggle for the achievement of independence is symbolised by Kaptein Hendrik

Witbooi; the Sovereignty of the country is symbolised by the Namibian Parliament; while Nationalism is symbolised by the national flag and the coat of arms. The Natural Diversity of the land is symbolised by the Namibian antelopes.

Design features on the obverse side

The main motif of the note is the portrait of Kaptein Hendrik Witbooi, with other visible features on the obverse side being:

- the vignette of the Namibian Parliament building;
- guilloche borders - an ornamental border formed by two or more interlaced bands around a series of interlocking circles around parts of the note;
- the name, number and value of the denomination;
- the Governor's signature and the name 'Bank of Namibia';
- the Namibian coat of arms;
- Braille dots (each note has a different number of dots);
- a see-through (perfect) register (each note has a different pattern);
- the serial number of the note on the left and right hand side of the note;
- a silver windowed metallic thread; and
- a silver foil patch on the N\$100 and a gold foil patch on the N\$200 banknotes.



Design features on the reverse side

The main motifs of each of the denominations of the banknotes are depictions of common Namibian antelopes: N\$10: Springbok; N\$20: Red Hartebeest; N\$50: Kudu; N\$100: Oryx; and N\$200: Roan Antelope. The other visible features on the reverse side of the note are:

- guilloche borders around parts of the note;
- the name and value of the denomination;
- the name 'Bank of Namibia' and the name of the antelope;

- an outline of the Namibian flag; and
- the reverse side of the see-through register.

Raw material specifications

In the design of the new banknotes, the Bank paid particular attention to the raw material specification, i.e. paper, ink, thread, watermark, foil and varnish.

Security features

Security features found on the different denominations of the banknotes are quite standard across the different denominations. The only major difference is that the N\$100 has a silver foil and the N\$200 banknote a gold foil, while the lower denominations have none.

Banking Association

During the process of capacity building in the SADC region, the need was identified for a representative body for the banking industry within the region, hence the establishment of the Southern African Development Community Banking Association (SADCBA) in 1998 as a platform where private sector banks can interact with one another and with their respective authorities. The Bankers' Association of Namibia belongs to the SADCBA which has a close and constructive relationship with the CCBG. The SADCBA is usually invited to the annual meeting of the CCBG, where it briefs the Governors on progress and solicits their views and support on relevant issues.

Committee of SADC Stock Exchanges

The Namibian Stock Exchange (NSX) is a member of the Committee of SADC Stock Exchanges (COSSE) which was established in 1997. The main purpose of the COSSE was to pave the way for cross-border listings and therefore trading and investments among the different member exchanges, in order to facilitate the process of financial integration within the SADC region. COSSE reports to and holds regular meetings and discussions with the CCBG.

All these initiatives are in support of SADC objectives of regional economic integration and represent intermediate steps towards the goal of monetary cooperation and eventually a monetary union. Given that SADC has now explicitly stated its intention to establish a monetary union, it is clear that the various initiatives of the CCBG will underpin and facilitate that process.

Association of African Central Banks

The Bank of Namibia is a member of the Association of African Central Banks (AACB). This Association was established in 1965 with the purpose of monetary

cooperation at the continental level. In addition, it was also intended to contribute towards the realisation of the goals of economic integration within the African continent.

The Association has an Assembly of Governors, the governing body comprising all member African Central Banks' Governors (ACBG); a Bureau (composed of the Chairperson and the Vice-Chairperson of the Association and Chairpersons of Subregional Committees); Subregional Committees (composed of Governors of Central Banks of the five subregions as defined by the AU). In addition to these organs, Governors decided to set up a Secretariat which is hosted by the Banque Centrale des Etats de l'Afrique de l'Ouest in Dakar, Senegal.

The Bank of Namibia acceded to the Article of the Association after independence. Since then, the Bank has been an active participant in the activities of the Association including participation in its annual meetings and seminars. The Bank hosted the meeting of the Assembly of Governors in August 2006 in Windhoek. In 2006/2007, Tom K Alweendo, the Governor of the Bank of Namibia, served as the Chairman of the Association. As Chairman, he assisted in setting the agenda of the Association including deliberations on the most suitable route to establish a continental central bank.



An important initiative and programme of the Assembly of Governors has been the adoption of the programme for monetary cooperation that identifies the successive stages for the establishment of a single monetary zone and a single currency for the continent. This programme envisages the harmonisation of the monetary cooperation programmes of the various subregional groupings as building blocks with the ultimate aim of evolving into a single monetary zone by the year 2021 with a common currency and a common central bank. In other words, it is a roadmap in which a step-by-step approach to the creation of monetary union was adopted. Generally activities planned during the first four stages spanning 2003 - 2016, include the establishment of subregional committees of the AACB, adoption by each subregion of a formal monetary integration programme, gradual interconnection of payments and clearing systems and observance of the macroeconomic indicators, amongst others. The final stage, 2016 - 2020, will see the finalisation of administrative and institutional arrangements required for the launching of the African Monetary Union, which will culminate in the launching of the common central bank and currency in 2021.

Although the five regions have reported good progress

towards the achievement and establishment of the monetary union, a lot still has to be done. In addition, the AU has proposed a goal of achieving and establishing a monetary union earlier than the time proposed by the Governors. At the time of writing, this issue was still being debated.

Obviously, for a meaningful monetary integration process to take place, it is necessary that there should be sufficient macroeconomic convergence in the regions. Macroeconomic convergence refers to the converging of macroeconomic indicators including the rate of inflation, budget deficit and public debt, amongst others. If these indicators are moving in the same direction in the concerned countries, it is said that these countries are converging and as such are best candidates for monetary integration. In so far as the African continent is concerned, there is a great degree of economic divergence; thus the realisation of a continental bank may not be achieved soon, based purely on these criteria.



Microeconomic and Financial Management Institute

Cooperation between the Microeconomic and Financial Management Institute (MEFMI) and the Bank of Namibia largely revolves around capacity-building through training and technical assistance. In this regard, staff members of the Bank of Namibia participate in courses, workshops and the fellowship development programme offered by MEFMI. The training programmes entail key areas of intervention which are of relevance to the operations of the Bank of Namibia, namely macroeconomic management; financial

sector management; debt management; and reserve management, amongst others. Apart from the provision of training to staff members, the Bank of Namibia also benefits from MEFMI in terms of technical assistance in some areas of its operations, such as inflation forecasting.

Eastern and South African Anti-Money Laundering Groups

The Bank also cooperates with Eastern and South African Anti-Money Laundering Groups (ESAAMLG) which is a financial action task force consisting of 14 member countries in eastern and southern Africa, committed to combat money laundering and the financing of terrorism within the ESAAMLG region.

International Financial Cooperation

Beyond the African continent, the Bank continues to interact with various international financial institutions, most notably the IMF, Bank for International Settlements (BIS) and the World Bank, amongst others.

International Monetary Fund

The IMF was conceived in 1944 with the primary objectives of promoting international financial co-optation including facilitation of growth in international trade, promotion of exchange rate stability and provision of funding for countries that experience temporary balance of payment difficulties. Further, the IMF monitors economic and financial developments and provides policy advice with the intention of preventing financial crises. It also provides countries with technical assistance and training in its areas of expertise. Currently the IMF has a global membership of 186 countries.

As the fiscal agent of the government, the Bank keeps records of the transactions between the IMF and the Government of Namibia. These transactions emanate from the country's shareholding at the Fund. In terms of the governance structure, the Namibian Minister of Finance is regarded by the IMF as the Governor with his alternate being the Governor of the Bank of Namibia. The Governor, in his capacity as alternative Governor attends the regular meetings of the IMF where policy issues are generally discussed.

Cooperation with the IMF has been largely limited to Article IV Consultations (Article IV Consultations are the medium through which the IMF consults annually with each member government and attempts to assess each country's economic health to forestall future financial problems) and technical assistance needs. The Bank has been a beneficiary of IMF technical assistance.

This assistance includes:

- the General Data Dissemination Standard Project which was created in 1997 to guide countries in the

provision of comprehensive, timely, accessible and reliable economic, financial, and socio-demographic data; and

- more recently, the Financial System Assessment Programme - a joint initiative between the World Bank and the IMF.

The aims of this programme are to increase the effectiveness of efforts to promote the soundness of financial systems in member countries.

Work under the programme seeks to:

- identify the strengths and vulnerabilities of a country's financial system;
- determine how key sources of risk are being managed;
- ascertain the financial sector's development and technical assistance needs; and
- help prioritise policy responses.

The programme also forms the basis of Financial System Stability Assessments in which IMF staff address issues of relevance to IMF surveillance, including risks to macroeconomic stability stemming from the financial sector and the capacity of the sector to absorb macroeconomic shocks. Other assistance received from the IMF relates to issues of risk-based supervision and the payment system.

World Bank

As with the IMF, the interaction between the Bank of Namibia and the World Bank has been generally limited to issues of technical cooperation and capacity building. In this regard, the Bank has been a beneficiary of technical assistance from the World Bank in the areas of macroeconomic modelling and forecasting, policy research, and the prevention, detection and deterrence of anti-money laundering activities, amongst others.

In the area of economic modelling and forecasting, the World Bank and the Bank of Namibia organised a course in macroeconomic modelling in 2009. The course was attended by officials from the Bank of Namibia, the Ministry of Finance, the National Planning Commission (NPC), University of Namibia (UNAM) and the Development Bank of Namibia (DBN). The key objective was to build capacity of the above-mentioned institutions in the area of economic modelling. The World Bank sponsored four resource persons who conducted the training. A further course focusing on the Computable General Equilibrium Model was conducted in the second half of 2009. This assistance was critical as it will lead to the eventual development and setting up of a Computable General Equilibrium Model for Namibia, which can be used for wide economy impact analysis.

World Bank and the Impact of HIV/AIDS

In general economic research, the World Bank funded the technical assistance for the study undertaken by

the Bank of Namibia on the impact of HIV/AIDS on the financial sector. The technical assistance was to assist the Bank in measuring the impact of HIV and AIDS on the banking as well as non-banking financial sector of Namibia. The World Bank funded the cost of the consultants who worked with the Research Department in carrying out an actuarial assessment of HIV/AIDS and the modelling of the impact of HIV and AIDS on the banking and non-banking financial sector.

World Bank and the United Nations

Both the World Bank and the United Nations Office against Drugs and Crime assisted and mentored the Bank's officials with the development of Namibia's AMLCFT legislative framework as far as it relates to the Regulations under Namibia's Financial Intelligence Act, 2007. Further, the World Bank assisted the Bank of Namibia with the development of organisational activities of the FIC, including establishing operational procedures, developing financial analysis capability, advising on issues relating to operational independence of the FIC and its security aspects and related data. Further assistance on the operational aspects of the reporting and management of suspicious transactions from reporting institutions as well as support capacity building were also provided.

With the exception of cooperation in the areas of economic research and anti-money laundering, the Bank of Namibia also cooperates with the World Bank in terms of capacity building for reserve management. In this regard, the Financial Markets Department of the Bank of Namibia has been participating in the Reserves Advisory and Management Programme from the Treasury Department of the World Bank. This programme has enabled the Bank of Namibia to enhance its strategic assets allocation, capacity building and portfolio management processes.

Bank for International Settlements

The Bank of Namibia aligns its supervisory standards with the standards of the Basel Committee on Banking Supervision - an initiative spearheaded by the Bank for International Settlements. The Basel Committee on Banking Supervision provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide. It seeks to do so by exchanging information on national supervisory issues, approaches, and techniques, with a view to promoting common understanding. The Committee uses this common understanding to develop guidelines and supervisory standards in areas where they are considered desirable. In this regard, the Committee is best known for its international standards on capital adequacy and the Core Principles for Effective Banking Supervision to which Namibia adheres.

Cooperation with other Institutions

The Bank of Namibia maintains cooperation arrangements with other international institutions such as the World Trade Organisation (WTO), the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, the ESAAMLG and several central banks.

With regard to the WTO, the Bank of Namibia provides the relevant information within its mandate through the Trade Policy Review Mechanism (TPRM). The TPRM generally involves the surveillance of national trade policies and is a fundamentally important activity running throughout the work of the WTO. The objectives of the TPRM as expressed in Annexure 3 of the Marrakesh Agreement include facilitating the smooth functioning of the multilateral trading system by enhancing the transparency of members' trade policies.

The TPRM also contributes to improved adherence by all members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in and understanding of the trade policies and practices of members.

All WTO members are subject to review under the TPRM. In general, the four members with the largest shares of world trade (currently the EU, the United States, Japan and China) are reviewed every two years, the next 16 are reviewed every four years, and others are reviewed every six years. A longer period may be fixed for least-developed member countries.

The review mechanism enables the regular collective appreciation and evaluation of the full range of trade policies and practices of individual members and their impact on the functioning of the multilateral trading system. It is not, however, intended to serve as a basis for the enforcement of specific obligations under the Agreements or for dispute settlement procedures, or to impose new policy commitments on members.

In the area of cooperation with other central banks, a delegation of seven senior officials from the People's Bank of China (i.e. China's Central Bank) led by their Deputy Governor Su Ning visited the Bank of Namibia during October 2006. This was a reciprocal visit because Governor Tom K Alweendo had earlier visited that Bank. The purpose of the visit was to further strengthen ties between the two central banks in the area of economic policy management and more specifically central banking matters. During the visit critical issues pertaining to the conduct of monetary policy in Namibia and China, payment systems reform and the country's economic performance were discussed.



The Bank of Namibia also hosted a seminar on inflation forecasting in collaboration with the Centre for Central Banking Studies of the Bank of England in September 2009. This workshop built and strengthened modelling and forecasting capacity, especially in the area of inflation forecasting.



At the operational level, the Bank maintains foreign exchange and money market accounts with a number of institutions abroad such as the Bank for International Settlements, Bank of England, the Federal Reserve Bank of New York, Bank of Tokyo Mitsubishi Ltd, Westpac Banking Corporation, Union Bank of Switzerland, Nordea Bank Sweden and the SARB. It also has correspondent status relationships with Dresdner Bank Frankfurt, Citi Bank New York and First National Bank of South Africa.

The Bank of Namibia has established and maintains strong relations with many regional and international organisations as detailed above. Besides the institutions mentioned, the Bank also interacts with individual central banks, especially in SADC. With the intensification of regional integration and globalisation processes, it is given that the Bank will continue to pursue cooperation with both regional and international institutions so as to influence the relevant agenda.



Bank of Namibia

INTRODUCTION TO



CENTRAL BANKING





TABLE OF CONTENTS

Foreword	2
Introduction to central banking?	4
History & Evolution of Central Banks	5
The Bank of Namibia – legal framework	6
Mandates and Key Functions of the Bank of Namibia	7
Bank of Namibia Monetary Policy Committee	8
Namibia's Exchange Rate Regime and the Common Monetary Area	9
Central Banks and the Management of Foreign Exchange Reserves	11
Financial stability	12
Research	12
Currency Management	13
Payment Systems Management	13
Banking Supervision	14
New topics in central banking	14
Conclusion	17

Foreword



The core mandate of the Bank of Namibia, as set out in the Bank of Namibia Act 1 of 2020, is to promote monetary stability and safeguard financial stability. This mandate provides the foundation for a sound and resilient financial system that supports sustainable economic growth and enhances the well-being of all Namibians.

Central banking is therefore, about serving the nation, fostering economic progress and contributing to a stable and sustainable future.

As a key institution within Namibia's financial and economic architecture, the Bank remains committed to transparency, accountability and meaningful engagement with all stakeholders. Trust is built through consistency, clarity and responsible stewardship. Our policies and decisions must not only uphold stability but also reflect the aspirations and long-term interests of our nation.

This booklet provides a comprehensive overview of the Bank's mandate, governance framework and core functions. It offers insight into our role in managing monetary policy, regulating and supervising the financial system, overseeing payment systems and fostering financial stability. In an increasingly dynamic global and domestic environment, these responsibilities remain fundamental. At the same time, the evolving financial landscape requires that we continually strengthen our frameworks and adapt thoughtfully to emerging risks and opportunities.

In responding to these developments, our strategic direction is guided by three reinforcing priorities under the strategic pillars of the Bank:

First, we are **aligning the Bank to the new economy**. Namibia's economic structure is evolving, shaped by digital transformation, financial innovation and new growth sectors such as energy. To remain effective, the Bank must ensure that its policy instruments, regulatory frameworks, operational systems and data capabilities are responsive to increasing complexity and interconnectedness.

Second, we are **building institutional capacity aligned to future risks**. Central banking today demands technical depth, analytical rigour and forward-looking capability. By strengthening our human capital, enhancing specialised expertise and investing in modern tools and systems, we position the Bank to anticipate and manage emerging risks with confidence and precision.

Third, we are **solidifying the Bank as a knowledge institution**. Sound policy must be grounded in evidence and informed by high-quality research and data. By embedding a strong research culture and deepening analytical capacity across the institution, we enhance decision-making, reinforce policy credibility and strengthen public confidence.

Beyond its core mandate, as stated, the Bank also plays an important developmental role in advancing Namibia's economic progress. This includes supporting financial sector deepening, promoting financial inclusion and ensuring that access to finance enables businesses and households to participate meaningfully in the economy. Our strategic focus aligns with national development priorities, ensuring that the financial system serves as an enabler of growth, inclusion and resilience.

We recognise that economic transformation cannot be achieved in isolation. The Bank will continue to engage constructively with government, policymakers, financial institutions, businesses and the public to foster a resilient and inclusive financial system. Central Bank independence remains essential to fulfilling our mandate effectively, but it must be complemented by accountability and clear communication. Transparency strengthens credibility, and credibility anchors stability.

As we look ahead, advances in artificial intelligence, digital currencies, financial sector innovation and climate-related risks are reshaping the global financial landscape. The Bank remains proactive in adapting its regulatory and supervisory frameworks to ensure stability, security and resilience, while embracing innovation that supports sustainable economic development.

I trust that this booklet will deepen understanding of the Bank of Namibia's role and reaffirm our commitment to serving the nation with integrity, discipline and purpose.

Mr Ebson Uanguta
Governor, Bank of Namibia



1

Introduction to central banking?



A. What is a central bank?

Generally defined, a Central Bank is a Government's monetary authority that creates the legal tender used in the economy and is responsible for the monetary and financial policies that affect a country's supply of money and credit.

B. What exactly do central banks do?

- **Issuing Money:** Central banks have the exclusive authority to create and issue currency while ensuring stability. The Bank of Namibia issues Namibia dollar coins and banknotes as legal tender in Namibia.
- **Ensure Price Stability:** Central banks are mandated to promote price stability. They achieve this by utilising various tools like interest rates to manage inflation and maintain stable prices of goods and services supplied in the economy.
- **Supervise commercial banks:** The central bank supervises and regulates banks, microfinance banking institutions and credit bureaus.
- **Lender of Last Resort:** Central banks also act as a backstop for the banking sector. They provide relief to commercial banks when they are in financial trouble.
- **Economic Advisor to Government:** Central banks serve the government, its main stakeholders and the general public on matters pertaining to the economy.
- **Government's Banker:** Central banks are responsible for managing government accounts and issuing government debt on the state's behalf to facilitate the financing of its operations. These activities include the receipt of tax payments, disbursement of government salaries and payments by Government for services rendered by external contractors and foreign missions.

- **Exchange control function:** This is a delegated function to act as an agent for administering exchange control.
- The purpose is to control the local demand for foreign currency in order to protect the country's foreign exchange reserves, but also to allocate available foreign currency in the best interest of the country as a whole.
- **Payment infrastructure oversight:** Central banks are the architects and engineers behind much of the national payment system infrastructure. They also oversee firms that avails payment rails to consumers and ensure that they avail such services in compliance with applicable laws and also innovate new payment systems to enhance accessibility, promote financial inclusion and sovereignty.
- **Financial Stability and Macroprudential Oversight:** Central banks are responsible for safeguarding the stability of the financial system as well as ensuring effective macroprudential oversight. The stability of the financial system is a catalyst for growth and development of both the financial sector and the economy as a whole.



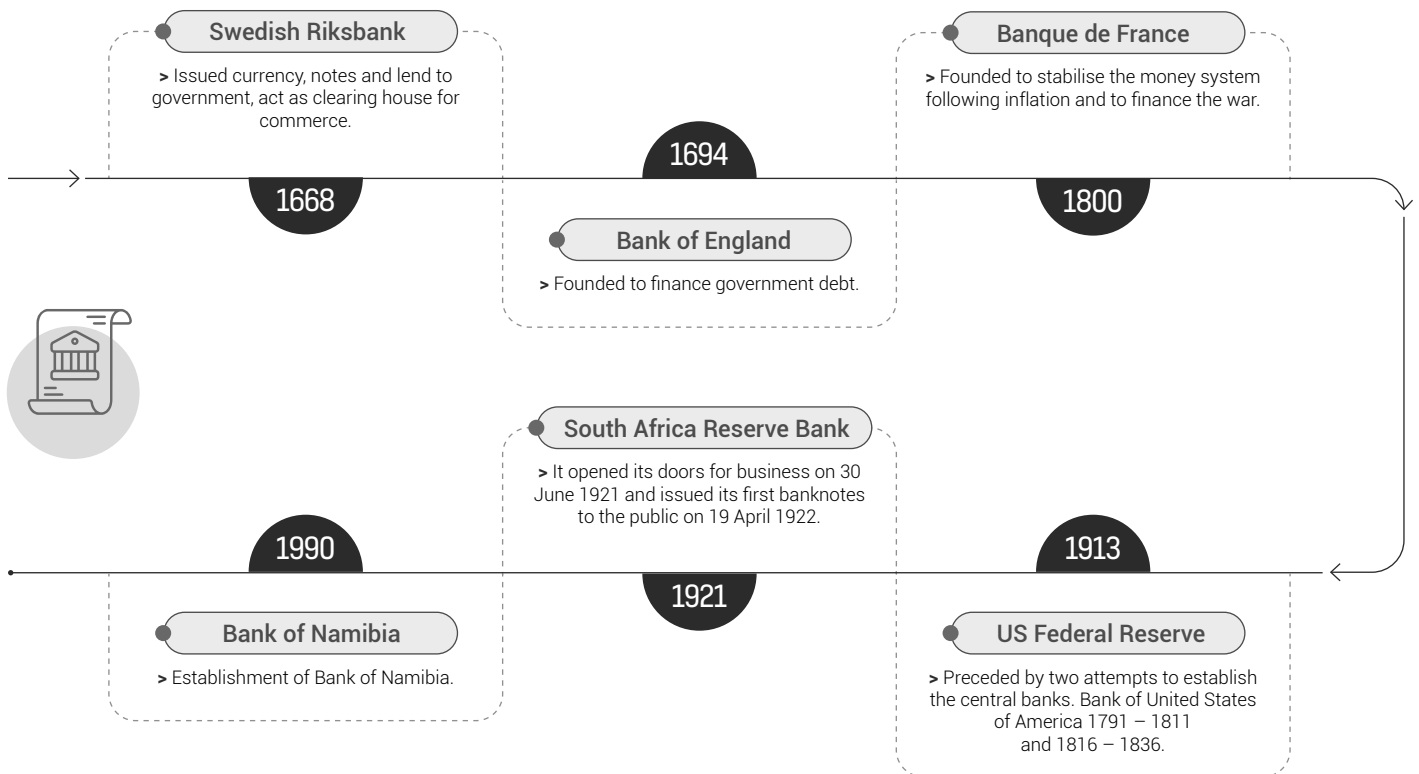
2 History & Evolution of Central Banks

Central banks have been integral institutions for approximately 400 years, playing a vital role in the functioning of economies worldwide. In contemporary contexts, central banks' responsibilities extend beyond traditional functions, such as issuing currency, providing banking services for governments and commercial banks and developing the financial system. The significance of central banks continues to evolve, reflecting their crucial role in maintaining economic stability and facilitating financial market operations.

The Bank of Namibia is wholly owned by the Government of the Republic of Namibia. However, as stipulated in the Bank of Namibia Act 1 of 2020, it operates independently in fulfilling its mandate in terms of the Namibian constitution. This differs from some central banks, such as the South African Reserve Bank, which has private shareholders. Notwithstanding their various ownership structures, central banks execute their functions independently that are mandated by their respective statutes and national constitutions.



A timeline of the establishment of some central banks



3 The Bank of Namibia – legal framework

A. Establishment of the Bank of Namibia

The Bank of Namibia was established in terms of Article 128 of the Constitution of the Republic of Namibia, as amended.



The article states that:

- i. There shall be a Central Bank of the Republic of Namibia. This institution will be the main instrument of the state for controlling the money supply, currency and banking institutions, fulfilling all the functions typically associated with a central bank.
- ii. The governing board shall consist of the governor and deputy governors. The board governs the central bank and all board members are appointed by the president as prescribed by the Bank of Namibia Act, 2020.



Objective of the Bank:

The objective of the Bank is to promote monetary stability and to contribute towards financial stability conducive to the sustainable economic development of Namibia.

B. Laws administered by the Bank of Namibia

- i. Bank of Namibia Act 1 of 2020
- ii. Currency and Exchanges Act 1933
- iii. Prevention of Counterfeiting of Currency Act 1965
- iv. Namibia Deposit Guarantee Act 2018
- v. Banking Institutions Act 2023 (as amended)
- vi. Payment Systems Management Act 2003
- vii. Virtual Assets Act 2023

C. Governance

The Government of the Republic of Namibia holds sole ownership of the Bank of Namibia. Governance of the Bank is the responsibility of a Board. The President appoints the Governor, who serves as the Chair of the Board of Directors, as well as the Deputy Governors. Board members are appointed for a duration of five (5) years and are eligible for reappointment for additional terms.

The Board consists of:

- i. The Governor
- ii. Deputy Governors
- iii. Executive Director: Ministry of Finance (ex-officio)
- iv. 5 to 6 other (non-executive) members

The Bank of Namibia execute its mandate through the following committees:

- i. Monetary Policy Committee
- ii. Investment Committee
- iii. Macprudential Oversight Committee
- iv. Financial System Stability Committee
- v. Resolution Committee

D. Mission & Vision of Bank of Namibia



To be a leading central bank committed to a prosperous Namibia.



To support sustainable economic development through effective monetary policy and an inclusive and stable financial system for the benefit of all Namibians.

D. Independence, Accountability & Transparency of the Bank of Namibia

The Bank of Namibia was granted independence through the Bank of Namibia Act 1 of 2020, aligning with modern central banking practices. In pursuing its objectives and exercising its powers and functions, the Bank must:

- i. Maintain its independence and operate free from improper or undue influence, as well as from fear, favouritism, prejudice or direction from any individual or authority.
- ii. No person or authority is permitted to attempt to influence a member of the Board, a committee established under the Bank of Namibia Act 1 of 2020 or any staff member in carrying out their responsibilities under this Act.

Like other central banks, the Bank of Namibia operates within a framework emphasising **independence, accountability and transparency**. This means it is independent to act, accountable for its actions, and prepared to explain those actions.

4 Mandates and Key Functions of the Bank of Namibia



A. Mandates

The Bank of Namibia's mandate is to **promote monetary stability and financial stability that supports sustainable economic development** in Namibia.

B. Key functions

The main responsibilities of the Bank are:

- i. formulating and implementing monetary policy
- ii. issuing banknotes and coins
- iii. supervising the banking sector
- iv. ensuring the supervision of and effective functioning of the national payment system.
- v. managing foreign exchange reserves
- vi. acting as banker to the government
- vii. administering the foreign exchange controls
- viii. promoting financial stability
- ix. Producing economic statistics, analysis, forecasts and research

C. Bank of Namibia Oshakati Branch

Bank of Namibia has one branch in Oshakati, which was established to provide banking services to Northern Namibia. The core functions of the Oshakati branch are:

- i. to provide banking services to commercial banks and government ministries in the northern regions.
- ii. to ensure high-quality banknotes are in circulation in Northern Namibia to prevent counterfeiting.
- iii. to deliver efficient services by building strong relationships with Stakeholders in Northern Namibia to understand their needs better.



5 Bank of Namibia Monetary Policy Committee

As per the Bank of Namibia Act 1 of 2020 No.20 of 2020, there shall be a monetary policy committee responsible for the formulation of: _____



Monetary policy



Conduct of monetary policy.

The composition of the monetary policy committee. (MPC) shall consist of:

- i. The Governor
- ii. Deputy Governors
- iii. Not less than three (3) but not more than six (6) people appointed by the Governor.

The MPC members are appointed for three years and eligible to be re-appointed for more than one term.

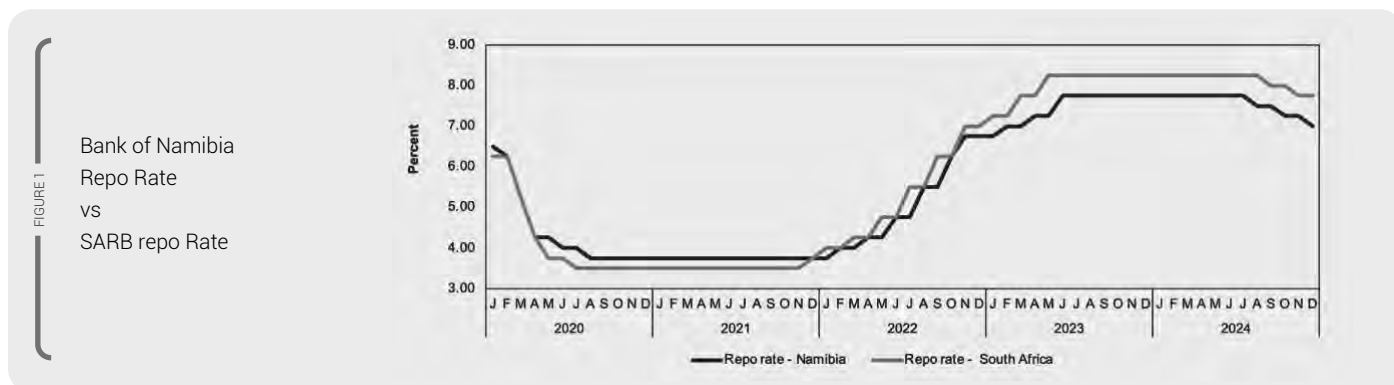
Responsibilities of the Bank of Namibia Monetary Policy Committee:

- i. Formulating monetary policy.
- ii. Formulating policies for conducting Namibia's monetary policy operations.
- iii. Setting rules and procedures that should be followed during MPC meetings.



Monetary policy formulation

The Bank of Namibia's Monetary Policy Committee (MPC) typically meets six times a year to determine an appropriate level for short-term interest rates for the upcoming two months. MPC members carefully consider both global and domestic economic conditions and risks, the interest rate differentials between Namibia and South Africa, and the adequacy of Namibia's foreign exchange reserves.



The Bank of Namibia sets the repo rate to influence monetary conditions in the country and to maintain stability while addressing domestic economic factors. The repo rate is the interest rate at which commercial banks borrow money from the Bank of Namibia, and this rate subsequently impacts other interest rates throughout the economy.

6 Namibia's Exchange Rate Regime and the Common Monetary Area

The Bank of Namibia has a delegated function to implement the government's exchange rate policy. The Bank of Namibia Act No.1 of 2020, chapter 10, describes the Exchange rate regime, maintenance of international reserves, and revaluation of reserve accounts. Legally, the Government develops the exchange rate regime in consultation with the Bank of Namibia and ensures that it adheres to any obligations arising from international monetary agreements.

Namibia adopted a fixed exchange rate peg system in which the Namibia Dollar is pegged to the South African Rand at a one-to-one ratio. This exchange rate arrangement is part of the Common Monetary Area, which includes Eswatini, Lesotho, Namibia, and South Africa. Eswatini and Lesotho have also pegged their currencies to the South African Rand in this area. While the current exchange rate regime has worked well for Namibia, alternative exchange rate arrangements exist, such as a free exchange rate system in South Africa and a crawling peg based on a basket of currencies in Botswana.



DID YOU KNOW?

Costs and benefits of Namibia participation in the Common Monetary Area

After gaining independence, Namibia decided to join the Common Monetary Area (CMA). The main reason for this choice was its long-term economic relationship with South Africa, the strongest economy in the sub-region. When the CMA was formed, it was seen as the best way to improve trade and strengthen economic ties with other member countries. However, how much each member benefits from the CMA depends on its advantages and limitations. We highlight the current benefits and costs of Namibia's participation in the CMA.

Benefits



Lower Transaction Costs: Namibia saves money on transaction costs (or conversion costs) by keeping a fixed exchange rate between the Namibian Dollar and the South African Rand. This fixed rate reduces the costs of currency exchange and makes buying and selling foreign currency more straightforward. Additionally, the steady value among members of the Common Monetary Area (CMA) decreases risk and uncertainty associated with the exchange rate. This stability helps improve trade and investment in Namibia.



Stable Prices: Namibia enjoys stable prices due to its well-aligned monetary policy with that of its anchor country, South Africa. As a result, domestic inflation closely follows South Africa's inflation target, which is set within a range of 3% to 6%. Since Namibia imports approximately 60% of its goods from South Africa, it also indirectly absorbs a significant portion of South Africa's inflation.



Compensation for Seigniorage Loss: Namibia gets compensation for the loss of seigniorage because the Rand co-circulates in Namibia alongside the Namibian Dollar. This compensation adds to Namibia's foreign exchange reserves and makes up 50% of ZAR in Namibia's foreign reserves. See figure 2 below.

Seigniorage is the profit a central bank earns from issuing currency, being the difference between the face value of money and the cost to produce and distributing it. For example, if it costs N\$10.00 to produce a N\$100 banknote denomination, the seigniorage is N\$90.00.



Better Access to Financial Markets: The CMA also helps money flow easily between member countries, which has benefited Namibia over the years, given South Africa's developed and deeper capital markets.

Costs

Loss of Monetary Control: Namibia's membership in the Common Monetary Area (CMA) means it loses control over its own monetary policy. This limits Namibia's ability to adjust exchange rates or interest rates to stabilize its economy.

Economic Disturbances from the Anchor Country: One of the key issues with pegging its currency is that economic problems in the anchor country can easily affect all the member countries, often leading to negative outcomes. For instance:

- i. **Issues with the Rand as a Reserve Currency:** Being in the CMA allows for unrestricted movement of money, which often causes capital to flow out of other member countries and into South Africa.
- i. **Capital Outflow Concerns:** Another issue with CMA membership is that it allows for easy transfer of money within the area. This often results in a lot of capital moving from other member countries to South Africa.

CMA Common Monetary Area

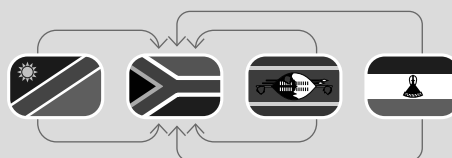
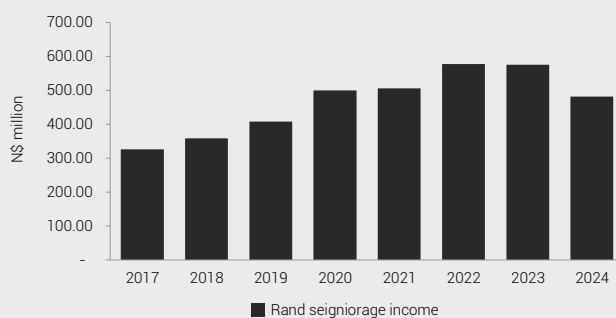


FIGURE 2



7 Central Banks and the Management of Foreign Exchange Reserves



A. What are Foreign Exchange Reserves?

Reserves are national stores of value owned and managed by the central bank or monetary authority. Central banks' foreign exchange reserves are held as financial assets such as US Dollar notes and bank deposits and commodities such as gold and silver.

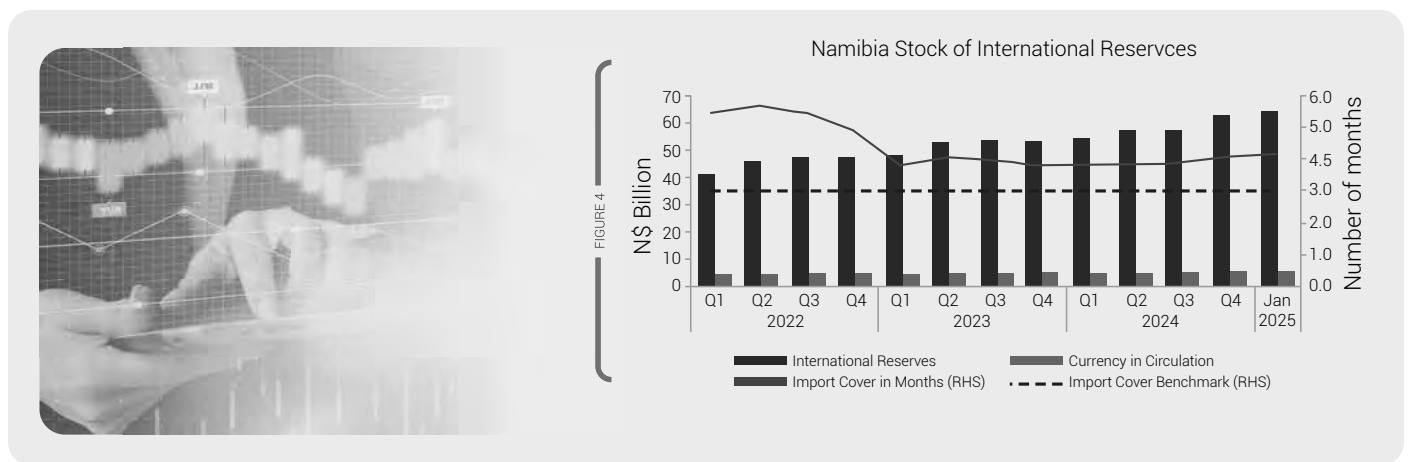
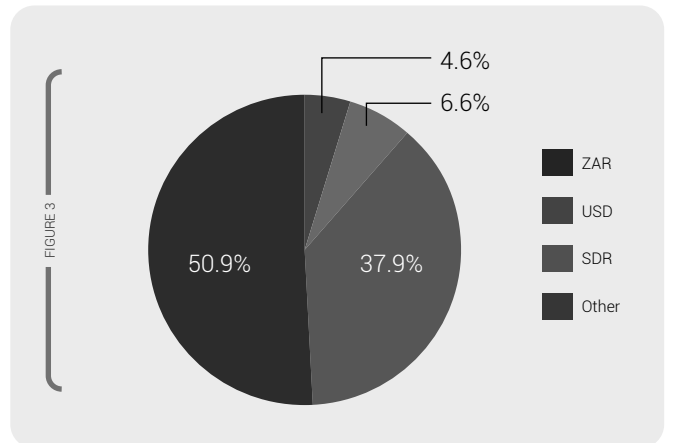
B. Key Purposes of Foreign Exchange Reserves

In modern contexts, central banks' key purposes of foreign exchange reserves include:

- i. intervening in the foreign exchange market.
- ii. fulfilling international obligations and making international payments.
- iii. smoothing out exchange rate fluctuations.
- iv. supporting the balance of payments by covering import costs.
- v. instilling confidence in the country's ability to repay foreign debts.



Foreign exchange refers to currencies that are not the domestic home currency, indicating that they cannot be printed by the issuing country. In the case of Namibia, the Bank of Namibia's holdings of South African Rand qualify as foreign exchange reserves. Given their liquidity and the fact that Namibia cannot produce these funds independently, these reserves are essential for facilitating the majority of the country's imports.





9.1 What is financial stability?

Financial stability is about the robust functioning of the financial system without any discontinuity in the event of a shock, i.e., the economic system should function both in good times and bad times.

A stable financial system is the foundation for a healthy economy, fostering savings, investment, and credit availability. Additionally, it protects consumers as they engage with various economic participants. This happens when the system is:

- i. financially stable.
- ii. financial intermediaries can intermediate – attract funds and then lend those funds out .
- iii. the interbank lending market functions properly.
- iv. depositors continue to interact with banks and non-banking financial institutions such as asset management companies, without fear of losing their deposits.

9.2 Safeguarding Financial Stability in Namibia

The Bank of Namibia, the Namibia Financial Institutions Supervisory Authority (NAMFISA) and the Ministry of Finance joined forces to safeguard financial stability in Namibia.

Macroprudential Oversight: The central bank is tasked with preserving the stability of the financial system, a responsibility that underpins the growth and development of both the financial sector and the wider economy. Central to this mandate is macroprudential oversight, which involves monitoring and managing systemic risks that could disrupt the overall financial system. Unlike microprudential regulation, which focuses on individual institutions, macroprudential oversight takes a broader view, aiming to prevent the buildup of imbalances and ensure the system's resilience to shocks. Through this function, the central bank helps safeguard economic stability and promote long-term financial health.

Financial System Stability Committee (FSSC): To achieve this, a Financial System Stability Committee has been established. It includes representatives from the Bank of Namibia, the Namibia Financial Institutions Supervisory Authority (NAMFISA), and the Ministry of Finance. The committee is chaired by the BoN Governor. The Committee assesses risks to financial system stability and its preparedness to handle shocks, ensuring mechanisms are established to mitigate these risks.

9.3 Bank Resolution

Boards of banking institutions have a fundamental responsibility to ensure the sound governance, risk management, and financial stability of their banks. They must oversee the institution's strategic direction, compliance with regulations, and manage risk exposure to protect depositors and stakeholders. However, despite strong governance, banks can still fail due to poor management, economic downturns, liquidity crises, or other unforeseen risks.

In such cases, the central bank plays a crucial role in crisis management and the resolution of failing banks to maintain financial stability and protect the broader economy. As a lender of last resort, the central bank provides emergency liquidity assistance to banks facing short-term liquidity shortages to prevent panic that could lead to a bank run and spread to other institutions causing systemwide risk. It also enforces regulatory interventions, including heightened supervision, capital adequacy requirements, and stress testing to identify vulnerabilities before they escalate.

In the event of a bank failure, the central bank in collaboration with the relevant stakeholders (other regulators) implements orderly resolution mechanisms. These may include restructuring the bank, facilitating mergers or acquisitions, establishing bridge banks, or winding up a bank. Through these measures, the central bank ensures that financial stability is safeguarded while minimising taxpayer burden and maintaining confidence in the banking sector.

The Bank of Namibia is responsible for compiling and disseminating Namibia's monetary and financial statistics, balance of payments and foreign asset and liability statistics.

- The Bank follows the relevant international standards
- Such data is crucial in informing economic policy decisions

Analysis of economic developments is disseminated through the Bank's Quarterly Bulletins and Annual Reports.

Comprehensive economic forecasts are prepared and disseminated as the BoN Economic Outlook.

The Bank conducts economic research and, in many instances, publishes the results as research papers.

10 Currency Management

The Bank of Namibia is pivotal in producing and managing the national currency, namely the Namibia Dollar, and providing essential banking services to the government and commercial banks. Its primary responsibilities include:

- **Ensuring the effective production, distribution and maintenance of the national currency, namely the Namibia Dollar:** The Bank of Namibia guarantees a sufficient supply of high-quality currency, encompassing both banknotes and coins, which is fundamental for economic stability and public confidence.
- **Offering timely and efficient banking services:** These services are vital for the financial system, supporting the government's financial operations and facilitating smooth transactions within the commercial banking sector.

The Bank of Namibia Act No. 1 of 2020 outlines the Bank's responsibilities in terms of the national currency, emphasising its core mandate and strategic objectives. Key functions include:

- **Producing secure and high-quality currency:** This involves evaluating the condition of banknotes and coins and removing damaged currency to maintain public trust in the national currency. The integrity of the currency is paramount, as it underpins economic transactions and fosters confidence among citizens and businesses.
- **Managing government payments and overseeing public accounts:** The Bank handles currency deposits from government entities, ensuring the effective functioning of the public sector and contributing to economic stability.

By fulfilling these roles, the Bank of Namibia not only supports the government's financial operations but also ensures the integrity and reliability of the national currency. This strategic alignment with its core mandate and objectives is crucial for maintaining economic stability and fostering public confidence in the financial system. Trust and confidence in the national currency are essential for a stable economy, as they encourage investment, facilitate trade, and promote overall economic growth. A stable currency fuels economic activities by enabling transactions and trade, which contribute to a well-functioning economy.



11 Payment Systems Management



A. What is the payment system?

A payment system functions as the financial infrastructure that enables the seamless transfer of money between individuals, businesses, and governments, much like a network of highways, bridges, and tunnels facilitating movement (Buckley, 2024).

The Bank of Namibia regulates and oversees the National Payment System (NPS) in accordance with the mandate granted under the Bank of Namibia Act, 2020 (Act No. 1 of 2020) (BoN Act), and the Payment System Management Act, 2023 (Act No.14 of 2023) (PSM Act).

The BoN Act empowers the Bank to perform functions and exercise powers related to the NPS as assigned or conferred by the PSM Act. The PSM Act further delineates the Bank's powers and functions concerning the NPS, providing a clear framework for regulatory oversight.

Under the PSM Act, the Bank of Namibia is mandated to ensure the safe, secure, efficient, and accessible operation of the NPS. To fulfill this mandate, the Bank of Namibia license, regulates, supervises, and oversees payment service providers, payment system operators, and financial market infrastructures. The Bank of Namibia conducts dynamic risk assessments to identify and mitigate risks such as fraud, cyber threats, liquidity issues, and systemic disruptions. Additionally, the Bank engages in policy research and analysis to enhance the regulatory framework for the NPS.

- **Large value payment Systems:** Real time Gross Settlement Systems (RTGS). This settle large transactions e.g interbank transfers, large corporate payments & some financial markets settlements.
- **Retail Payment System:** This is a category for everyday transactions through: cards, EFTs, mobile payments, and electronic wallets.
- **Cash:** This involves physical cash through coins and bank notes.

12 Banking Supervision

Banking supervision is the ongoing process of monitoring banking and micro-finance banking institutions to ensure they operate safely and comply with regulatory requirements. While regulation involves setting rules, supervision focuses on enforcing those rules to maintain stability and integrity within the banking sector.

In Namibia, the Bank of Namibia is responsible for supervising banking institutions, microfinance banks, and controlling companies. This oversight aims to enhance resilience and foster a sound, stable, and inclusive financial system.

The Bank of Namibia's supervisory mandate is established by the Bank of Namibia Act, 2020 (Act No. 1 of 2020) and the Banking Institutions Act, 2023 (Act No. 13 of 2023). Additionally, the bank regulates building societies under the Building Societies Act, 1986 (Act No. 2 of 1986), as amended, and oversees credit bureaus in accordance with the Credit Bureau Regulations, 2014.

To fulfill its mandate, the Bank of Namibia, through the Banking Supervision Department, is responsible for:

- i. **Licensing and Compliance:** Granting licenses to new entities and ensuring regulated institutions comply with statutory requirements.
- i. **Policy and Regulation:** Developing policy and regulatory frameworks to strengthen the banking sector.
- i. **Off-Site Monitoring:** Conducting ongoing financial analysis to assess the soundness and risk profiles of regulated entities, ensuring they operate safely and securely.
- i. **On-Site Examinations:** Performing periodic inspections and risk-based assessments to evaluate risk management practices and governance frameworks within regulated entities.

Boards of banking institutions have a fundamental responsibility to ensure the sound governance, risk management, and financial stability of their banks. They must oversee the institution's strategic direction, compliance with regulations, and manage risk exposure to protect depositors and stakeholders. However, despite strong governance, banks can still fail due to poor management, economic downturns, liquidity crises, or other unforeseen risks.

In such cases, the central bank plays a crucial role in crisis management and the resolution of failing banks to maintain financial stability and protect the broader economy. As a lender of last resort, the central bank provides emergency liquidity assistance to banks facing short-term liquidity shortages to prevent panic that could lead to a bank run and spread to other institutions causing systemwide risk. It also enforces regulatory interventions, including heightened supervision, capital adequacy requirements, and stress testing to identify vulnerabilities before they escalate.

In the event of a bank failure, the central bank in collaboration with the relevant stakeholders (other regulators) implements orderly resolution mechanisms. These may include restructuring the bank, facilitating mergers or acquisitions, establishing bridge banks, or winding up a bank. Through these measures, the central bank ensures that financial stability is safeguarded while minimising taxpayer burden and maintaining confidence in the banking sector.

13 New topics in central banking

A. CBDCs, stable coins, tokenisation

Virtual Assets: The Bank of Namibia, under the Virtual Assets Act, 2023 (Act No. 10 of 2023) (VAA), is designated as the regulatory authority responsible for licensing, supervising, and overseeing Virtual Asset Service Providers (VASPs) in Namibia. The VAA establishes a comprehensive legal framework aimed at ensuring the integrity, stability, and security of the virtual asset ecosystem while mitigating risks related to financial crime inclusive of fraud, money laundering, and consumer protection. The VAA defines and regulates various virtual asset services permitted in Namibia, including initial token offerings, virtual asset exchanges, virtual asset wallet services, and custody services, among others. Through the VAA, the Bank of Namibia seeks to foster responsible innovation while maintaining financial stability and safeguarding the interests of market participants and users.



Central Bank Issued Digital Currency: Is an electronic, fiat liability of a central bank that can be used to settle payments or as a store of value. The Bank continues to explore the desirability of CBDC for the Namibian context. A CBDC is a virtual currency that is issued by the central bank and acts as a legal tender. The journey commenced with a consultation paper published in 2022 outlining financial inclusion and modernisation of the financial sector, with a focus on enhancing cross-border payments. Key principles that guide the exploration include monetary policy and financial stability.

The latest milestone is the publication in 2025 of a feasibility study which was conducted with the technical assistance of the International Monetary Fund (IMF). The study included the value proposition of retail CBDC in addressing gaps in Namibia's payment systems and financial inclusion. It was concluded that in the short term, the instant payments project would be prioritised to achieve the objectives that relate to financial inclusion.

The Bank remains a fast follower monitoring the trends of CBDC globally, while also researching the use of CBDC to enhance cross-border payments in collaboration with the Common Monetary Area.

B. Embracing the emergence of Fintech Innovation

The Bank recognises the fast-pace nature of emerging Fintech innovation, as well as the critical role Fintech plays in modernising the financial sector, fostering economic growth, and enhancing financial inclusion. In response, the Bank's regulatory sandbox offers new emerging innovations, that fall outside the ambit of current regulations, to test and mature. This is an effort to address the barrier that current regulation may pose and allows the Bank to understand these new innovations to reform policies that accommodate Fintech emergence.

In addition, the Bank's Fintech Strategy (2025 – 2027) strives to position the central bank as an enabler of Fintech innovation and cutting-edge technology in the financial sector to enhance financial inclusion and promote economic stability, while effectively managing associated risk.

C. Integrating Sustainability into Namibia's Financial System

As climate change and environmental degradation accelerate, integrating sustainability into financial systems is imperative. Namibia, despite contributing minimally to global emissions, faces disproportionate climate risks that threaten economic stability. Extreme weather events disrupt financial markets, impact intermediaries, and increase macroeconomic risks. Central banks and regulators must assess their role in mitigating these challenges to safeguard financial stability.

Recognising this, the Bank of Namibia has prioritised sustainability through establishment of a Sustainability Forum. Resultantly, the Bank also joined the Network for Greening the Financial System (NGFS) to adopt global best practices in sustainable finance.

In 2024, the Bank launched a comprehensive Sustainability Framework to:

- Integrate Environmental, Social, and Governance (ESG) factors into financial sector policies.
- Enhance climate risk disclosure and stress testing for financial institutions.
- Adjust capital requirements to incentivise sustainable investments.
- Promote FinTech-driven green finance innovations.
- Encourage collaboration and data-sharing among stakeholders.
- Engage in international sustainability forums to align Namibia with global sustainability and climate standards.

By embedding sustainability into its policies and the financial sector as a whole, the Bank of Namibia aims to fortify the economy against climate risks, promote financial resilience, and contribute to a sustainable future for all Namibians.

D. Instant Payments

The Bank of Namibia is spearheading a transformative initiative to modernise the country's financial ecosystem through the establishment of Instant Payments Namibia (IPN), a cutting-edge fast payment system, fully funded by the central bank. This initiative is aligned with the Bank's strategic vision of promoting a more inclusive, efficient, and secure national payment infrastructure. By leveraging real-time payment capabilities, IPN aims to provide individuals, businesses, and government entities with the ability to transact instantly, 24/7, across different financial institutions. This marks a significant step towards enhancing economic participation and financial accessibility for all Namibians.

At its core, IPN is designed to accelerate financial inclusion, particularly for the unbanked and underbanked populations, by enabling seamless and low-cost transactions across multiple channels, including mobile wallets and bank accounts. The system will also enhance economic efficiency by reducing reliance on cash, mitigating fraud risks, and supporting innovation in the financial sector. As Namibia moves towards a more digital economy, IPN will play a crucial role in boosting competition, driving down transaction costs, and enabling small businesses in both the formal and informal economy and consumers to participate more actively in the formal financial system. The Bank of Namibia remains committed to ensuring that this initiative aligns with global best practices while addressing the unique needs of the Namibian economy and people.

E. AI and Intelligent technologies

The rise of Intelligent Technologies, such as Quantum Computing and Machine Learning, marks a profound structural transformation with significant implications for the Bank of Namibia. Artificial Intelligence (AI) has transitioned from being task-specific analytical tools to advanced generative AI systems capable of performing human-like functions, reshaping the financial and regulatory landscape.

Within Namibia's financial sector, AI is already playing a critical role in fraud detection, compliance enhancement, and streamlining regulatory reporting processes. For the Bank of Namibia, AI has a twofold impact:

01 Driving Economic Growth & Innovation

AI can enhance productivity, complement skill sets, and stimulate economic activity, fostering innovation and long-term growth.

02 Transforming Central Banking Operations

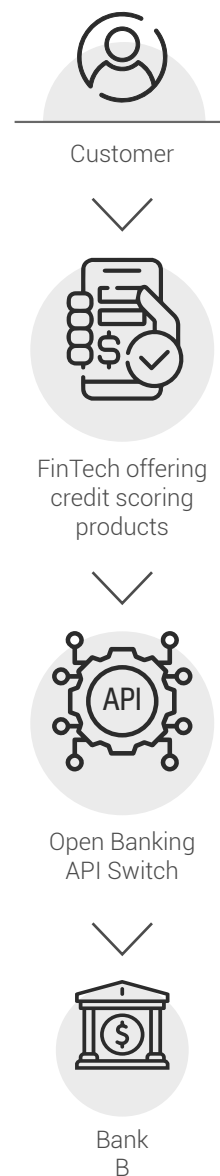
AI is revolutionising various core functions within the Bank, including data collection & analysis, economic forecasting, payments oversight, reserves management, supervision & regulatory compliance, currency production etc.

As we navigate this new digital frontier, it is important that we leverage these transformative technologies to enhance efficiency, ensure resilience, and maintain the Bank's strategic objectives. However, while AI offers tremendous opportunities, it also presents cybersecurity and data governance risks amongst others. To mitigate these risks, the Bank must implement robust regulatory guardrails, ensuring responsible AI adoption while safeguarding financial stability and public trust. The mandate does not change but how to execute the mandate will change. given the ever changing technological advancement influencing the way of work.

F. Adoption of Open Banking in Namibia

In line with the National Payment System Vision and Strategy (2021-2025), the Bank, in collaboration with the industry, crafted the Namibian Open Banking Standards in 2024. Open Banking enables third-party and financial service providers to access and share customer data, subject to customer consent, to offer value-added financial services. The Open Banking Standards will drive payment system modernisation by enabling secure data sharing between banks, fintechs, and third-party providers, fostering innovation, enhancing interoperability, and promoting competition. The Open Banking Standards have been finalised and will be published alongside a Guidance Note detailing the implementation of Open Banking in Namibia. This will be followed by the operationalisation of Open Banking, encompassing both implementation and legal framework aspects, during the period 2026-2027.

Open Banking Credit Scoring Use Case



G. Standardisation of Quick Response Codes

The National Payment System Vision 2025 identified Quick Response (QR) codes as a global megatrend and an opportunity for the industry to drive innovation and transformative payment solutions. In November 2023, the Bank of Namibia published the Guidelines on the Standardisation of Quick Response Codes in the National Payment System, providing a framework for developing industry-standardised QR code specifications to create interoperable, secure, and universally accepted QR codes across all NPS participants.

Standardising payment QR codes will simplify transactions, enhance interoperability, accelerate digital payment adoption, improve security, and foster innovation. This further promotes financial inclusion, offering unbanked and underserved populations access to diverse payment channels. This initiative supports the Bank's objective of a cash-lite economy and enhances payment ecosystem efficiency.

In collaboration with industry stakeholders, the Bank is expected to finalise the NAMQR Code Standards by end of Quarter 2 2025 for adoption by the NPS industry. This effort reflects a commitment to building a robust and inclusive payment infrastructure, and positioning Namibia as a continental leader in innovative payment solutions.

At the same time, we recognise that economic transformation and sustainability cannot be pursued in isolation. Collaboration is key. The Bank of Namibia is committed to engaging policymakers, financial institutions, businesses, and the public to foster an enabling regulatory environment one that promotes inclusive economic growth, financial access, and supports emerging industries such as oil and gas, .

Moreover, as climate change emerges as a global economic challenge, the Bank is taking proactive steps to integrate sustainability principles into its financial oversight. Our commitment to greening the financial system, mitigating climate risks, and advancing sustainable investments will ensure that Namibia's economy is safeguarded for future generations.

Looking ahead, the Bank of Namibia is not merely adapting to change, it is leading it. By embracing digital transformation, strengthening regulatory agility, and reinforcing economic resilience, we are ensuring that our financial system remains future-proof, inclusive, and innovative.

As we mark 35 years of central banking in Namibia, we reaffirm our commitment to serving the nation with integrity, vision, and excellence. With the support of all stakeholders, we will continue to build a robust financial system one that empowers businesses, strengthens communities, and ensures that economic progress benefits all Namibians.

The Bank of Namibia is ready to shape the next chapter of Namibia's financial evolution, one that is stable, forward-looking, and truly transformative.

14 Conclusion

As we navigate an era of rapid technological advancements and economic transformation, the Bank of Namibia remains resolute in its core mandate to promote monetary and financial stability, while actively shaping a resilient, inclusive, and forward-looking financial system. Beyond traditional central banking functions, we are driving financial sector modernisation, fostering economic sustainability, and ensuring that our policies respond to the evolving needs of Namibia's people, financial system and economy.

Guided by our three strategic pillars of Building a Smart Central Bank, Fostering an Inclusive and Resilient Financial System, and Embracing a Diversified Economy, we are positioning Namibia's financial system for long-term growth, stability, and adaptability. Our regulatory frameworks and oversight mechanisms continue to evolve to keep pace with AI and Intelligent Technologies, FinTech innovations, Open Banking, CBDCs, and digital financial solutions ensuring that Namibia remains globally competitive and locally responsive.

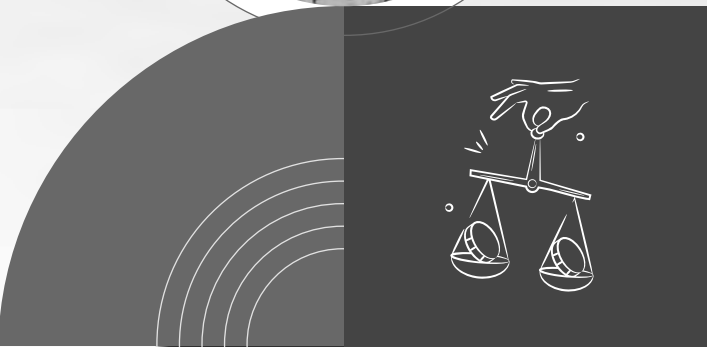




Bank of Namibia

ANNUAL REPORT

20
25



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GOVERNANCE

Bank objectives and accountability

The Bank of Namibia is the Republic of Namibia's central bank, created under Article 128(1) of the Namibian Constitution. The Constitution mandates the Bank of Namibia ("the Bank") to serve as the principal instrument of the Government of the Republic of Namibia ("the Government") for controlling the country's money supply, currency, banking institutions and other financial institutions. The Bank's objectives, as defined in the Bank of Namibia Act (No. 1 of 2020), are, inter alia, to

- contribute towards financial stability through macroprudential oversight over the financial system and coordinate activities involved in the safeguarding of financial stability in order to maintain and enhance a stable financial system in Namibia
- issue currency in Namibia
- provide fiscal advice, depository services and fiscal agency services to the Government
- foster monetary, credit and financial conditions conducive to the orderly, balanced and sustained economic development of Namibia
- promote a sound, progressive and inclusive banking system
- oversee money and the foreign exchange market
- hold and manage foreign reserves in Namibia,
- and promote an exchange rate regime which is consistent with the Namibian economy.

In addition, the Bank fulfils other key functions as defined in other Acts, notably –

- the Banking Institutions Act (No. 13 of 2023), which empowers the Bank to regulate and supervise banking institutions, their affiliates and associates of banking institutions
- the Payment System Management Act (No. 14 of 2023), which provides for the management, administration, operation, regulation, oversight and supervision of payment, clearing and settlement systems in Namibia
- the Currency and Exchanges Act (No. 9 of 1933), as amended, which regulates exchange control in Namibia
- the Deposit Guarantee Act (No. 16 of 2018), which obliges the Bank to provide certain administration and support services to the Namibia Deposit Guarantee Authority, and
- the Financial Intelligence Act (No. 12 of 2012), which requires the Bank to physically host and provide administrative support services to the Financial Intelligence Centre where needed.

In line with section 5(1) of the Bank of Namibia Act, the Bank is required to be independent and to act without improper or undue influence and without fear, favour, prejudice or direction from any person or authority.

Corporate Charter

Beyond its statutory mandate, the Bank's activities and approach are guided by its Mission, Vision, Values and Culture Statement, as detailed in its Corporate Charter. The Bank's Vision sets forth its aspirations and defines the principles that shape how it fulfils its Mission. The Mission statement defines the fundamental purpose of the Bank, specifying its reason for being and emphasising the significance of striving towards its Vision. The Bank's Values and Culture Statement encapsulate the beliefs and cultural essence that are embraced by its stakeholders. The Values form the foundation of the Bank's organisational culture, providing a framework for ethical conduct and excellence. They also serve as a compass for the Bank's efforts in aligning its resources with the Mission and Vision. All the Bank's stakeholders are expected to conform and identify with these standards and principles on ethical behaviour and excellence. Thus, the Charter is an instrument of cohesion, fostering a unified sense of purpose and shared expectations among employees at every level and across generations.

Accountability

The Bank is committed to good corporate governance practices and accountability to the public. It is of paramount importance that the Bank always remains accountable to the public at large by adhering to sound corporate governance principles. Relevant legislative frameworks, the Bank's Corporate Charter and its Strategic Plans are amongst the tools that guide the Bank in setting standards of good governance. The Bank also continuously pursues transparency through its concrete communication strategy that enables the open and clear expression of why and how the Bank acts the way it does. The Bank's commitment to good governance includes the following:

- Being responsible, respected, trustworthy and credible
- Being accountable to its shareholder – the Government – and the Namibian people
- Demonstrating an exceptionally high degree of integrity
- Ensuring that its actions and policies are efficient, effective, and transparent
- Maintaining professionalism and excellence in the delivery of its services, and
- Being flexible and forward-looking in its approach, while still avoiding undue risk.

The Governor

The Governor serves the Bank as Chairperson of its Board of Directors and as the Bank's Chief Executive Officer (CEO) and is accountable to the Board for the management of the Bank and the implementation of its policies. The Governor also represents the Bank in its relations with the Government and other institutions. In most other matters, comprehensive and Board-approved delegations of authority are in place to enable the Governor and appropriate delegates to carry out their duties related to implementing the Bank's mandate. Ordinarily, the Governor is appointed for a five-year term. The Bank of Namibia Act sets specific criteria for the appointment, reappointment and dismissal of a Governor. Dr Johannes !Gawaxab, originally appointed on 1 June 2020, served as Governor until 31 December 2025. Mr Ebson Uanguta was appointed as his successor by HE President Netumbo Nandi-Ndaitwah in terms of Article 32(4)(b)(bb) of the Namibian Constitution, read together with section 19 of the Bank of Namibia Act, 2020, for a period of five years, with effect from 1 January 2026.

The Board of the Bank of Namibia

The Board is responsible for the Bank's corporate governance. To assist it in fulfilling this function, the Board adheres to the Corporate Governance Code for Namibia ("the NamCode") insofar as the Code does not contradict the Bank of Namibia Act. Accordingly, the Board ensures that the Bank aligns its governance framework with international standards, thereby ensuring stakeholder confidence and operational integrity. As part of the Southern African Development Community Central (SADC) Committee of Central Bank Governors (CCBG), the Bank will align with the principles outlined in the *King IV Report on Corporate Governance for South Africa 2016*, and plans to perform a gap analysis in 2026.

To further effective oversight, in terms of section 10(1) of the said Act the Board is responsible for determining the Bank's general policies, overseeing its internal controls, managing its risk, and administering it. Additionally, the Board handles any other functions assigned or conferred on it by the Bank of Namibia Act or any other laws. Without limiting the generality of section 10(1) of the said Act, the Board is obliged to –

- approve determinations issued by the Bank
- approve the Bank's budget
- approve the Bank's annual report
- determine the Bank's strategic direction and its ultimate performance
- determine and ensure that an effective risk management structure is established within the Bank, and
- make rules for the good governance of the Bank and the conduct of its business in line with best practices.

The Bank's Board members are appointed by the President of the Republic of Namibia. They consist of the Chairperson Governor two Deputy Governors, Executive Director of Ministry of Finance (Ex-officio Member), and a minimum of five and a maximum of six further Non-executive Members. Appointment takes cognisance of their respective skills and areas of expertise in the fields of central banking, economics, the banking sector, finance, law, business, commerce and such other disciplines as may be relevant to the execution of the Bank's mandate.

Management structure

The Bank's Senior Management Team as at the end of 2025 consisted of the Governor, two Deputy Governors, and the Directors of the Bank's various Departments, as outlined in the given organisational structure earlier herein. Several committees are in place as well to ensure that the Bank implements its policies effectively. These are the Monetary Policy Committee, the Financial System Stability Committee, the Macroeprudential Oversight Committee, the Resolution Committee, the Management Committee, the Investment Committee, the Budget Committee, the Tender Committee, the Digital Transformation Management Committee, and the Risk Management Committee.

The function of the Monetary Policy Committee (MPC) is to decide on and implement an appropriate monetary policy stance. In 2025, the MPC consisted of the Governor (Chairperson), Deputy Governors, Directors of Research and Financial Markets, and Technical Advisors. The MPC meets every two months to decide on monetary policy for the following two months, seeking consensus among members and recording their views. If no agreement is reached, the Chairperson may call for further debate before making a final decision. The outcome is announced to the public via a media statement at a press conference.

The Financial System Stability Committee assesses the vulnerability and risk exposure of the entire financial system. The Committee is an inter-agency body established by the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA), with the Ministry of Finance (MOF) participating as an observer. Its members include the Governor of the Bank of Namibia (serving as Chairperson), the Bank's Deputy Governors, the CEO of NAMFISA (as Deputy Chairperson), and a representative from the MOF appointed by the Minister. Additionally, the Bank is legally required to nominate two officers to the Committee: the Technical Advisor to the Governor and the Director of Financial Stability and Macroeprudential Oversight. By law, the CEO of NAMFISA also nominates its two Deputy CEOs as well as its General Manager responsible for Research, Policy and Statistics to serve on the Committee. The Committee convenes quarterly to evaluate potential risks to the financial system and to discuss and recommend suitable policy measures to address these risks.

Macroeprudential decision-making in Namibia rests with the Governor of the Bank of Namibia, who is assisted by the Macroeprudential Oversight Committee (MOC). The MOC assesses financial system risks and recommends policy measures to address them. Chaired by the Governor, the MOC includes Deputy Governors, Technical Advisors and six Directors. The Committee meets at least twice yearly or as needed and may review recommendations from the Financial System Stability Committee.

The Resolution Committee was established to coordinate and expedite decisions on resolution matters. This Committee reviews tools and strategies for managing distressed banking institutions or controlling companies and recommends actions to the Board. The Committee includes eight members, and it is chaired by the Governor.

The Management Committee is responsible for reviewing the Bank's policies on financial and other administrative matters. The Committee consists of the Governor (Chairperson), the Deputy Governors, the Advisor(s) to the Governor, all Directors, the Deputy Director of Internal Audit and the Deputy Director of Legal Services. The Management Committee meets every second week.

The Investment Committee is responsible for the management of Namibia's foreign exchange reserves. While the Board defines the risk tolerance and approves the Reserves Management Investment Policy, the Investment Committee establishes investment guidelines, ensures compliance and evaluates investment performance. The Committee consists of eight Directors and is chaired by the Governor.

The Budget Committee oversees the Bank's budget process, meeting annually to review and approve income and expenditure for both operations and capital needs. Departments present and justify their annual budgets to the Committee, which includes the Governor (Chairperson), Deputy Governors, and senior Finance and Administration staff. For transparency, two employee representatives – one from the Employee Liaison Forum and one from the bargaining union – may attend deliberations without voting rights.

The Tender Committee oversees sustainable, ethical, transparent and cost-effective procurement of the Bank's assets, goods and services. In doing so, it considers –

- product or service quality
- price
- supplier reliability, and
- delivery time and after-sales support for small or medium-sized enterprises (SMEs).



The Digital Transformation Management Committee sets and coordinates the Bank's strategic goals for technology, project management, process improvement and organisational efficiency. The Committee consists of the two Deputy Governors, the Advisor(s) to the Governor, and all Departmental heads. The Committee convenes at least four times per calendar year.

The Risk Management Committee assists FRAC to ensure that the Bank implements an effective risk management policy. The Committee consists of all members of the Management Committee and is chaired by the Deputy Governor responsible for administrative departments. Risk Management Committee meetings are held on a quarterly basis.

RISK AND COMPLIANCE

Enterprise Risk Management Framework

The Bank prioritises strong risk management practices to safeguard price and financial stability in an increasingly complex and dynamic environment. To manage these risks, the Bank continuously monitors and responds to potential and actual political, economic and regulatory risks stemming from both the global and domestic environments. Additionally, risks associated with strategic initiatives and projects are managed through the Framework, ensuring they remain within accepted levels of risk tolerance.

The governance of risk

Although the Bank applies a multi-layered approach to risk management, ultimate responsibility rests with the Board. The Board oversees the identification, assessment, management, monitoring and governance of risk, sets strategic direction, and approves the Bank's risk appetite and tolerance. Senior Management and relevant structures implement the risk policy and strategy and operate within approved risk levels.

As a rule, the Bank scans the horizon for new emerging risks and identifies the top risks that impact its operations. Such reviews also aim to ensure the Bank's top risks are managed and aligned with the global risks. In this regard, global uncertainty, climate pressures and technological transformation continue to shape the Bank's risk profile. While financial stability remains sound, the increasing interdependence between cyber, operational and reputational risks requires continued vigilance and agility.

The Bank's 2025 risk profile reflects a challenging environment shaped by accelerating cyber threats, rising third-party dependencies, macroeconomic pressures and heightened reputational sensitivity. Externally, financial stability risks persist due to inflation dynamics, debt pressures and global economic uncertainty, while climate, environmental, social and governance risks present long-term structural challenges. Internally, risk culture gaps and future skills may constrain organisational agility and readiness for technology-driven change if not effectively mitigated. Cross-cutting risks (see the next section), including governance of artificial intelligence (AI), misinformation and geopolitical instability, require enhanced horizon-scanning, strategic coordination and stronger scenario planning to ensure continued resilience and alignment with the Bank's Strategic Objectives.

Overall, while the Bank's control environment remains robust, several top risks require sustained management attention, targeted investment and accelerated implementation of risk mitigation actions to ensure institutional resilience in 2026 and beyond.

Cross-cutting risks

Central bank business is vulnerable to certain risks that are inherent in its core objectives.

Thus, achieving these objectives requires special attention, and associated risks needs to be managed effectively and efficiently. The coordinating role of the Governance, Risk and Compliance function extends to the following cross-cutting risk categories as listed below:

Business continuity management

The Bank of Namibia maintains a comprehensive Business Continuity Management Programme to ensure operational resilience during extreme disruptions. The Programme is guided by approved policies and plans aligned with International Organization for Standardization Standard (ISO) 22301, as approved by the Board. A dedicated Crisis Management Team oversees all aspects of the Bank's business continuity processes.

During the reporting period, business continuity practices were fully integrated into strategic planning and routine operational processes.

Following the implementation of the disaster recovery IT infrastructure, two simulations were successfully conducted, both achieving the two-hour recovery time objective.

Moreover, lessons learned from these exercises continue to be implemented within agreed timelines. The year under review also included business continuity awareness initiatives. A Cyber Response Plan exercise was planned for 2026 to strengthen staff preparedness in managing potential cyber-attack incidents. Three additional simulations were planned for 2026, with the goal of progressing towards unannounced exercises.

Ethics

The Bank's working environment demands high ethical standards, with rules applying equally to all employees, irrespective of their positions. Ethics feature in the Bank's commitment to the principle of accountability and to developing a work culture in which employees and the public are encouraged to report any improper behaviour and/or any violation of the Bank's Code of Ethics and Code of Conduct, as well as relevant laws, policies and procedures that apply to staff members at all levels.

The Bank's Code of Ethics and Code of Conduct were reinforced through awareness sessions conducted in 2025. This was to ensure all staff understood the behaviours expected of them in upholding the highest level of ethics. Furthermore, the Bank introduced a declaration-of-interest protocol for all its staff to ensure that no individual staff were experiencing conflicting interests while executing their functions.

An independent external whistle-blowing mechanism remains an important tool in supporting ethical conduct within the Bank. The independent external hotline service – Deloitte Tip-offs Anonymous – implemented towards the end of 2022 continued to enable whistle-blowers to report wrongdoing related to the Bank's business, while guaranteeing employees and the public anonymity, if desired.

Compliance management

The Bank of Namibia remains steadfast in upholding the highest standards of compliance as part of its mandate to safeguard financial stability and promote sound governance. During the year, the Bank strengthened its policy and procedural frameworks, monitored changes in new and amended laws and regulations, and enhanced its compliance-monitoring activities to ensure alignment with emerging regulatory expectations.

A structured Compliance Monitoring Plan for 2025 and targeted awareness initiatives were also developed during the reporting year to support staff understanding and improve adherence across all functions. In addition, the Bank continued to track Internal Audit follow-up actions and update risk assessment processes to ensure timely identification of compliance risks, supported by the implementation of an updated compliance universe system. On a positive note, no significant non-compliance matters were reported during the period under review.

Leveraging technology, promoting transparency and maintaining an ethical culture remain central to the Bank's approach, with policy awareness and monitoring remaining integral to its effective functioning. In 2026, the Bank is scheduled to undergo an IT Governance Maturity Assessment based on the King IV (2016) and King V (2025) Code on Corporate Governance for South Africa.

Reporting obligations

The Bank of Namibia Act requires the Bank to submit various reports to the Minister of Finance, including a copy of its Annual Report within three months of the end of each financial year. The Minister, in turn, is required to table the Annual Report in the National Assembly within 30 days of receiving it. The Annual Report needs to contain the Bank's annual accounts, certified by external auditors, information about the Bank's operations and affairs, and information about the state of the economy. Apart from the Annual Report, the Bank is further required to submit a monthly balance sheet, which is published in the *Government Gazette*.

Litigation and legal opinions

Legal risk is one of the risks against which the Bank protects itself. Safeguarding against such risk and managing it effectively are vital for the Bank's legal integrity, since legal risk threatens all Bank operations. Through the Legal Services Department, 57 formal legal opinions and advice statements were issued during the year. This total excludes informal or urgent ad-hoc guidance. Of the 11 legal disputes carried over from prior years, three were finalised during 2025. Additionally, three new disputes arose in the reporting period, with two resolved.



Internal audit

Just over a year ago, the Board approved Internal Audit's Strategy for 2025–2027. The strategy recognises that, to effectively support the Bank's mandate and its Strategic Objectives, the Internal Audit function needs to be underpinned by strong and sustainable foundations. Accordingly, the Internal Audit Strategy focuses on five key pillars, as follows:



Building strong partnerships and collaborative working relationships through continuous and meaningful engagement with stakeholders



Developing a dynamic and risk-based work programme that is regularly validated against emerging risks and the Bank's evolving strategic direction



Leveraging innovation and technology to enhance the efficiency, effectiveness and quality of assurance provided by the Internal Audit function



Fostering a culture of staff excellence to ensure the function is equipped with the skills and capabilities required for the future, and



Maintaining flexibility in the structure and resourcing of the function to optimise capacity and deliver on Internal Audit's objectives.

Over the reporting period, Internal Audit made noteworthy progress in establishing and strengthening these foundations through a range of pilot initiatives, targeted programmes and process enhancements. A key milestone during the year was the hosting of Internal Audit's inaugural Audit Awareness Day, held under the theme "Beyond compliance: Transforming Internal Audit for lasting impact". The Audit Awareness Day formed part of the broader stakeholder engagement strategy and was aimed at reinforcing collaboration across the Bank.



Raising awareness of this function also seeks to reposition the role of Internal Audit beyond its traditional retrospective focus on compliance.

It aims to shift towards a more value-adding function that provides insight and foresight by assessing the Bank's preparedness to address emerging risks and future challenges. In parallel, Internal Audit has continued to expand its use of technology to deliver data-driven insights. Notable progress was made during the reporting year in applying data analytics within audit engagements as well as in developing continuous auditing capabilities. These steps forward enhance the timeliness and relevance of assurance provided to stakeholders.

Internal Audit is well-positioned to continue carrying out its mandate.

The function serves as an agent of positive change within the Bank, providing robust oversight, strategic insight and trusted advice in support of sound governance, risk management and the achievement of the Bank's long-term objectives.



THE YEAR UNDER REVIEW: 2025

Strategic Plan for 2025–2027

The Bank’s Strategic Plan is designed to reflect its Mission and key functional priorities over a specified period. The current three-year Plan, spanning from 2025 to 2027, came into effect on 1 November 2024, with 2025 serving as the first year of its implementation cycle. Throughout 2025, the Bank remained firmly committed to its strategic direction and priorities, ensuring alignment across all Departments in pursuit of a unified institutional vision. This shared clarity supported more efficient decision-making and enabled the Bank to maintain strategic discipline.

During the year under review, the Bank conducted comprehensive strategy reviews in May and October. These biannual assessments evaluate both year-to-date progress and cumulative achievements against the three-year plan. By the close of 2025, the Bank had achieved 97.6 percent of its strategic targets set for the first year of implementation, representing 29.3 percent of the total objectives set for the full three-year period. This strong performance is attributed to the clear articulation of goals, well-defined strategic outcomes, and the consistent commitment demonstrated across the institution to advance the Plan and its intended impact.

Clearly, insights from the 2025 review will play a pivotal role in informing and shaping the planning for the next year of implementation. As part of this process, the Bank conducted a series of strategic planning workshops, including an in-depth scenario-planning exercise. Existing scenarios were reassessed, materialised risks and trends were identified, and the scenarios were revised accordingly. This exercise provided a refreshed perspective on the operating environment, underscoring the importance of maintaining active visibility of key scenarios and reinforcing the relevance of the Bank’s scenario-monitoring dashboard.

In addition, a prioritisation exercise was undertaken to determine the focus for 2026. Through this process, key initiatives were identified and ranked to ensure that resources and efforts are directed toward the most impactful strategic priorities in the year ahead.

The Bank’s strategic direction is structured around four core Pillars and two key Enablers, each guiding its Mission and shaping its long-term impact, as follows:



Each Pillar is further composed of high-level Strategic Objectives that the Bank aims to achieve collectively through a series of targeted initiatives. These Strategic Objectives are closely aligned with the Bank’s functional priorities, its Mission, its Vision, and developments in the internal and external environments. To ensure effective execution of the Strategic Plan, the Strategic Objectives are further supported by strategic initiatives with clear and measurable targets.



the Bank had achieved

97.6%

of its **strategic targets** set for the first year of implementation

representing

29.3%

of the total objectives set for the full three-year period.

Strategic dagwood

At the core of the Strategic Plan are three Key Outcomes that define the Bank's strategic game plan, namely building a Smart Central Bank, fostering an inclusive and resilient financial system, and embracing a new economy. These Key Outcomes form the foundation of the Bank's strategic direction, each supported by its strategic Pillars and critical Enablers to drive success.

Building a Smart Central Bank



At the core of the Bank's Strategy is its ambition to become a smart, agile and future-ready central bank through the purposeful adoption of technology and innovation. The first Key Outcome – Building a Smart Central Bank – therefore focuses on leveraging technology and innovation to enhance operational efficiency and decision-making. Through digital transformation, workforce development and data-driven processes, the Bank will modernise its systems, streamline operations and strengthen policy execution, ultimately creating a more agile and forward-looking institution.

Fostering an inclusive and resilient financial system



The second Key Outcome focuses on fostering an inclusive and resilient financial system. Here, the Bank aims to ensure that the financial sector is accessible, stable and robust by modernising payment systems, supporting financial sector development and safeguarding currency integrity. Moreover, the Bank will strengthen regulatory frameworks and oversight to enhance the resilience of Namibia's financial system, ensuring stability amid domestic, regional and global challenges.

Embracing a new economy



The third Key Outcome focuses on preparing for and embracing a new era as Namibia's emerging energy sectors (oil and gas and green hydrogen) become a driving force in the country's economic transformation. These sectors present substantial opportunities for sustainable growth. The Bank aims to support this transition by promoting financial sector innovation, aligning development with environmental sustainability, and ensuring that financial systems and policies are equipped to support investment, manage risks and facilitate long-term prosperity in the evolving energy landscape.



High-level Strategic Objectives

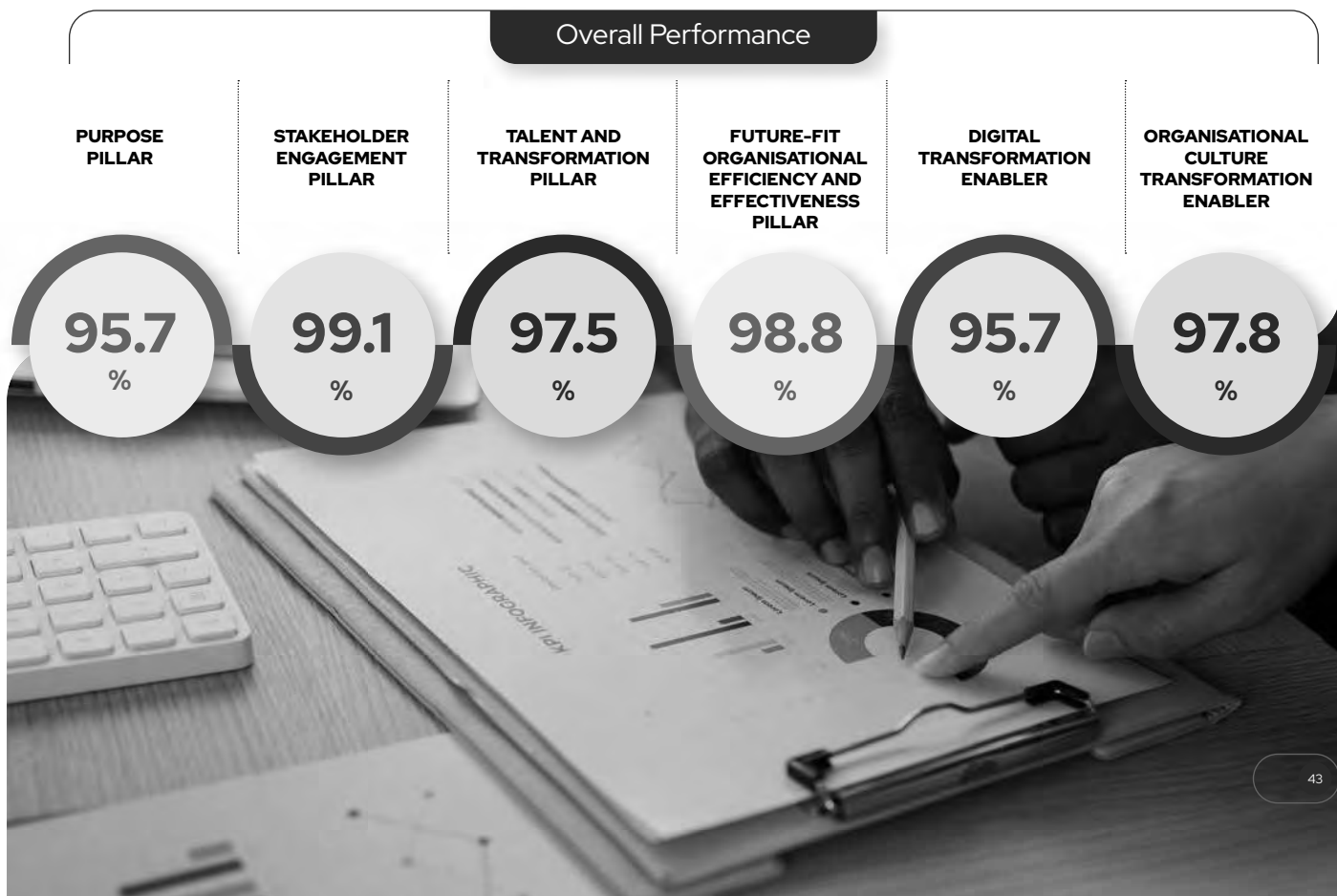
Table A.5 presents the Strategic Plan's High-Level Strategic Objectives along with performance measures expressed in terms of a completion rate percentage. These measures are supported and further illustrated by a summary of key results and achievements over the reporting year. A deeper exploration of specific Strategic Objectives and their associated initiatives follow this section.

Table A.5: Key achievements in the Bank's Strategic Plan for 2025–2027

Achievement indicator / Strategic Objective	No. of initiatives	Completion rate for 2025 (%)
PURPOSE PILLAR		
The Purpose Pillar reflects the Bank of Namibia's Mission, underscoring its fundamental role in maintaining price stability, safeguarding financial stability and supporting long-term sustainable economic growth. In an increasingly complex financial landscape, the Bank remains committed to fulfilling its mandate effectively. The Purpose Pillar ensures the Bank's proactive approach to protecting Namibia's financial system, aligning the regulatory framework with global best practices, and advancing sustainable economic development.		
Overall performance	19	95.7
High-level Strategic Objectives		
Maintain a stable and inclusive financial system	6	97.9
Maintain price and monetary stability	2	96.0
Ensure the sufficiency of supply and the integrity of currency	2	93.8
Operate as fiscal advisor to and banker for Government	3	95.5
Manage reserves prudently	2	95.0
Promote financial sector growth and economic development	4	96.0
STAKEHOLDER ENGAGEMENT PILLAR		
The Stakeholder Engagement Pillar is central to the Bank of Namibia's strategic priorities. It emphasises the importance of building trust, fostering dialogue and maintaining transparent relationships with key stakeholders. This Pillar emphasises the importance of continuous engagement with the Government, the general public, financial institutions and other key players throughout the economy. Through maintaining clear communication and strong stakeholder relationships, the Bank reinforces its position as an independent and credible public institution committed to transparency and accountability.		
Overall performance	3	99.1
High-level Strategic Objectives		
Maintain proactive public engagement	1	98.8
Promote a positive reputation	1	98.9
Enhance stakeholder awareness and confidence	1	99.8
TALENT AND TRANSFORMATION PILLAR		
The Talent and Transformation Pillar is a central element of the Bank of Namibia's Strategy. This Pillar aims at fostering a dynamic, innovative and inclusive work environment that attracts and develops future-fit talent. In an increasingly fast-changing global and local environment, traditional organisational structures and operating models are not adequate for institutions pursuing excellence. The Bank recognises that, to meet its strategic objectives, it needs to cultivate a culture that inspires innovation and encourages its employees to explore new ideas, approaches and solutions.		
Overall performance	4	97.5
High-level Strategic Objectives		
Be an employer of choice	1	97.5
Implement a future-fit talent transformation	3	97.5

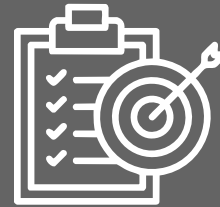
Achievement indicator / Strategic Objective	No. of initiatives	Completion rate for 2025 (%)
FUTURE-FIT ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS PILLAR		
The Future-fit Organisational Efficiency and Effectiveness Pillar focuses on enhancing the Bank of Namibia's capacity to adapt to technological advances and operate effectively in a rapidly changing environment. As digital technology continues to transform industries globally, this Pillar ensures that the Bank is well-positioned to leverage these innovations, enabling it to function as a more agile, efficient and high-performing institution.		
Overall performance	12	98.8
High-level Strategic Objectives		
Strengthen risk management and resilience through good governance	1	100.0
Deliver responsive and innovative solutions	4	95.5
Enhance operational efficiency and financial management	4	100.0
Develop a sustainable and green organisation and financial system practices	3	99.8
DIGITAL TRANSFORMATION ENABLER		
Digital transformation is key to the Bank of Namibia's strategic success. The Enabler centres on using technology to enhance efficiency, strengthen collaboration and support modern work practices. As the Bank advances toward a more digital and automated operating environment, its technological capabilities will expand through tools and platforms that streamline processes and facilitate improved cross-Departmental collaboration. This transition will ensure more efficient operations and a better alignment of internal processes with leading digital innovation practices.		
Overall performance	4	95.7
ORGANISATIONAL CULTURE TRANSFORMATION ENABLER		
Organisational culture transformation is a newly introduced Enabler, reflecting the Bank's recognition of the pivotal role that culture plays in the successful execution of any strategy. A strong, adaptive and collaborative organisational culture is essential for driving the strategic objectives and ensuring that the enterprise remains resilient and responsive in a changing environment.		
Overall performance	1	97.8

Completion rate for 2025 (%)





Purpose Pillar



Strategic Objective 1

Maintain a stable and inclusive financial system



Financial stability assessment and surveillance

The Bank assesses all risks and vulnerabilities that could threaten financial sector stability to determine the sector's resilience and ability to withstand internal and external shocks. These risks are assessed in the Financial Stability Reports published each year in April and October. Accordingly, risks to financial stability in Namibia have been, and will continue to be, monitored under the advisory guidance of the Financial System Stability Committee and the direction of the MOC.

Namibia's financial system remained stable and resilient in the reporting year despite an uncertain macroeconomic environment. Although domestic economic activity slowed during 2025 amidst elevated global policies and trade tensions, the banking sector demonstrated resilience, remaining profitable, well-capitalised and liquid over the 12-month period. Furthermore, the stress test results highlighted that the banking sector remained well-positioned to absorb shocks under various stress scenarios, providing comfort that the banking sector would remain resilient in the event of an economic downturn. Moreover, growth in household debt slowed notably during 2025, as reflected in repayments made to microlenders. The property market remained broadly stable over the same period, with marginal improvements observed in key indicators, including the volume and average prices of houses sold as well as rental prices.

The banking sector remained profitable, liquid and well-capitalised during 2025. Both the capital adequacy and the liquidity position of the banking sector improved and remained well above the statutory minimum requirements. The reporting year also saw profitability increase due to net interest and net-trading incomes, as reflected in both the return on assets and return on equity. The banking sector's non-performing loans (NPLs) improved from 5.6 percent recorded in 2024 to 4.3 percent at the end of 2025, following significant write-offs and recoveries as well as an accommodative interest rate environment. Overall, the banking sector reported sound developments with adequate containment of threats to financial system stability.

The non-bank financial institution (NBF) subsector remained sound and resilient over the past 12 months, supported by favourable financial market conditions. The review period witnessed global equity markets deliver strong returns, while credit spreads tightened and inflation remained contained. This created a supportive backdrop for investment portfolio valuations. In respect of the retirement fund and long-term insurance subsectors, both maintained allocations exceeding 60 percent of assets in equities and bonds, which contributed to investment returns that outpaced domestic inflation during the reporting year. The persistent gap between benefits paid and contributions towards retirement funds continued to be absorbed through positive investment income, supported by strong asset returns. For their part, collective investment schemes maintained their significant role as a liquidity source in the financial system, with accelerating net inflows reinforcing the subsector's stability.

During the period under review, the Bank continued to enhance its crisis management frameworks. In this regard, the Bank spearheaded a financial sector Crisis Simulation Exercise to test the readiness and effectiveness of the crisis management tools and techniques in handling a financial crisis in Namibia. Four financial safety net players, namely the Ministry of Finance, the Bank of Namibia, NAMFISA and the Namibia Deposit Guarantee Authority, participated in the exercise. A report with clear recommendations and timelines was subsequently developed to ensure effective crisis management and cooperation among the four Government agencies. Furthermore, the Bank continues to enhance its bank management mandate to ensure the orderly resolution of failed banking institutions. This is done through regular enhancement of resolution strategies and plans for designated institutions. To this end, during the review period, the Bank participated in an inaugural Resolution Management Group Meeting in Pretoria, South Africa. The main objective of this engagement was to strengthen cross-border cooperation on crisis management between the host and home governments

The reporting period also saw the Bank continuing its administrative support of the Namibia Deposit Guarantee Authority. The Authority is mandated to manage the Deposit Guarantee Scheme, the purpose of which is to protect depositors in the event of bank failures. This is done by ensuring that deposits up to the insured limit are reimbursed in an efficient, transparent and speedy manner. The Scheme is considered a necessity in the financial sector as its existence provides confidence in the system and reduces the risk of a financial system crisis.

Payment system oversight

The Bank continued to fulfil its regulatory mandate as the sole overseer of the National Payment System (NPS) in 2025, in accordance with the Payment System Management Act, 2023 (No. 14 of 2023). In executing this mandate, the Bank applies a comprehensive, risk-based oversight framework encompassing both on- and off-site supervisory activities, licensing, and ongoing regulatory reforms. Furthermore, the Bank maintained its role in providing interbank settlement services to authorised institutions through the Namibia Interbank Settlement System (NISS), thereby supporting the safe and efficient functioning of the NPS.

The Bank conducted off-site oversight through continuous monitoring of authorised payment service providers in line with its regulatory framework, including data analysis, compliance reviews and performance assessments. Targeted, risk-based on-site inspections were also undertaken during the review period. Findings were communicated to the relevant institutions for remediation within agreed timelines, with recommendations aimed at strengthening internal controls and infrastructure in accordance with the Bank's legal and oversight frameworks.

In terms of its licensing mandate under the Payment System Management Act and the Virtual Assets Act, 2023 (No. 10 of 2023), the reporting year saw the Bank provisionally authorise one payment system operator to operate a payment system in Namibia and six payment service providers offer payment services. Furthermore, the Bank granted full authorisation to two payment service providers to operate in Namibia. Extensions were also granted to two entities previously provisionally authorised to operate as virtual asset service providers.

During the review period, the Bank revised elements of its regulatory framework to ensure their alignment with the Payment System Management Act. Key reforms included the issuance of the revised Determination on Interchange Rates and Off-U's ATM Withdrawal Fees (PSD-11), which establishes applicable interchange rates and fees for interbank card and instant payment transactions and repeals the 2022 Determination. Another revision effected during 2025 was to the Determination on the Licensing and Authorisation of Payment Service Providers in Namibia (PSD-1) to enhance a future-fit, risk-based framework that supports innovation and financial inclusion. The revised Determination was gazetted in 6 January 2026. The Bank further undertook a comprehensive reform of the fees and charges framework for payment services through revisions to the repealed PSD-5 (Determination on the Standards for a Basic Bank Account and Cash Deposit Fees within the National Payment System) and PSD-10 (Determination on Standards for Fees and Charges for Payment Services within the National Payment System), with the objective of consolidating and harmonising standards across payment services while promoting competition, efficiency and consumer protection. The revised PSD-10, which repeals and replaces the existing Determinations, was finalised for gazetting on 24 December 2025. In addition, the Payment System Notice was revised to update capital adequacy requirements for payment facilitation service providers, revise licensing and renewal fees, and establish requirements governing access to financial products through e-money wallets, in support of the revised Determination on Issuing of Electronic Money in Namibia (PSD-3).

In line with the National Payment System Vision and Strategy (2021–2025), the Bank, in collaboration with industry, issued the Open Banking and the Namibia Quick Response Code (NAMQR) Standards in the National Payment System in 2025. These Standards establish common frameworks for secure data-sharing and interoperable QR Code payments, respectively. To support their implementation, the Bank issued an Open Banking and NAMQR Code Guidance Note, respectively, clarifying regulatory and operational expectations for 2026.

As the NPS Vision and Strategy (2021–2025) reached the end of its cycle, the Bank initiated its transition to the National Payment System Vision and Strategy 2026–2030. This process was informed by a review of progress achieved, a Payments Thought Leadership Event, Consumer Payment Choice and Behaviour Survey and industry workshops. By the end of the reporting period, the Bank and industry were in the final stages of finalising the new Vision and Strategy, which will continue to guide the development of a safe, efficient and inclusive payment system.

During 2025, the Bank also advanced public education initiatives on fraud awareness and virtual asset service providers through digital and broadcast media, stakeholder engagement and industry collaboration. These efforts included educational content development, outreach sessions, and a joint Fraud Awareness and Cybersecurity Campaign with the Bankers Association of Namibia.

Settlement system operations

Throughout the reporting year the Bank continued to provide interbank settlement services through the NISS. In line with the Determination for the Authorisation of Payment System Operators and System Participants in the National Payment System (PSD-6), both banks and non-banks are permitted to participate in the NISS. During the reporting year, seven banks settled directly and one non-bank settled indirectly through these services.

As part of its settlement system modernisation agenda, the Bank successfully onboarded the Central Securities Depository Limited as a settlement participant in December 2025. This milestone marked the transition from paper-based securities settlement to a secure, fully electronic environment conducted in central bank money, enabling effective delivery-versus-payment arrangements, reducing settlement and operational risk, and strengthening integration between payment and securities settlement infrastructures. Preparatory work is also under way to onboard the Instant Payment System, which will support real-time payments and enhance interoperability across the national payments ecosystem.

In May 2025, the Bank completed the NISS's migration from Swift¹ MT to ISO 20022 MX messages, well ahead of the global Swift deadline of 22 November 2025. This transition significantly enhanced straight-through processing, reduced operational risk, improved data quality, and strengthened interoperability with regional and global payment systems.

The NISS demonstrated strong operational resilience throughout 2025, supported by two scheduled business continuity management exercises and one fully announced disaster recovery test. All tests were completed, with the system consistently meeting the targeted recovery time objective of two hours. These results confirmed the robustness of contingency arrangements and the Bank's preparedness to manage operational disruptions.

¹Society for Worldwide Interbank Financial Telecommunication

Settlement activity remained vigorous during the review period, with total real-time gross settlement (RTGS) value reaching N\$1.36 trillion across 109,002 transactions. Compared with similar activities in 2024, this represents an increase of N\$92.6 billion (7.3 percent) in value and 8,431 additional transactions (8.4 percent) (Table A.6). These outcomes reflect continued growth in high-value payment flows and the sustained utilisation of the NISS infrastructure, underscoring its systemic importance in supporting the stability, efficiency and smooth functioning of Namibia’s national payment system.

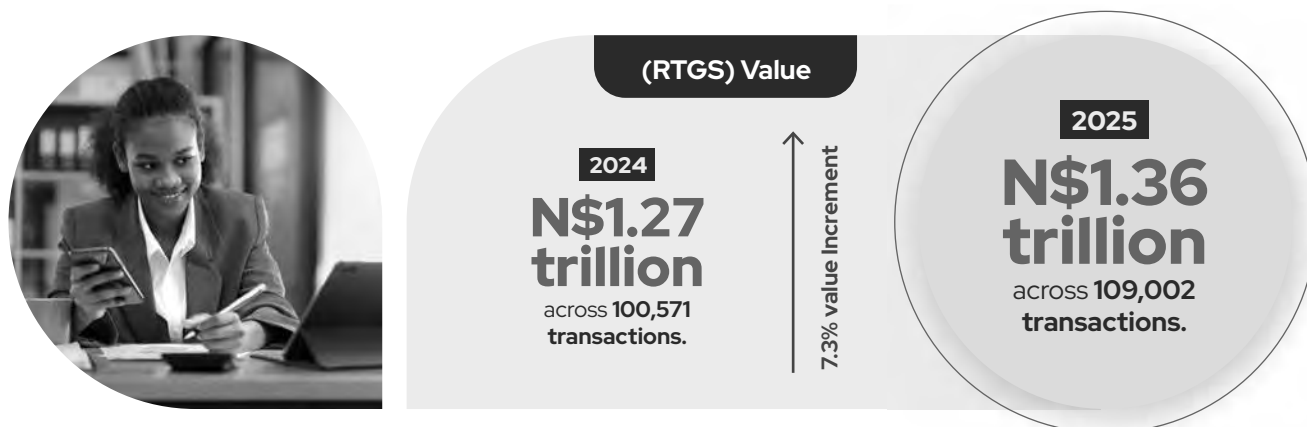


TABLE A.6 NISS TRANSACTION VALUES AND VOLUMES

Year	Number of settlement days	Values settled in N\$ billion			Total number of settlement transactions
		Total value settled	Real-time transactions	Retail payment transactions	
2020	301	983.8	687.8	296.0	70,150
2021	301	1,050.4	726.4	323.9	89,758
2022	302	1,131.0	766.3	364.7	90,434
2023	300	1,205.8	800.5	405.3	95,539
2024	302	1,269.1	804.6	464.4	100,571
2025	298	1,361.7	855.7	505.9	109,002

Clearing system oversight

The Bank continued to oversee clearing operations in the NPS. During the review period, Namclear remained the only payment system operator that provided clearing services within the NPS. The operator clears interbank electronic funds transfer (EFT) and card transactions submitted to the NISS for settlement.

The value of EFT transactions processed by Namclear increased significantly between 2024 and 2025. While the volume of EFT transactions rose from 29 million to 32 million, the total value increased from N\$439 billion to N\$481 billion. This represents a 9 percent gain in transaction volumes and a 9 percent increase in transaction values, largely attributable to an incline in economic activity.

In contrast, card transactions also rose relative to 2024. A total of 108 million card transactions were processed, up from 99 million in 2024, with a combined value of N\$55 billion compared with N\$51 billion in the previous year. This reflects decreases of 7 percent in transaction volume and 7 percent in transaction value, respectively.

Oversight of intrabank and electronic money schemes

The value of intrabank EFT transactions increased in 2025, compared with its 2024 counterpart. During the period under review, these transactions totalled 72 million, compared with 61 million in 2024, with a combined value of N\$999 billion, up from N\$827 billion recorded in the previous year.

Intrabank card transactions also rose in 2025 relative to 2024. Transactions conducted between merchants and customers within the same banking institution amounted to 120 million, with a total value of N\$83 billion. This represents a moderate upswing from the 113 million transactions valued at N\$84 billion reported in 2024.

The use of e-money, which currently operate as closed-loop systems within individual banking institutions and non-bank financial institutions continued to grow in 2025 relative to their 2024 levels. The Bank observed a significant rise in the adoption of e-money as a payment instrument, indicating a shift in consumer payment behaviour within the domestic payment system. In 2025, the volume and value of e-money transactions increased to 97 million and N\$49 billion, respectively, compared with 87 million transactions and N\$43 billion in value in 2024. This growth is largely attributable to improved ease of use and accessibility, particularly through digital wallet solutions.

TABLE A.7 INDUSTRY VALUES AND VOLUMES

Year	Interbank EFT transactions		Interbank Card transactions		E-money transactions		Value of total intrabank transactions
	Value (N\$ Million)	Volume ('000)	Value (N\$ Million)	Volume ('000)	Value (N\$ Million)	Volume ('000)	Value (N\$ Million)
2021	307,671	23,093	31,734	59,434	31,094	57,625	483,589
2022	349,742	25,362	38,252	73,005	34,169	64,617	706,208
2023	38,022	26,811	42,629	83,959	37,748	71,857	839,175
2024	439,264	29,257	51,129	99,020	43,125	87,779	827,434
2025	481,289	32,000	55,181	108,715	49,325	97,235	999,222
Annual percent change							
2021	12	11	18	20	5	13	-22
2022	12	9	21	23	10	12	46
2023	10	5	11	15	9	10	19
2024	13	9	20	18	14	22	-1
2025	10	9	8	10	14	11	21

Regional payment systems oversight

The Bank continued its participation in the SADC-RTGS system. The SADC-RTGS is a regional settlement platform that facilitates time-critical and high-value payments among participating SADC countries. As at the end of the 2025 reporting period, the system comprised 88 participants, namely registered banking institutions and central banks, from 15 SADC countries. Of these 88 participants, five were based in Namibia and included its central bank. During 2025, total payments processed through the SADC-RTGS amounted to R2.8 trillion. Namibian banks accounted for R708 billion, representing 25 percent of the total value processed. This performance demonstrates the effective utilisation of the SADC-RTGS by Namibian banks in advancing regional payments integration, in line with the Finance and Investment Protocol.

The Bank mandated the regularisation of EFT transactions through the issuance of the Determination on the Conduct of Electronic Fund Transfers within the National Payment System (PSD-9), which became effective in 2024. PSD-9 established a comprehensive regulatory framework governing the processing of EFTs within Namibia, as well as cross-border EFT transactions between Namibia and other SADC countries, including those within the Common Monetary Area (CMA). In line with these requirements, the industry adopted the SADC-RTGS as an interim mechanism for the settlement of low-value CMA EFT transactions.

In parallel, regional initiatives have advanced towards the development and adoption of a dedicated solution for low-value cross-border payments within the CMA. In this regard, the CMA Cross-Border Payments Oversight Committee (CPOC) issued a position paper requiring all low-value cross-border EFT transactions to migrate from the SADC-RTGS to a designated regional retail payment system, such as the Transactions Cleared on an Immediate Basis (TCIB) payment scheme, by 31 March 2027.

In response, the Bank issued the Directive on the Regularisation of Cross-border Low-value Electronic Funds Transfers within the Common Monetary Area (CMA) (PSDIR-10). This directive required payment service providers to commence migration of low-value CMA EFTs to the TCIB scheme from the effective date of the Directive, to cease processing such transactions through the SADC-RTGS by 31 March 2027, and to execute all low-value cross-border CMA EFTs through the TCIB scheme from 1 April 2027. The Directive further requires that these transactions be processed in an efficient, transparent, and cost-effective manner, without adverse impact on users and businesses.

The SADC-RTGS Operator, in collaboration with the SADC Banking Association, continued to support the adoption of ISO 20022 messaging standards for cross-border payments within the SADC Region during 2025. In line with the global directive issued by the Society for Worldwide Interbank Financial Telecommunications (Swift), which requires all financial institutions to migrate from Message Type (MT) messaging standards to ISO 20022 XML-based formats by November 2025, engagements were undertaken at both regional and domestic levels to ensure readiness and compliance. Thus, in November 2025, the SADC-RTGS Version 5 (v5) upgrade was successfully implemented, with the majority of regional participants migrating to the enhanced platform, including all Namibian participants. As a result all of Namibia's banks participating in the SADC-RTGS, together with the SADC-RTGS Operator, have migrated to ISO 20022 standards. As part of its oversight responsibilities, the Bank will continue to monitor and promote compliance with international payment and messaging standards to support interoperability, efficiency, and resilience within the NPS.

Oversight of the regional retail payment system

The TCIB was developed as an industry-led initiative, in collaboration with SADC regulators, to facilitate immediate cross-border payments among participating institutions within the Region. The scheme is designed to streamline and simplify cross-border payments by reducing processing time and operational complexity, with a particular focus on supporting low-value transactions within the CMA. In line with the forthcoming regulatory transition, regional implementation efforts have commenced to ensure that both industry participants and the scheme operator are fully capable of complying with the prescribed regulatory deadlines for low-value CMA EFTs.

The TCIB scheme is operated by PayInc in South Africa, which acts as the Regional Clearing and Settlement System Operator (RCSO) for the SADC Region. The system serves as a real-time clearing platform, enabling the efficient and seamless exchange of payment instructions among participants. Ongoing regional coordination and readiness activities are aimed at strengthening operational capacity and ensuring a smooth transition to the TCIB scheme as the designated regional retail payment system for low-value cross-border transactions.

Industry fraud statistics

The total value of fraudulent transactions within the National Payment System (NPS) has risen steadily over the past five years, with a marked increase between 2024 and 2025. Card fraud decreased to N\$19.9 million in 2025, down from N\$21 million in 2024. Electronic Funds Transfer (EFT) fraud rose significantly to N\$53 million, compared with N\$33 million in 2024 (Table A.8). This escalation was primarily attributable to vishing and phishing schemes, in which fraudsters impersonate legitimate institutions to deceive individuals into disclosing sensitive information such as usernames and passwords. These attacks commonly occur through fraudulent emails, text messages and phone calls, or spoofed websites that appear authentic. In contrast, e-money fraud increased to N\$1 million from N\$451 thousand in 2024.

In response to the increasing fraud trends, the Bank, in collaboration with industry stakeholders, have implemented a comprehensive and coordinated fraud mitigation strategy. This strategy focuses on strengthening controls, enhancing fraud detection, and fostering cross-sector cooperation. Aggressive fraud awareness campaigns were consequently rolled out across the industry, and regulatory frameworks were revised and will continue to be reviewed to ensure that fraud risks are adequately addressed. Collaboration across multiple sectors, including telecommunications providers and law enforcement agencies, is planned for implementation in the coming year to further strengthen fraud prevention and response efforts. Ongoing awareness initiatives continue to educate customers on the importance of safeguarding their confidential information and are expected to intensify in the next reporting period. The Bank also engaged with industry participants during the reporting year to emphasise the need for enhanced controls in the management and protection of client data. In addition, industry platforms, such as the Financial Sector Cyber Resilience and Fraud Mitigation Council, were mobilised to reinforce the importance of robust security measures in combating payment fraud.

TABLE A.8 INDUSTRY FRAUD STATISTICS (NPS)

Year	Card fraud	EFT fraud	E-money fraud	Total fraud
	Value ('000)	Value ('000)	Value ('000)	Value ('000)
2021	6,513	6,103	1,155	13,770
2022	6,761	20,678	2,188	29,628
2023	21,165	23,729	5,354	50,248
2024	21,035	32,754	451	54,240
2025	19,925	52,880	1,099	73,904

Source: NPS



Strategic Objective 2

Maintain price and monetary stability

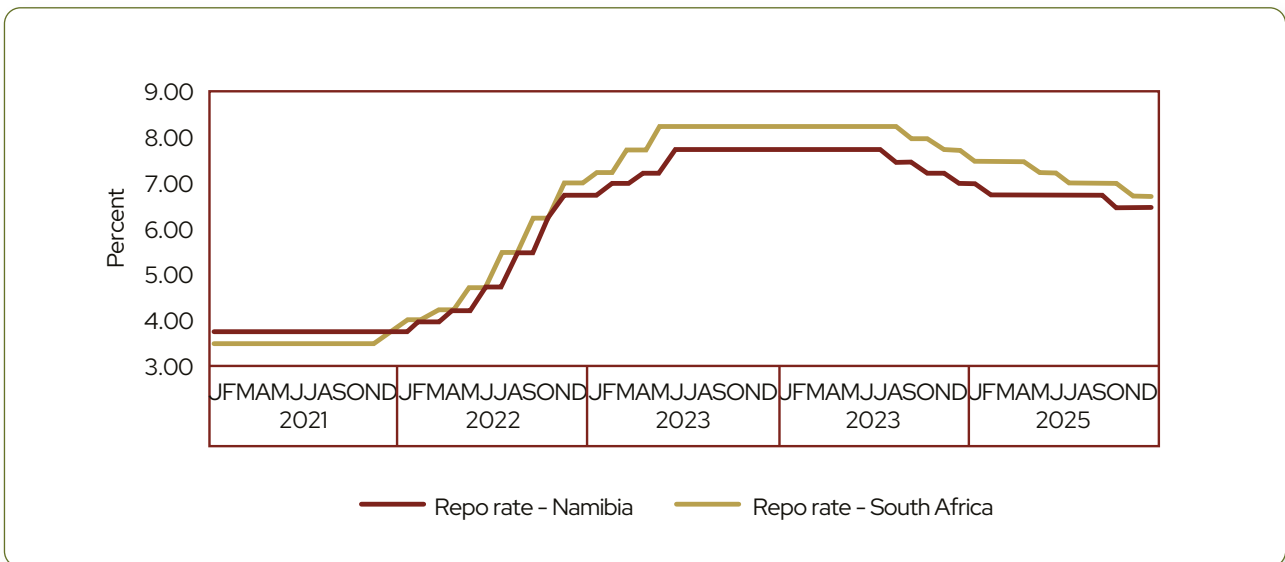


Monetary policy stance during 2025

The Bank maintained an easier monetary policy stance through 2025, primarily to support the domestic economy while safeguarding the currency peg of the Namibia Dollar to the South African Rand. Thus, the Bank’s MPC reduced the repo rate by a cumulative 50 basis points during 2025, bringing it to 6.50 percent by year-end, a slower pace than in 2024. The ease monetary policy stance was to aid economic activity as well as to maintain the currency peg. This was consistent with the easing path for global monetary policy, including in South Africa, as inflation continued to decelerate from its post-pandemic highs. To bolster the local economy further, the Bank deployed an additional unconventional monetary policy measure that directed commercial banks to reduce their lending rates by 25 basis points over six months, through to December 2025. Specifically, commercial banks were mandated to reduce their lending rates by 12.5 basis points by 30 September and again by 31 December. These adjustments narrowed the spread between Namibia’s Prime and Repo rates from 3.75 in August 2025 to 3.50 percent at year-end, thus aligning the spread with those of its counterparts in the CMA.

The Repo rate adopted by the Bank trended below South Africa’s policy rate. The Bank maintained its policy rate at levels between 25 and 75 basis points below South Africa’s repo rate, with the rates in Namibia closing the year at 6.50 percent and in South Africa at 6.75 percent (Figure A.1). Although interest rates in the pegging country are typically expected to be aligned with those in the anchor country, Namibia has consistently maintained a negative interest rate differential since November 2022 to aid economic recovery. This was buttressed by sufficient international reserve assets maintained by the Bank during the period under review and orderly capital flows.

Figure A.1 Namibia Versus South Africa’s Repo Rate



Source: Bank of Namibia and the South African Reserve Bank

Domestic economic activity exhibited positive momentum in 2025, albeit at a slower pace, inflation remained well contained, while PSCE improved. The slowdown in economic activity was particularly evident in the second and third quarter mainly driven by weaker performance in the agriculture, mining, construction, and fishing sectors. Meanwhile, consumer price inflation remained contained, receding to 3.5 percent on average during 2025, the lowest since the post-pandemic peak of 6.1 percent in 2022, mainly due to the disinflation in *housing, transport, and alcoholic beverages*. This was the lowest since the post-pandemic peak of 6.1 percent in 2022. Turning to credit, the annual growth in private sector credit extension (PSCE) recovered during 2025, primarily sustained by businesses, as household credit uptake lagged. Nevertheless, despite posting its highest post-pandemic average annual growth in 2025, PSCE remained subdued.

Monetary policy research and macroeconomic forecasting achievements

The adoption of a lower inflation target in South Africa could reset monetary policy conduct within the CMA. On 12 November 2025, South Africa announced a point inflation target of 3 percent, with a ± 1 percentage point tolerance band, replacing the long-established target band of 3-6 percent. This policy adjustment is anticipated to reset the conduct of monetary policy across the CMA, potentially resulting in lower inflation and interest rates in the medium term. This is likely to benefit the welfare of the most vulnerable and broader population in the long-term.

By July 2025, the Bank concluded a study assessing the implications of the potential change in South Africa's inflation target on Namibia. The study primarily evaluate the implications of a lower inflation target in South Africa on output and monetary policy in Namibia. The findings suggested that, while a lower inflation target could entail short-term economic costs, it had far-reaching long-term welfare gains and enhanced financial stability in Namibia. A non-technical policy note summarising the findings was subsequently prepared and submitted to the Ministry of Finance.

Recognising the potential opportunities emanating from artificial intelligence, the Bank continued to integrate machine learning techniques into its suite of macroeconomic models. The Bank incorporated machine learning techniques to further strengthen its GDP nowcasting capabilities. Turning to inflation, the Bank incorporated machine learning to complement the existing near-term inflation forecasting models.

In addition to indirect monetary policy tools, the Bank continued to implement targeted economic relief measures to aid economic activity, notably the SME economic recovery loan scheme. The disbursement phase of the N\$500 million SME economic recovery loan facility was concluded in August 2025, with approximately 99.9 percent of the total facility disbursed through four local commercial banks. Overall, the Scheme supported some 433 SMEs across various sectors, particularly in the construction, real estate and business services, but also well as trade and accommodation sectors. Following the conclusion of the disbursements, the Scheme effectively transitioned into a monitoring stage.

Strategic Objective 3

Ensure the sufficiency of supply and the integrity of currency



In 2025, the Bank of Namibia continued to carry out its role as the exclusive issuer of Namibian currency under the Bank of Namibia Act. Currency in circulation expanded by 5.9 percent to N\$5.94 billion, reflecting resilience in cash-based transactions amid a rapidly evolving payment landscape. Banknotes dominated at a level of N\$5.63 billion (Table A.9), while coins accounted for N\$0.32 billion (Table A.10).

The year also marked a historic transformation in Namibia's currency management landscape. This underscores the Bank's strategic commitment to a future-fit currency system that is secure, efficient and inclusive. Central to this achievement was the issuance of the N\$60 commemorative banknote, an enduring symbol of national pride and innovation alongside the most comprehensive upgrade of the national currency since the country's Independence in 1990.

Besides the upgrade introducing advanced security and design features across all banknote denominations, it also delivered a complete review of the coin series for the first time since its introduction in 1993. The upgrade included the launch of a new coin denomination, namely the N\$0.20c piece, to enhance transactional efficiency. Collectively, these initiatives position Namibia's currency system as future-ready, technologically advanced and responsive to the needs of a modern economy.

Values and volumes as at year-end

The composition of currency in circulation for 2025 reflects a moderate increase in overall value and a notable shift in denomination preferences compared with 2024. Total currency value rose by N\$332.9 million (+5.93%) from N\$5.6 billion to N\$5.94 billion, driven primarily by banknotes, which account for over 95% of the total (Table A.9). Banknotes grew by N\$304.7 million (+5.73%) to N\$5.63 billion, while coins – though smaller in absolute terms – recorded a faster growth rate of +9.76%, reaching N\$316.9 million. In respect of volume circulation expanded between 2024 and 2025 by approximately 5.6 million notes (+9.38%) and 32.2 million coins (+4.23%), signalling increased transactional activity across both segments.

Table A.9: Composition of currency in circulation (banknotes)

Denomination	2024 Value (N\$ million)	2024 Volume (million)	2025 Value (N\$ million)	2025 Volume (m)	Change % (Value)
N\$10 notes	95.60	9.560	109.7	11.0	14.7
N\$20 notes	233.10	11.655	237.6	11.9	1.9
N\$30 notes	146.20	4.873	145.9	4.9	-0.2
N\$50 notes	275.10	5.502	401.3	8.0	45.9
N\$60 notes	0.00	0.000	58.0	1.0	100.0
N\$100 notes	1,042.60	10.426	1,053.3	10.5	1.0
N\$200 notes	3,528.60	17.643	3,620.2	18.1	2.60
TOTAL-NOTES	5,321.20	59.659	5,625.90	65.33	5.7
GRAND TOTAL	5,609.93	821.359	5,942.77	859.22	5.9

Coin volumes and values at year-end

Similar to banknotes, coins trend towards higher denominations. The total coin value increased from N\$289 million to N\$317 million since 31 December 2024 (Table A.10). The rise was led by the N\$10 coin, which jumped by 65.5% year-on-year (from N\$17.70 million to N\$29.29 million), reflecting the growing demand for higher-value coins in the retail and transport sectors. Compared with their 2024 levels, the N\$5 coin rose by 11.1% and the N\$1 coin by 4.9% in 2025, maintaining their role as the backbone of coin circulation. Lower denominations remained stable, with modest gains in the N\$0.10c and N\$0.50c, while the newly introduced N\$0.20c coin added a small base value of N\$0.19 million for the reporting year.

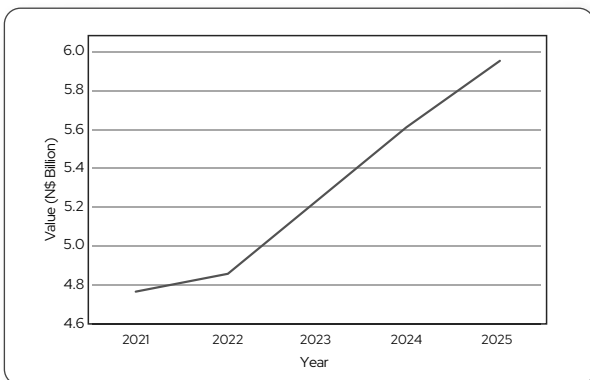
Table A.10: Composition of currency in circulation (coins)

Denomination	2024 Value (N\$ million)	2024 Volum (million)	2025 Value (N\$ million)	2025 Volume (million)	Change % (Value)
N\$0.05c coin	14.53	290.680	14.53	290.7	-
N\$0.10c coin	25.30	253.000	27.41	274.1	8.30
N\$0.20c coin	0.00	0.000	0.19	0.945	100.00
N\$0.50c coin	37.60	75.200	38.21	76.418	1.60
N\$1 coin	127.90	127.900	134.22	134.220	4.90
N\$5 coin	65.70	13.140	73.02	14.604	11.11
N\$10 coin	17.70	1.770	29.29	2.929	65.50
TOTAL -COINS	288.73	761.690	316.87	793.886	9.8

Operationally, these shifts called for adjustments in cash management strategies. Automated teller machine (ATM) cassette configurations and vault allocations prioritised N\$50 and N\$60 notes, while moderating N\$100 holdings to reflect declining demand. On the coin side, distribution plans accommodated the sharp rise in N\$10-coin usage, alongside sustained buffers for N\$1 and N\$5 coins, which together accounted for nearly two-thirds of coin value in 2025. Finally, integrating these trends with ATM dispense data, branch payouts and merchant cash usage enabled more precise forecasting and inventory positioning ahead of peak periods.

Currency in circulation retained its steady upward trajectory. This was reflected in the expansion in the currency in circulation from N\$4.76 billion in 2021 to N\$5.94 billion in 2025, underscoring sustained economic activity and the enduring role of cash in Namibia’s payment ecosystem (Figure A.2). Although growth moderated from +6.9 percent in 2024 to +5.9 percent in 2025, this resilience is significant given the rapid adoption of digital payment instruments such as mobile money, electronic transfers and card-based transactions. Several factors contributed to this continued growth in physical currency, including strong demand for cash in rural and informal sectors, cultural preferences for tangible money, and liquidity needs during periods of economic uncertainty. Seasonal drivers such as festive spending and Government disbursements, particularly social grants, also reinforced the relevance of cash even as digital channels expanded.

Figure A.2: Currency in circulation (2021–2025)

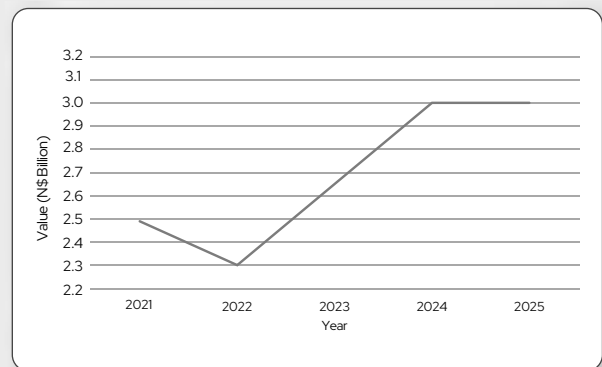


This trend highlights the importance of a balanced approach: while digitisation initiatives accelerate, physical currency remains a critical component of financial inclusion and transactional convenience. The Bank’s strategy to modernise currency management and optimise cash-handling processes ensures that both cash and digital instruments coexist effectively, supporting a robust and inclusive payment system.

Replacing unfit currency: A strategic imperative

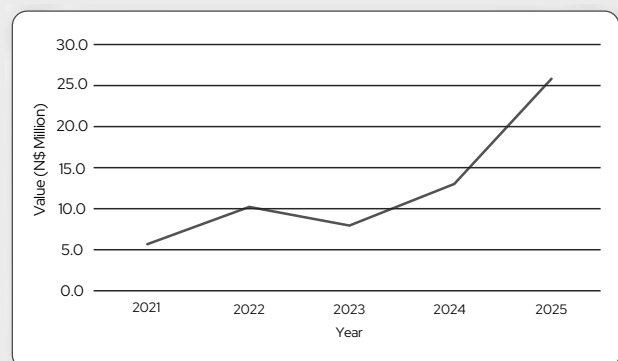
Replacing unfit currency is not merely an operational task; it is a strategic priority. In 2025, the Bank issued N\$3 billion in new notes (Figure A.3), consistent with the prior year, while withdrawing N\$3.3 billion in unfit notes from circulation, compared with N\$2.6 billion in 2024.

Figure A.3: New banknotes issued (2021–2025)



The increase signals intensified efforts to maintain currency integrity and respond to higher circulation volumes and accelerated wear. By proactively removing deteriorated notes and replenishing with high-quality currency, the Bank safeguards public confidence, ensures transactional reliability and supports financial system stability. This proactive approach underpins the Bank’s Clean Banknote Policy and aligns with global best practice, reinforcing trust in the financial system.

Figure A.4: New Coins Issued (2021–2025)

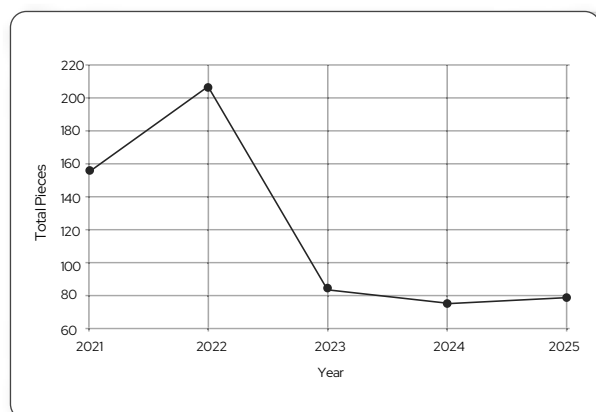


Counterfeit banknotes recorded a marginal increase from 75 pieces in 2024 to just 79 pieces in 2025 (0.83 parts per million/ppm), far below the Bank’s tolerance threshold of 10 ppm, a clear reflection of strong deterrence measures and a resilient currency framework. This sustained momentum is the result of a multi-pronged approach: intensified public education campaigns, close collaboration with law enforcement, and continuous monitoring of counterfeit trends (Table A.11, Figure A.5).

Table A.11: Counterfeit banknotes (2021–2025)

Denomination	Number of counterfeit banknotes detected per piece					Counterfeits per single denomination per million notes in 2024	Counterfeits per single denomination per million notes in 2025
	2021	2022	2023	2024	2025		
N\$10	1	1	2	2	0	0.2	0.0
N\$20	6	7	8	7	2	0.7	0.2
N\$30	0	0	0	0	0	0.0	0.0
N\$50	37	28	13	12	21	1.8	3.1
N\$60	0	0	0	0	0	0.0	0.0
N\$100	33	55	26	13	10	1.3	1.1
N\$200	78	115	35	41	47	2.4	2.5
TOTAL	155	206	84	75	80	1.26	1.26

Figure A.5: Counterfeit banknotes (2021–2025)



Strategic currency projects: Honouring legacy and modernising Namibia's currency system

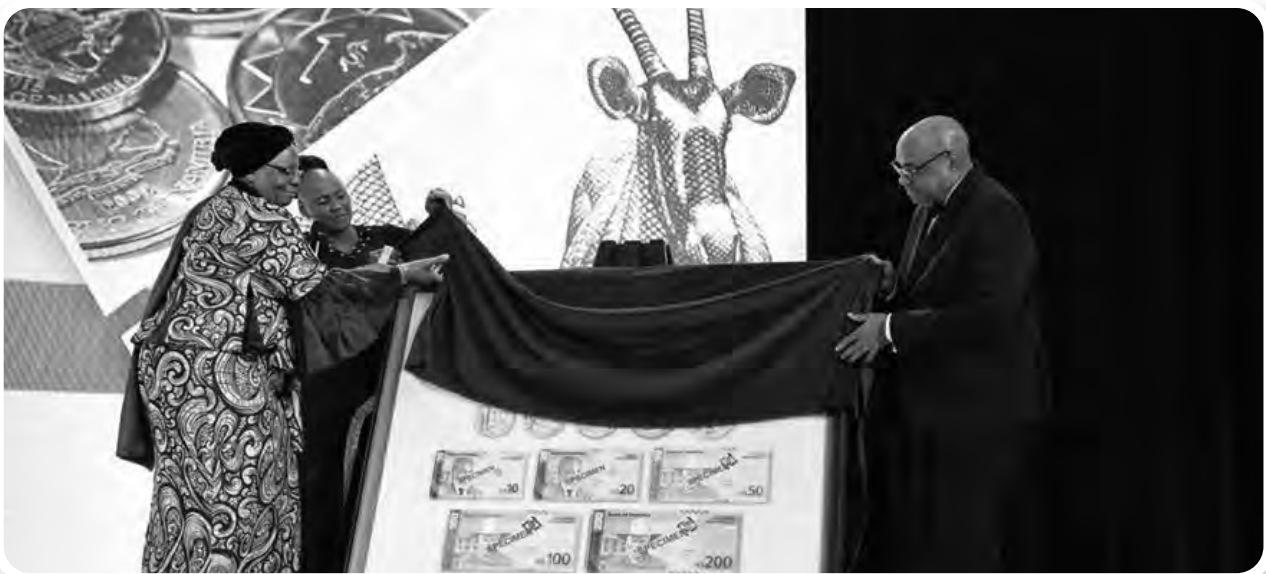
Project 1 – Currency upgrade: First comprehensive overhaul since 1993

In 2025, the Bank of Namibia achieved a historic milestone with the first simultaneous upgrade of banknotes and coins since the introduction of Namibia's own currency in 1993. This transformation was not a simple design refresh, but a strategic modernisation aimed at strengthening security, reducing lifecycle costs, improving accessibility, and future-proofing Namibia's cash ecosystem for a rapidly digitising economy.

The decision to review and upgrade Namibia's currency was a strategic imperative anchored in global best practice and national economic priorities. International standards dictate that central banks review their currency every six to eight years to ensure efficiency, security and relevance within the cash ecosystem. Namibia's banknotes had been in circulation for over a decade, while coins had remained unchanged since their introduction in 1993, despite significant technological advancements and evolving market needs. This prolonged cycle exposed vulnerabilities: escalating global counterfeiting threats demanded proactive enhancement of security features; frequent replacements of unfit low-denomination notes increased operational costs, and negative seigniorage on small coin denominations eroded profitability.

The discontinuation of the N\$0.05c coin in 2019 compounded pressure on the remaining denominations, while outdated coin sizes, unsustainable metal compositions and declining banknote tactile features compromised alignment with industry standards and accessibility for visually impaired users. Addressing these challenges through substrate improvements, optimised coin specifications, and upgraded security features was essential to enhance durability, cost-effectiveness and public confidence.

The new banknote series, unveiled in July 2025 by HE Dr Netumbo Nandi-Ndaitwah, President of the Republic of Namibia, represented a significant leap forward in currency innovation. Designed to meet the highest global standards, the series integrates state-of-the-art security technology to safeguard against evolving counterfeiting threats. Lower denominations feature a composite substrate that enhances durability, ensures cleaner notes in circulation and reduces their environmental impact. To promote inclusivity, the notes incorporate advanced tactile elements, enabling independent denomination recognition and setting a new benchmark for accessible currency design in Africa.



H.E. Dr. Netumbo Nandi-Ndaitwah, President of the Republic of Namibia unveiling the New coinage in July 2025, alongside Dr Johannes IGawaxab.

Namibia's coinage underwent its first full specification overhaul in more than three decades, introducing innovations that enhanced durability, security and sustainability. These improvements, which make the coins lighter, more cost-efficient and environmentally friendly, align with industry best practices and contribute to lowering its carbon footprint. Moreover, optimised electromagnetic signatures ensured flawless machine acceptance across vending, parking and transit systems, while distinct tactile edge milling improved denomination recognition by touch.

A key highlight for the reporting year in this regard was the introduction of a bimetallic N\$5 coin with advanced security features, strengthening anti-counterfeiting measures. Additionally, the new coin series adopted a fresh thematic approach, celebrating Namibia's diverse economic sectors, while the upgraded banknotes retained their traditional themes but incorporated

enhanced security features. Collectively, these changes ensure Namibia's currency is as secure, durable, sustainable and fully compatible with modern payment infrastructure as possible.

Delivering this upgrade required rigorous stakeholder engagements with various sectors and the broader public to ensure operational readiness and public confidence. These comprehensive engagements included commercial banks, cash-in-transit operators, retailers, parking, gambling and vending machine operators, and municipalities, who needed to recalibrate their equipment and ensure readiness. Nationwide public education campaigns, as well as training programmes hosted by the Namibia Federation for the Visually Impaired, empowered citizens in terms of knowing how to authenticate and use the new currency confidently.



Bank of Namibia carried out a Nationwide public education campaign with the Namibia Federation for the Visually Impaired.

Ahead of the rollout of the new currency series, the Bank implemented a targeted Currency Replenishment Initiative to ensure uninterrupted currency availability and uphold governance standards during a period of heightened demand. The initiative involved four strategic interventions. Firstly, the N\$50 banknote was modified to include the sitting Governor's signature for the first time and to incorporate an upgraded level security feature, reinforcing legal and institutional integrity. Secondly, the N\$10 banknote was replenished to meet supply requirements and stabilise retail liquidity. Thirdly, the N\$0.10c and N\$1 coins were replenished in the market to address prevailing demand. These proactive measures mitigated operational risk, stabilised supply chains and ensured transactional continuity, thereby preparing the economy for a seamless introduction of the upgraded currency series.

Project 2 – N\$60 Commemorative Banknote: Honouring Legacy and, Strengthening Confidence

On 17 March 2025, the Bank of Namibia issued the N\$60 commemorative banknote to honour the late President HE Dr Hage G Geingob, denominated to represent 60 years of his dedicated service to Namibia. This historic issuance was informed by the profound significance of Dr Geingob's legacy as Namibia's third President and the first sitting Head of State to unfortunately pass away while in office. The commemorative note was conceived as a national tribute to his transformative leadership and enduring values of unity, inclusivity and progress. Launched by the fourth President, HE Dr Nangolo Mbumba, during a period of national mourning, this initiative was more than a currency issuance; it was a national project symbolising heritage, resilience and technological advancement. The denomination of N\$60 was purposefully selected to reflect 60 years of unwavering service, from exile to liberation, from architect of the Constitution to Head of State.

A limited production of two million pieces ensured a balance between accessibility and commemorative exclusivity, while preserving collector value. Initial distribution was managed through commercial banking halls to maintain the note's commemorative status, supported by a nationwide awareness campaign that reached all 14 regions, schools, and pension pay points. To further enhance accessibility and modernise currency distribution, the note was subsequently introduced into the ATM network marking a significant step forward in Namibia's currency management strategy.

This was only the second commemorative banknote issued by the Bank since its establishment, underscoring its rarity and prestige. The public overwhelmingly chose to retain the note as a keepsake rather than spend it, reflecting its emotional and historical significance. The N\$60 commemorative banknote stands as a bold expression of national identity, technological excellence and inclusive design, a tangible tribute to a leader whose vision shaped Namibia's democratic foundations and future aspirations.



Together, these projects delivered more than operational improvements: They redefined Namibia's currency system to reflect innovation, inclusivity and sustainability while responding to critical needs for security, resilience and national pride. By embedding advanced security features, pioneering financial inclusion through Namibia Federation of the Visually Impaired (NFVI) collaboration, and modernising coinage for the first time since 1993, the Bank positioned Namibia as a regional benchmark for secure, durable and socially inclusive currency design, reading and strengthened public confidence.

Strategic Objective 4

Operate as fiscal advisor to and banker for Government



The Bank provided fiscal advice to the Government and assisted the Sovereign to successfully navigate a year of unprecedented bond redemptions. Local bond redemptions were accommodated through switch auctions in the period leading up to their redemptions and rollover auctions upon bond maturity. Furthermore, in 2025, Namibia redeemed its second Eurobond of US\$ 750 million. In preparation for this, the Bank assisted in crafting and implementing a strategy to build a US\$ sinking fund over the years leading up to their redemption date. To further complement the amount already set aside for this purpose, the Bank assisted the Government in concluding negotiations with local banks to raise private debt at acceptable terms. These endeavours set the stage for Namibia to honour the payment at maturity and firmly anchor her position in the international markets as a credible lender.

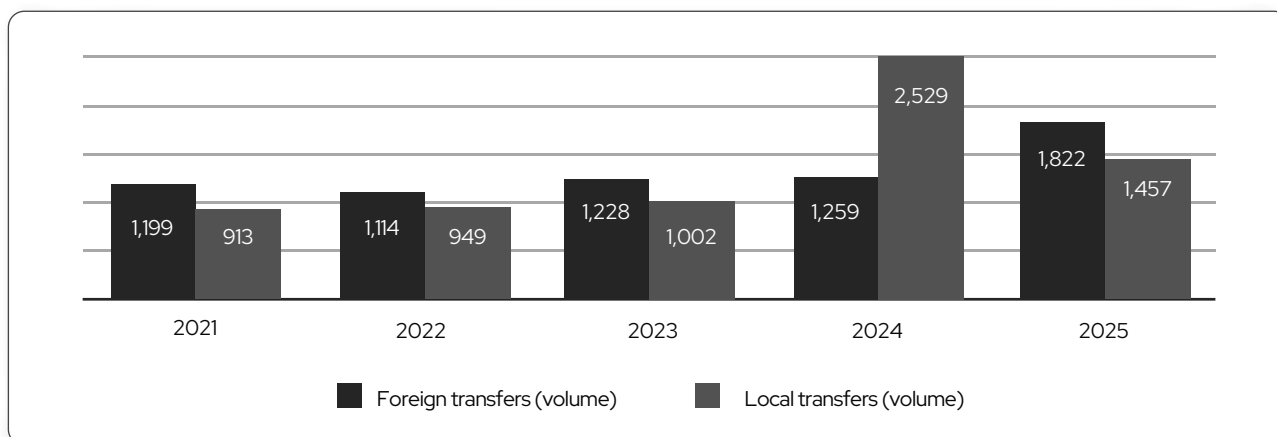
Furthermore, a significant step towards an improved landscape for bond issuance materialised in 2025.

The Namibia Securities Exchange (NSX), in partnership with the Bank of Namibia under the oversight of the Namibia Financial Institutions Supervisory Authority (NAMFISA), went live with the Central Securities Depository Limited (CSD) in December 2025, marking a major milestone in the modernisation of the country's capital markets. The launch of the CSD represents a significant transition from paper-based securities registration and settlement to a fully electronic, integrated system, paving the way for international investor participation. The CSD will hold securities in electronic form, facilitate electronic clearing, settlement, and registration, and manage corporate action events.

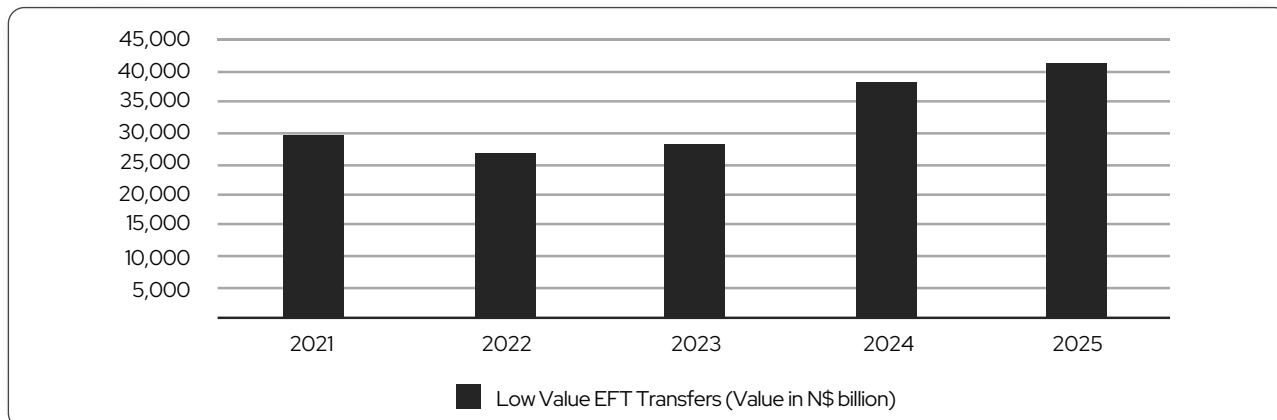
As banker to the Government, the Bank of Namibia played a pivotal role in ensuring the timely execution of domestic and international financial obligations during the 2025 financial year, thereby supporting the effective implementation of the national budget. With respect to the volume of foreign transfer volumes rose to 1,822 transactions, a 44.7 percent increase from 2024 (Figure A.6). This underscored the Bank's capacity to facilitate cross-border payments aligned with Namibia's external commitments.

In addition to the above, the Bank continued to provide the Ministry of Finance (MoF) with technical advice on public debt sustainability, in line with its mandate. A case in point debt sustain analysis (DSA) is an important part of debt management such and uses are avenue through which risks and vulnerabilities associated with the country's debt trajectory can be identified and mitigated. The Bank continued to prepare frequent sustainability analysis reports aimed at influencing policy around debt management. After a thorough analysis of Namibia's macroeconomic and fiscal indicators, the debt sustainability analysis established that Namibia's public debt is projected to remain high over the medium term (2025–2029). This is due to rising gross financing needs, including increasing debt service costs. In this regard, the debt sustainability analysis highlights the need for greater fiscal discipline, emphasising the need to strengthen fiscal strategies towards fiscal sustainability to maintain public debt on a more sustainable path.



FIGURE A.7 LOCAL AND FOREIGN TRANSFERS PROCESSED (VOLUME)

Local transfers, on the other hand, stabilised in 2025, remained well above their pre-2024 levels. Thus, local transfers normalised to 1,457 transactions following the exceptional surge in 2024, yet remained 45.4 percent above the pre-2024 average, reflecting sustained efficiency in meeting domestic obligations (Figure A.7). Together, foreign and local transfers demonstrate the Bank's operational reliability in underpinning fiscal execution and maintaining liquidity flows essential for service delivery.

FIGURE A.8 LOW VALUE ELECTRONIC FUND TRANSFERS

Electronic Funds Transfers (EFT) remained the primary mechanism for Government operational payments, with 2.9 million transactions processed in 2025, consistent with the volume reported in the preceding year. Nonetheless this, EFT volumes remain above historical levels, while the total value of low-value EFT transactions reached N\$41.29 billion, higher by 8.1 percent year-on-year, but 38 percent higher than 2021, signalling the deepening digitisation of Government payment systems (Figure A.8).

These outcomes collectively affirm the Bank's effectiveness in safeguarding payment continuity and fiscal credibility. By ensuring the timely settlement of obligations, the Bank not only supports the smooth execution of the State's budget but also reinforces Namibia's standing with stakeholders and counterparties. In this sense, the growth in foreign transfers reflects strengthened capacity to honour international commitments, while the normalisation of local transfers and sustained EFT adoption highlight operational resilience and modernisation. Ultimately, these trends contribute to confidence in the Bank's stewardship of public funds and its role in sustaining macroeconomic stability.

Advancing digitisation and operational efficiency

The Bank continued to drive its digitisation agenda in pursuit of service excellence, building on the automation journey for Government payment services that commenced in 2024. This sustained effort delivered transformative improvements through the expansion of the online portal and the deployment of Robotic Process Automation, significantly reducing manual, paper-based processes and improving turnaround times. A major highlight for the reporting period was the successful completion of the Modernisation of the Public Teller Project. This software introduced a custom-built Public Telling Module within SAP to automate core cash-handling operations.

The impact has been substantial. Since going live at Oshakati Branch on 23 June 2025 and at Head Office on 03 November 2025, the system processed 1,338 Government deposits totalling N\$34.7 million, alongside internal withdrawals exceeding N\$288,000. These volumes reflect the scale of modernisation and its contribution to operational efficiency. Real-time processing of deposits replaced delayed manual postings, ensuring immediate account updates and enhancing transparency.

In addition, automated cash balancing reduced end-of-day processing from five hours to three, while built-in validation mechanisms minimised human public teller.

Beyond efficiency gains, the project delivered measurable benefits. Daily NamPost courier services for deposit slips were eliminated, and manpower requirements at Oshakati and Head Office were reduced by three positions. The automation also enabled a data-driven operating model, allowing faster and more accurate reporting and decision-making. Collectively, these improvements underscore the Bank's commitment to service excellence and represent a historic step toward fully digitised Government payment services, laying a strong foundation for future enhancements and sustainable delivery.



Modernisation of the Public Teller Project

The system went live at Oshakati Branch on 23 June 2025 and at Head Office on 03 November 2025, processing **1,338 government deposits totalling N\$34.7 million and internal withdrawals exceeding N\$288,000.**

Strategic Objective 5

Manage reserves prudently



The Bank continued to manage Namibia's foreign exchange reserves in 2025 as mandated by the Bank of Namibia Act. These reserves are primarily held to support the Namibian currency in circulation, thereby safeguarding the sustainability of the peg to the South African Rand and ensuring the Namibia ability to meet its international financial obligations. In addition, reserve assets serve broader strategic purposes, including maintaining confidence in the country's monetary framework and enhancing resilience to external shocks.

In fulfilling the objectives of holding reserve, the Bank prioritises capital preservation and liquidity. Subject to these primary objectives being met, excess reserves are managed to optimise risk-adjusted returns, minimise the cost of holding reserves, and preserve and enhance the long-term purchasing power of the reserve portfolio. These objectives are achieved through exposure to a diversified range of eligible foreign assets, within clearly defined limits informed by the Bank's annual strategic asset allocation process.

Review and enhancement of reserve management strategies

During 2025, the Bank also undertook a comprehensive review of its reserve management framework, encompassing the strategic asset allocation, investment guidelines, risk limits, and performance benchmarks. The review sought to ensure continued alignment with evolving global financial market conditions account for, increased geopolitical uncertainty and guard the import of, and heightened volatility in both interest rates and exchange rates. The expected outcome of this initiative was a more robust and forward-looking reserve management strategy that enhances flexibility, improves risk management, and supports more efficient deployment of excess reserves, while maintaining the primacy of capital preservation and liquidity.

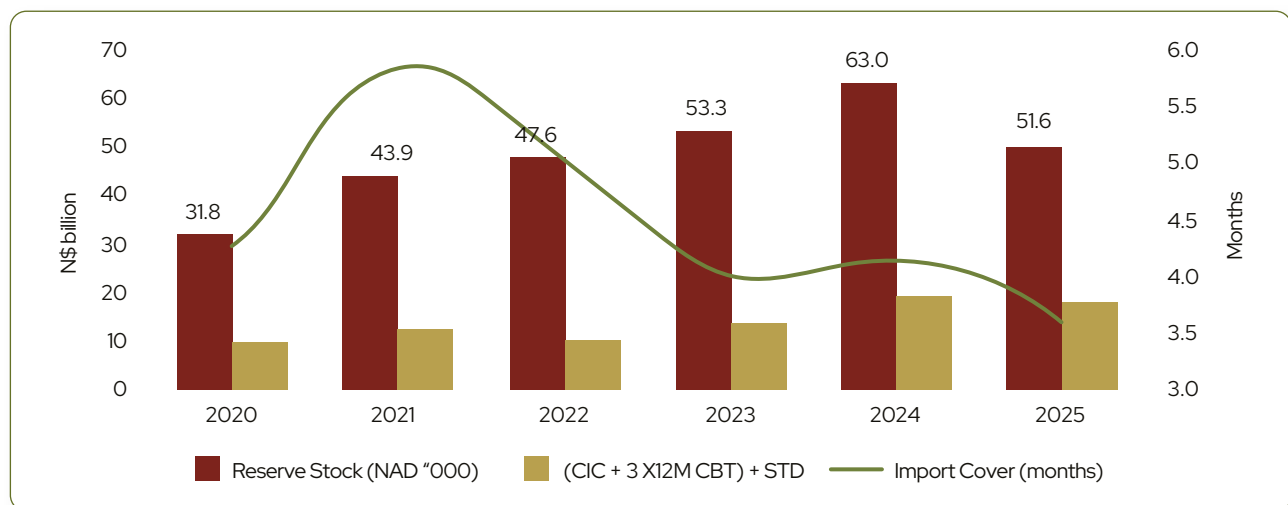
Introduction of gold into the reserve portfolio

As part of its efforts to further diversify reserve assets and enhance national economic resilience, the Bank has made advanced progress in formalising the groundwork for including gold within the official reserve portfolio during 2025. Gold is expected to serve as a strategic diversifier, providing a hedge against inflation, currency depreciation, and adverse geopolitical developments. The inclusion of gold is also anticipated to strengthen the long-term stability of the reserve portfolio, reduce concentration risks associated with traditional reserve currencies, and reinforce confidence in the Bank's reserve management framework, once all governance matters have been finalised.

Foreign exchange reserve developments during 2025

Over the past 12 months, Namibia's foreign exchange reserves have declined notably. On a year-on-year basis, reserves contracted by 18.1 percent in 2025, in contrast with the 18.4 percent growth recorded in 2024. The foreign reserve stock fell from NAD 63.0 billion at the end of 2024 to NAD 51.6 billion as of 31 December 2025 (Figure A.9). The decrease is mainly ascribed to the Eurobond redemption in October 2025, as well as a strong local currency and lower SACU receipts.

FIGURE A.9: OFFICIAL FOREIGN EXCHANGE RESERVE STOCK



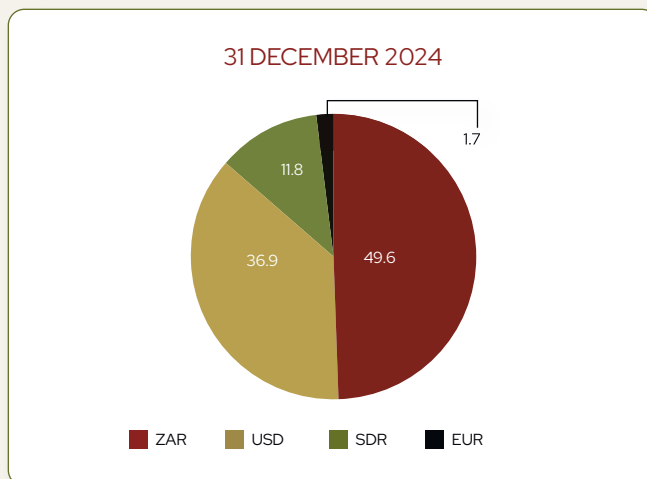
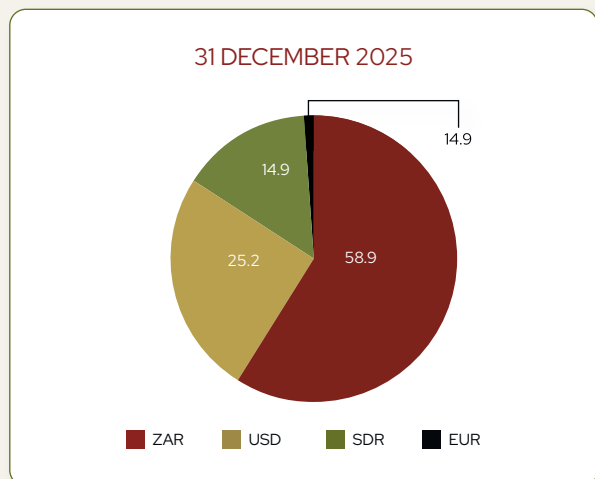
The reserve position remained adequate over the review period, as assessed against multiple adequacy metrics.

These are, namely: (i) import cover; (ii) currency in circulation plus a buffer equivalent to three times the average monthly commercial bank outflows; and (iii) the latter measure augmented by 12-month external debt obligations. All three indicators remained comfortably above their respective thresholds, with reserves covering 3.3 months of imports and recording ratios of 5.1 and 2.8 for metrics (ii) and (iii), respectively. At these levels, the reserve position is assessed as sufficient to support the exchange rate peg to the South African Rand and remains well above the threshold for invoking section 61 of the Bank of Namibia Act. The US Dollar (USD) and South African Rand (ZAR) remained the dominant components of the Bank's foreign exchange reserves. As of December 31, 2025, the ZAR and USD accounted for 58.9 percent and 25.2 percent of the reserves, respectively. The remaining 15.8 percent comprised the International Monetary Fund (IMF) Special Drawing Rights (14.9 percent) and the Euro 0.9 percent. (see Figure A.2).

FIGURE A.10: CURRENCY MIX OF FOREIGN EXCHANGE RESERVES, 31 DECEMBER 2025

The largest currency allocation was apportioned among the ZAR and USD currencies of the overall reserves during 2025.

The largest currency allocation was apportioned among the ZAR and USD currencies of the overall reserves during 2025.








Note: EUR = Euro, SDR = Special Drawing Right, USD = US Dollar, ZAR = South African Rand.

Administration of exchange control

Pursuant to its mandate as the agent of exchange control administration, the Bank continued to fulfil its function to safeguard a stable foreign exchange market in the country and to support the foreign reserves management policy. Significantly, the Minister of Finance granted the Bank an expanded delegation of powers under Regulation 22E of the Exchange Control Regulations, 1961, as amended. The main purpose of this expansion was to close certain administrative legal gaps as found and guided by the High Court in matters litigated in 2025. In addition, the expanded delegation power by the Minister streamlines the overall administration of the exchange control function, infusing much-needed efficiency and shorter turnaround time.

Furthermore, during the period under review, the Bank made further strides ahead in the executing the exchange control function anchored on the following key strategic focus areas:

-  Risk-based supervision and compliance enforcement on the regulated institutions in terms of the Exchange Control legal framework.
-  Regular monitoring and data analysis of cross border foreign exchange transactions to support compliance enforcement and policy formulation.
-  Exchange controls alignment with CMA counterparts, in keeping with the spirit of the Multilateral Monetary Agreement, governing the CMA partnership.
-  Assessments of studies on illicit financial flows (IFFs) to inform multi-sectoral risk mitigation measures and policy advisory.
-  Investigations on alleged non-compliance of the Currency and Exchanges Act (No. 9 of 1933, as amended) and together with its associated complementing Exchange Control Regulations, 1981.

On-site compliance function

During the period under review, the Bank conducted three risk - based on - site inspections for Authorised Dealers and two Authorised Dealers with Limited Authority, respectively. On one of the key measurements of the effectiveness of such inspections for controls deployed by the regulated entities, the Bank noted that, compared with prior reporting year, the industry had maintained a satisfactory level of compliance with the provisions of the Exchange Control Regulations, 1961. This attests to the concerted efforts Bank's to instil a compliance culture based on sound and effective governance practices. However, on technical compliance, some of the Authorised Dealers were found non-compliant with the Business and Technical Specifications regarding their systems and processing of the data submitted to the Bank via the Balance of Payment as far as Reporting System were concerned.

To remediate the root causes of the unsatisfactory quality of data, the Bank will continue to deploy targeted interventions towards the Authorised Dealers concerned. The approach aims to close systems configuration gaps, enhance staff skills and capacity of the staff, tighten of the verification measures, and enforce administrative sanctions for non-compliance. This multi pronged approach which is expected to improve the quality of data, would also target the end-consumers to ensure they validate and correctly categorise cross-border foreign exchange transactions.

Off-site monitoring

Authorised Dealers as well as Authorised Dealers with Limited Authority are required to report all the cross-border transactions within two business days from the value date of such transactions. This requirement ensures the timely monitoring of cross-border flows of funds. In 2025, the country saw a significant flow of financial transactions, characterised by substantial investment inflows from non-resident entities, alongside considerable outflows from residents. At the same time, the data shows a net outflow for payments for services. Additionally, significant inflow was noted on loans introduced by residents during the reporting year. In terms of trade, Namibian resident entities received lower export proceeds than they paid for imports. In respect of Namibia's international trade, SA, The United Kingdom, South Africa and the United States of America (US) played a significant role in Namibia's international trade during 2025, with a focus on both exports and imports. South Africa and the US dominated both the export and import markets. (Figure A.11).

FIGURE A.11:
TOP THREE COUNTRIES AND CATEGORIES OF CROSS-BORDER INFLOWS AND OUTFLOWS FOR THE REPORTING YEAR 2025



Trade Verification System

The Trade Verification System (TVS) was introduced to strengthen digital integration between the Balance of Payments Reporting System and the Automated System for Customs Data (ASYCUDA). Since its implementation in 2023, the TVS has become an important source system in effectively administering exchange controls, complementing the efforts to mitigate the risk of illegally externalising foreign exchange.

The TVS performs several key functions as well. First, it provides establish a single, authoritative source of information on the movement of goods and the related financial flows. Second, it enables the reconciliation of cross-border financial transactions with the corresponding cross-border movement of goods. Third, the TVS enhances efforts to prevent, detect and deter trade-based illicit financial flows. Finally, it provides requisite trade data to support evidence-based policy formulation and decision-making.

To ensure all relevant Authorised Dealers understood the use and benefits of the TVS, the Bank held a two-day TVS Refresher for the industry, aimed at training their exchange control officials. The training also incorporated practical demonstrations on the use of the System, including how to capture and verify payments and declarations.

Mitigating the risks of illicit financial flows

In 2025, the Bank continued to lead domestic efforts on mitigating the risks of IFFs through a national Technical Working Group (TWG). Following the formation of the new 8th Administration in 2025 and the dissolution of the Ministry of Industrialisation and Trade, the TWG expanded to 15 national agencies, now including the Ministry of International Relations and Trade.

In the Sixth National Development Plan (NDP6), the Government set a key target to reduce IFFs from 9 percent to approximately 5 percent of GDP by 2030. Flowing from this key target, several sub-targets have been developed to focus on the measurement and recovery of these flows. Namibia is currently awaiting Cabinet approval to disseminate IFF estimates under the United Nations (UN) Sustainable Development Goal Indicator 16.4.1 ("Total value of inward and outward illicit financial flows (in current United States dollars)"). Once approved, the IFF report will mark the official reporting of the IFF statistics.

With development funding provided by UN Trade and Development (UNCTAD), Namibia utilised the Assess Analyse Apply (AAA) Policy Framework to develop robust policy options for combating IFFs within the economy. Based on the results established during the IFF measurement phase, the TWG further examined the specific channels and mechanisms through which IFFs occur. In May 2025, the TWG underwent training facilitated by UNCTAD on the AAA Policy Framework.



The TWG during the UNCTAD during the UNTD workshop on understanding the AAA Framework Policy on illicit financial flows

Furthermore, the Bank, along with the Namibia Revenue Agency and the Financial Intelligence Centre, participated in a European Union IFFs project under its SecFin Africa umbrella. This collaboration, in partnership with the Swedish Tax Agency, utilised the Problem Driven Iterative Adaptation approach to workshop solutions for potential tax evasion related to the Withholding Tax on Services. A recommendations report will be shared with participating agencies in this regard.



Participating teams from the Namibia Revenue Agency, the Financial Intelligence Centre and the Bank of Namibia at the award ceremony under the SecFin project

Strategic Objective 6

Promote financial sector growth and economic development



Policy research and analysis

As part of its statutory mandate, the Bank is required to provide policy advice to the Government. In this regard, the Bank conducts economic and financial research, as well as other research of strategic importance. The main aim of the research undertaken by the Bank is to inform Government policy direction and actions. The following is a summary of research activities carried out in 2025.

The Bank conducted policy research on 'Addressing the binding constraints in public-private partnerships (PPPs) in Namibia'. PPPs are an important strategic mechanism that can bridge the infrastructure financing gaps and fast-track the achievement of Vision 2030. However, despite Namibia apparently possessing the legal and institutional capacity to do so, successfully implemented projects under the PPP framework are lacking. The Bank's research identified the constraints as being legal and institutional gaps, political and administrative challenges, and capacity and pipeline issues. To address these hurdles, certain recommendations were made, including reviewing the legal framework on the frequency of PPP Committee meetings, considering remuneration for public servants on the Committee, and reviewing the duration of Committee members' terms of office. In addition, capacity-building and a training curriculum should be considered for public management courses at institutions of higher learning. Other interventions, such as roadshows, awareness campaigns and other public communication interventions need to be fully explored as well as for the Government to identify possible PPP project proposals and approach the private sector for partnering and funding opportunities.

Another accomplishment in the reporting year took the form of the Bank's 26th Annual Symposium held on 13 November 2025 under the theme "Unleashing the power of the creative industries: A catalyst for economic development in Namibia". The Bank selected this theme to support the country's National Development Plans, in alignment with its own commitment to augment economic growth and development. The event aimed to explore the creative industries, recognising their significant potential to boost national growth and employment.

The Symposium attracted creatives across various sub-sectors in the country as well as policymakers. Three industry experts from African countries with thriving cultural and creative industries were also invited. For the first time, a platform was provided for 15 exhibitors to showcase their work to policymakers and industry leaders. With these efforts, the Bank aimed to directly engage local industry players and leverage the experiences of regional experts to understand these industries' challenges, explore opportunities and gather insights on prevailing policy gaps.

Financial sector development

→ Transformation and inclusion

The year under review began with the Bank taking up the challenge from 2024 to continue coordinating the development of the NFSTS. Part of this process involved the Bank undertaking regional consultations together with the Secretariat institutions, namely NAMFISA, the Ministry of Finance and the Ministry of Industries, Mines and Energy, to engage grassroots consumers, small businesses and other stakeholders. These countrywide consultations aimed to capture practical feedback and lived experiences to ensure that the NFSTS reflected the aspirations, challenges and needs of all segments of society. The regional consultations were successfully concluded in February 2025.

On 28 July 2025, the Bank launched the Namibia Financial Sector Transformation Strategy (NFSTS) 2025–2035. The NFSTS provides a long-term framework for transforming Namibia's financial sector into one that is more inclusive, resilient, competitive and digitally enabled. The transformation is structured around key pillars that focus on expanding access to financial services, deepening usage and quality of financial products, accelerating digital financial innovation, strengthening financial sector stability and integrity, supporting capital market development, and enhancing skills and localisation within the sector. A strong emphasis is placed on financial inclusion, consumer protection, SME and youth financing, and the use of digital solutions to overcome geographic and structural barriers to access.

Following the completion of the consultation process, the NFSTS was presented to the Financial Sector Council, chaired by the Minister of Finance, where it was endorsed and approved for submission to Cabinet. Cabinet approved the Strategy on 19 June 2025, paving the way for its official launch on 28 July 2025.



Financial Sector Council Members, Financial Sector Council Advisory Body Members and relevant stakeholders at the Launch of the NFSTS.

The current phase following the launch of the Strategy is implementation. During this phase, the Bank, together with relevant stakeholders, is coordinating the rollout of priority actions, establishing governance and monitoring arrangements, and tracking progress against agreed targets to ensure effective execution of the Strategy over the 2025–2035 period.

→ **Diagnosing informality in Namibia**

During the reporting year the Bank also continued to spearhead a diagnostic study on informality in Namibia. The purpose of the study was to gain a deeper understanding of the dynamics of the informal sector and its implications for financial inclusion and economic development. In the first quarter of 2025, the Bank therefore facilitated a two-day validation workshop for stakeholders, aimed at socialising the draft study and validating the methodology used to assess the challenges faced by informal businesses and workers. The workshops brought together Government institutions, development partners, industry representatives, and other key players to ensure that the analysis accurately reflected Namibia’s informal economy.

The study was successfully launched on 11 November 2025. The collaborative effort involved the Bank; the Ministry of Industrialisation, Mines and Energy; the Ministry of Justice and Labour Relations; and various UN agencies, including the International Labour Organization, the UN Development Programme and the UN Human Settlements Programme.

As a result of this work, three analytical reports were produced before the close of the 2025 review period. Their findings highlighted the scale and diversity of informality in Namibia. For example, the informal economy was estimated to contribute 24.7 percent to GDP and accounted for 57.7 percent of total employment. The study underscored the high prevalence of micro and survivalist enterprises, particularly in sectors such as Agriculture, forestry and fishing and Food and accommodation services, which accounted for 87.6 and 68.6 percent, respectively, of informality. The reports also noted the strong linkages between informality, unemployment and income vulnerability. These linkages were most pronounced in urban areas, where informality reached 78.9 percent, and among women, who constituted 53.0 percent of the informal workforce surveyed. Moreover, the study revealed that participants in the informal sector had limited access to formal financial services, further evidenced by an extremely low union representation – estimated at only 7.0 percent. Underlying the limits to such access were factors such as irregular incomes, the lack of formal documentation, low financial literacy and regulatory constraints.

Furthermore, the reports identified gaps in existing policy and support frameworks and recommended targeted interventions to improve access to appropriate financial services, strengthen business capabilities, and support gradual pathways from informality to formality. These findings provided important evidence base from which to inform policies, SME support programmes, and broader labour market and economic reforms with respect to broadening financial inclusion and promoting formalisation.



Deputy Governor Mr Ebson Uanguta, United Nations Resident Coordinator Ms Hopolang Phororo, and other relevant stakeholders during the Validation workshop of the Diagnostic of Informality Study.



Deputy Governor Mr Ebson Uanguta, Executive Director, Ministry of Finance and Chairperson of the National Working Group on Informality Dr Michael Humavindu, the UN Resident Coordinator Ms Hopolang Phororo and relevant stakeholders at the Launch of the Diagnostic of Informality Reports.

→ Strengthening financial literacy

The Bank remained committed to advancing financial education and literacy during the year under review. In doing so, the Bank recognised that informed and empowered consumers are essential to a stable, inclusive, and well-functioning financial system. Through its Memorandum of Understanding with the Ministry of Finance, the Bank continued to provide technical support to the Financial Literacy Initiative (FLI), a national platform dedicated to promoting financial awareness, consumer empowerment, and responsible financial behaviour among Namibians.

As part of its contribution to strengthening financial capability, the Bank supported the collaborative development of a National Digital Financial Literacy manual. The booklet was compiled in partnership with key stakeholders and is intended to equip individuals, households, and small businesses with practical knowledge and skills to safely and effectively use digital financial services.

The content focuses on core topics, that include digital payments, consumer rights and responsibilities, fraud and scam awareness, budgeting, savings, and responsible credit use. The booklet is expected to be launched during 2026 broader efforts to increase the adoption and safe use of digital financial services.

As a Financial Literacy platform supporter, the Bank also made its annual financial contribution to the Financial Literacy Initiative during the year under review. This funding supported the implementation of outreach programmes, public education campaigns, and the development of financial literacy materials aimed at improving financial decision-making across different population segments, including the youth, low-income households, and small enterprises. Collectively, these initiatives contribute to strengthening consumer confidence, promoting responsible financial behaviour, and advancing Namibia's financial inclusion objectives.

→ **Strengthening SME development**

The Bank continued to play a key technical role in supporting the implementation of the SME Financing Strategy, which seeks to improve access to finance for micro, small and medium-sized enterprises. During the year under review, the Bank's focus remained on supporting the operationalisation and effective use of the three core facilities under the Strategy. This included engagements with the Namibia Special Risks Assurance Association regarding the implementation of the Credit Guarantee Scheme (CSG) as well as the Development Bank of Namibia (DBN) on the Venture Capital Fund and the national mentoring and coaching programme. Through progress updates, it was revealed that the total number of jobs created through the CSG increased to 964 in 2025 compared with 934 in 2024 with the Khomas Region leading, followed by the Otjozondjupa and Erongo Regions.

→ **Sustainable Finance and Financial Sector Development**

During the year under review, the Bank of Namibia, with the support of the Alliance for Financial Inclusion (AFI), championed the development of a Sustainable Finance Strategy aimed at integrating sustainability considerations into Namibia's financial sector. The Strategy adopts a collaborative approach, bringing together financial institutions, regulators, and policymakers to support the transition toward a more resilient, inclusive, and sustainable financial system.



Sustainable finance strategy validation workshop

→ **Transformation and inclusion**

Over recent years, financial technology (fintech) has emerged as a transformative force reshaping financial services globally. The Bank of Namibia recognises FinTech and innovation as critical enablers of financial sector modernisation, economic growth, and financial inclusion. The adoption of innovative, technology-driven financial solutions is increasingly essential to broadening access to financial services, strengthening economic resilience, and positioning Namibia as a competitive and forward-looking participant in the regional and global digital economy.

In response to these developments, the Bank of Namibia developed a FinTech Strategy aimed at cultivating a dynamic and sustainable fintech ecosystem. The Strategy focuses on strengthening key enablers, including enabling regulatory frameworks, foundational infrastructure, investment mobilisation, and talent and skills development, to support responsible innovation across the financial sector.

→ **Balancing innovation and regulation**

During 2025, the Bank revised its FinTech Innovation Regulatory Framework which was initially introduced in 2021 under its Innovation Hub. The Framework aims to provide a structured and transparent pathway for assessment and consideration of innovations that fall outside the scope of existing regulatory frameworks. The Framework enables innovators to pilot new solutions in a controlled environment, while allowing the Bank to deepen its understanding of emerging technologies and business models to inform future regulatory and policy directions. The revised Framework now assesses applications based on a balanced evaluation of both potential benefits and associated risks. In doing so, it seeks to foster responsible FinTech innovation while proactively managing risks to consumers, market integrity, and to overall financial stability. This approach reinforces the Bank's commitment to enabling innovation without compromising its core mandate of safeguarding the financial system.

→ **Digital public infrastructure as the foundation for innovation and financial inclusion**

Recognising that sustainable innovation depends on strong foundational systems, the Bank led a national analysis of Namibia's digital public infrastructure (DPI), with a specific focus on digital payments, digital identity, and data exchange. Collectively referred to as DPI, these foundational systems provide the essential building blocks on which scalable, interoperable, and inclusive digital solutions can be developed.

Between June and September 2025, the Bank convened a broad range of stakeholders from Government, the private sector, and development institutions to assess Namibia's current DPI landscape from both policy and technological perspectives. The engagement sought to identify gaps, opportunities, and shared priorities as well as to define what successful DPI implementation should entail in the Namibian context. The strong multi-stakeholder participation and support underscored the strategic importance of DPI in advancing innovation, financial inclusion, and long-term economic development.

→ **Thought leadership and the launch of the FinTech Youth Programme**

In October 2025, the Bank hosted a high-level Fintech thought leadership Forum under the theme "FinTech Futures: Unlocking Youth Potential and Job Creation through Innovations of Tomorrow." The event convened leaders from government, industry, academia, and development institutions to engage on Namibia's digital and economic future. Discussions reaffirmed a shared conviction that the country's long-term competitiveness would depend on its ability to harness technology and empower its youthful population to participate meaningfully in the digital economy.

Deliberations throughout the Forum highlighted the need for coordinated national efforts to build digital capabilities, stimulate job creation, and support economic diversification. Stakeholders emphasised the importance of aligning education and training systems with the future of work, improving access to risk-tolerant capital, and strengthening innovation-supportive infrastructure. A recurring theme was that inclusive innovation needed to be embedded within Namibia's long-term development agenda to ensure that the benefits of digital transformation were widely shared, particularly among the youth, who constitute the majority of the population. Participants also called for deeper collaboration among regulators, industry players, academia, and development partners to accelerate innovation while preserving financial stability.

At the centre of the event was the launch of the FinTech Youth Programme (FYP), a flagship initiative of the Bank's Innovation Hub. The FYP is designed to equip young Namibians with the skills, exposure, and institutional support required to thrive in a rapidly evolving financial sector. The Programme aims to nurture innovators at different stages of maturity by strengthening technical capabilities, enhancing entrepreneurial readiness, improving employability, and fostering cross-sector collaboration.

Against the backdrop of high youth unemployment and limited access to advanced digital skills, the FYP is positioned as a transformative intervention to unlock homegrown talent and integrate young people more effectively into the digital economy. The Programme will support youth-led innovation through targeted skills development, mentorship, incubation support, access to financing opportunities, and regulatory guidance. Beyond stimulating entrepreneurship, the FYP also seeks to strengthen national digital readiness by enabling young innovators to develop solutions that advance financial inclusion, support financial sector modernisation, and enhance Namibia's overall economic competitiveness.

Launched in October 2025 with its initial collaborators, the FinTech Youth Programme (FYP) is scheduled to pilot in 2026 with its inaugural cohort of youth-led Fintech enterprises. The Bank continues to encourage additional partners to join this national initiative and contribute to the development of a robust and inclusive Fintech ecosystem.

→ **Collaboration and ecosystem development**

The advancement of Fintech innovation in Namibia requires a cohesive and collaborative ecosystem capable of aligning and amplifying previously siloed efforts. In support of this objective, the Bank established an Innovation Hub as a dedicated physical space for Bank staff and ecosystem collaborators to co-create, network, and drive innovation initiatives. The launch of the Innovation Hub brought together a diverse range of Fintech ecosystem participants, serving as a catalyst for a more integrated and symbiotic network focused on collaboration and partnership. Through this platform, the Bank aims to strengthen engagement across the public and private sectors, support knowledge sharing, and accelerate the responsible emergence of Fintech innovation within Namibia's financial sector.

BOX ARTICLE 1

UNLEASHING
THE POWER OF THE
Creative
INDUSTRIES



UNLEASHING THE POWER OF THE CREATIVE INDUSTRIES: A catalyst for economic development in Namibia

Introduction and background

The Bank of Namibia held its 26th Annual Symposium on 13 November 2025 in Windhoek under the theme “Unleashing the power of the creative industries: A catalyst for economic development in Namibia”. The symposium aimed to explore this contemporary economic sector, recognising its significant potential to boost economic growth and employment. The event attracted creatives across various sub-sectors in the country, policymakers, key stakeholders, as well as three invited industry experts from select African countries with a proven track record of contributing immensely to cultural and creative industries. For the first time, the symposium also provided a platform for 15 exhibitors to showcase their work to participants and industry leaders.

The creative industries are increasingly being recognised as a significant contributor to economic growth and an engine of job creation. According to the United Nations, taken together, creativity, culture, economics, and technology have the potential to generate income, create jobs, and increase exports while promoting social inclusion, cultural diversity, and human development. As a result, the emerging creative economy can be utilised to promote development. Data from the United Nations Conference on Trade and Development (UNCTAD), indicates that the creative industries contributed between 0.5 percent and 7.3 percent to GDP and employed between 0.5 percent and 12.5 percent of the workforce, across different countries globally over the past ten years (UNCTAD, 2024). Furthermore, Namibia Statistics Agency data shows that the Namibian creative industries contributed 1.6 percent to GDP, on average, over the last 10 years.

Despite its relatively small size, the creative economy in Namibia has great potential for growth and development. The Namibian cultural and creative industries encompass a wide range of artistic forms such as media, advertising, entertainment, culture and arts, among others. Generally, creative industries do not only provide a source of cultural identity and expression for the country but also creates job opportunities and contributes to economic diversification. Given the inter-sector linkages, the industries have significant potential to contribute to economic growth through a multiplier effect. With the power of the digital economy, Namibians creatives are not limited to the local market, they can export their work to other markets, use creativity to promote the tourism sector and increase earnings for the country.



The Bank of Namibia selected the 2025 symposium theme to align with the country’s Sixth National Development Plan (NDP6) ‘s goal of doubling the creative industries’ contribution to economic growth by 2030. The theme aimed to directly engage the Namibian creative industries players and leverage on the experiences of regional expertise, to understand prevailing challenges and explore available opportunities for the industries. Furthermore, with Namibia’s large youth population facing high unemployment, the 2025 symposium aimed to revitalise youth employment opportunities through the creative industries given that the youth are a major participant in these industries.

Specifically, the overview paper and discussions at the symposium were centred around three sub-themes, namely: The Value of Arts and Culture, Technology and the Creative Industries, Business Models and Access to Finance, and driven by the following key guiding prompts:

What are the primary economic contributions of creative industries, and what are their untapped potentials?

How does the creative industry contribute to cultural preservation, promotion, and social development? What empowerment frameworks are required to enable informal-sector creatives to successfully integrate the richness of cultural and traditional assets into the mainstream economy?

What key institutional arrangements are necessary to support the growth of the creative economy? What needs to be done to ensure Namibian creative entrepreneurs’ work is legally protected, even outside Namibian borders?

Given the unpredictability of business performance in creative industries, what innovative financing models can banks offer to support the growth of the sectors?

Which sector of the creative industries has the highest potential to contribute to growth and employment opportunities?

How can the creative industries and related sub-sectors be effectively accounted for in national economic statistics?

What is the export potential of the creative industry, especially in film production?

What lessons can be learned from countries with successful creative sectors?

The symposium featured presentations and discussions that addressed these questions and other related concerns by local and international speakers. More specifically, the speakers and panellists comprised of private, public and industry representatives with notable speakers representing the Ministry of Education, Youth, Innovation, Sports, Arts and Culture, and the Presidency. In addition, three industry experts were invited from Kenya, South Africa and Nigeria to share practical insights based on their regional and individual country experiences.

The sections below begin with the key policy issues emanating from the Annual Symposium, followed by a synopsis of general and specific policy recommendations.

Key policy issues

The overview paper and discussions held at the Symposium underscored policy issues within Namibia's cultural and creative industries. As summarised below, these include both challenges facing and opportunities available to the industries.

CHALLENGES

High input costs

Creatives are faced with high costs of acquiring and hiring equipment, human skills and logistics that they need for production of their goods and services. This mostly affects the film and graphic designs industries where large equipment is required in the production process. Equipment and other materials used in large film production in Namibia are reported to be mostly imported as they are not available in the country, an opportunity that could be seized locally. To grow the film industry, some countries offer incentives in the form of tax rebates for international film production, this is identified as non-existent in Namibia and a challenge to the growth of the industry.

Limited access to credit facilities and inadequate funding opportunities

The critical issue of limited funding was thoroughly explored. Although there are some initiatives provided by a few institutions in Namibia, resources remain insufficient to fully support the financing needs of the growing number of creatives. This is compounded by a lack of access to formal credit facilities, as banking institutions often classify the creative sector as high-risk due to its innate revenue unpredictability and collateral requirements. As such, most creative projects in Namibia are self-funded, as owners are unable to obtain financing from financial institutions. The issue with collateral is that because creative entrepreneurs do not have a fixed income, they are unlikely to acquire assets such as houses that meet the formal definition of collateral.

When it comes to financing, both creatives and the financial institutions emphasise the need for understanding the creative industries and financing requirements, respectively. Creatives urged banking institutions and regulators to deepen their understanding of creative industry businesses with a view to developing tailored financial products and schemes that address the specific needs of the creative industries. Similarly, creative entrepreneurs were urged to proactively understand finance principles and how to effectively leverage on the available opportunities to grow their businesses. However, it is also with reduced financing regulatory requirements that this issue can be eased.

Payment restrictions and regulatory barriers

Namibian creative industries are faced with an established yet narrowed payments system, including payments across borders. Due to payment restrictions, weak regulatory reforms and high fees charged, creatives struggle to build stable earnings prospects and earn little of what they are subjected to. Examples of these included restrictions by PayPal for an active payout function for Namibia, where creatives receive payments on streaming platforms like YouTube but are unable to withdraw these via cash. The prevailing limitations in the payment space disadvantage Namibian creatives, especially given their low business scale.

Limited access to infrastructure, technology and digital connection

Many regions lack dedicated facilities such as theatres, while existing community venues are currently aging or insufficiently equipped to meet the needs of the creatives such as music and media production. Also, the educational institutions are mostly available in major urban areas like Windhoek which restrains many creatives from pursuing their studies at institutions like the College of the Arts and the Namibia Film School. Moreover, creatives in the rural areas face limited digital connection and reliable technology, which make them less attractive to outside investments, confines their market access and therefore opportunities to grow.

Inadequate intellectual property frameworks

Technological advancements within the creative industries make reproduction and distribution of copyrightable work easily accessible. It has become much easier to share and make use of pirated digital creative work pieces, primarily because of the developments in technology. And because most creatives distribute their products via social media and various online streaming platforms, they are never too safe. Some legal frameworks have been established, but they are cited as fragmented and insufficiently enforced to protect creatives' assets. These frameworks remain outdated as they do not speak to the trends in the digital environment.

Weak value chains

The creative industries are characterised by feeble linkages, as industries often operate in isolations, with limited collaboration between different sectors. This disintegration restrains creatives from maximising their resources to scale up production and reach a wider market. For instance, when creatives want to make garments for fashion, film production, festivals and etc, they are mostly having to source the materials or at times, the finished garments from other countries. This is mainly due to limited infrastructure, skills gap, poor market access and informality of the sector. The absence of a comprehensive national strategy for the creative industries and minimal understanding of the creative industries value chain limits coordinated support and long-term planning.

Misclassification and unavailability of data

Data availability is a critical input in the formulation of appropriate policies. Namibia's creative industries are characterised by data gaps and possible misclassification that make it difficult to quantify the industries' actual economic contribution. Based on data acquired from relevant institutions, economic activities in the creative industries are grouped together with services such as telecommunication, scientific research and computer programming. Thus, the Symposium stressed the need to invest in appropriate data capturing and classification systems to enable appropriate policy recommendations.

Lack of skills development

Namibian creatives need to be technologically and digital savvy to keep up with global trends to grow their business. In addition to the provision of internet connectivity, more on basic digital skills training to empower the creatives to enable them to showcase their work on global digital platforms. Moreover, there is a need to empower creatives in business acumen including the management of their finances and general financial literacy. Notwithstanding the above, the discussions also revealed that the public, especially financial institutions need to acquire a thorough understanding of the creative industries business frameworks from all sectors to help them better craft targeted products for the industries.

Fragmented institutional frameworks

Despite the emerging shift, the Namibian creative economy traditionally experience lack of cohesive national support necessary to enhance its contribution to economic growth. This has been attributed to factors such as the lack of appreciation of creative work by the public, lack of coordination among industry institutions, as well as the absence of a dedicated governing industry body. Currently, oversight is fragmented across multiple institutions, with Arts and Culture under the Ministry of Education, Innovation, Arts Sports and Culture, while other sectors such as film production appear fall under the Ministry of Information Communication. This institutional vacuum leads to a lack of coordinate efforts to support the creatives. As such, many creatives are left unaware of their professional rights and no direction on who to turn to for assistance especially in an event of intellectual property disputes.

Lack of representation at national platforms

The discussions highlighted that the creative economy remains marginalised from key national decision-making platforms. This leads to top-down decisions and policies that are less considerate of their views and expertise. This systemic exclusion is compounded by a lack of public respect for creative labour with consumers frequently failing to recognise and treat these services as professional livelihoods rather than hobbies.



A fragmented legal landscape

The national policy landscape for the creative industries remains hardly harmonised. Existing Intellectual Property legal instruments are described as outdated and suffers from inefficient implementation that fails to address creative needs. While the ongoing review of the Copyright and Related Rights Protection Bill is a critical step, its prolonged timeline suggests a significant need for alignment ahead. Post-finalisation, extensive efforts will be required to synchronise existing policies and ensure that the industries are adequately protected especially in the digital age.

A rigid education system

The current education system does not fully integrate creativity and human ingenuity. Most educational activities are restricted to traditional arts, with no structure to uplift and support natural talent outside the school curriculum. The education curriculum needs to evolve to provide early specialised pathways for those who demonstrate exceptional natural talent in technical or design skills, especially if they do not excel in traditional academic settings.

OPPORTUNITIES

The event also highlighted the opportunities within the industries that can be explored to grow and increase their contributions to growth. Despite its relatively small size and the challenges that the Namibian creative industries are faced with, there are opportunities that would make a great impact on the Namibian economy.

Creative tourism and sports

Namibia has attractive landscapes with a combination of savanna land, mountainous areas, sand dunes and the desert that meets the ocean and the UNESCO recognised world heritage sites. With this, the creative industries can leverage Namibia's rich cultural heritage and artistic talent that integrates local art, music and storytelling to enhance tourism and boost earnings and employment in such industries. Moreover, sports as a subsector of the creative industries, if effectively nurtured, has potential to positively contribute to social values in the country as it unites the nation especially the Youth.

Global increase in potential funding

The cultural and creative industries are receiving increasing interest from global funders. Several financial institutions including the Afreximbank, the Africa Development Bank (AfDB) have initiated programmes aimed to develop and grow the cultural and creative industries on the African continent. Namibia together with other African countries can leverage on these opportunities, exploring the financing models that are practical to individual country cases and facilitate the support to their creative industries.

Technological advances

The advancement in technology, including Artificial Intelligence (AI) has the potential to play a major role in advancing the development of Namibia's creative industries. AI-powered tools can be used to improve efficiency, enhance quality and products delivery in any industry. As such, smart use of AI and other digital tools in the creative industries can greatly improve processes and connect Namibian creatives to external markets, enabling them to grow their businesses.

Policy recommendations

The creative industries are described as a frontier that transforms imagination into income. The industries thrive on, sound regulation, efficient and inclusive national payment systems, as well as the promotion of financial inclusion and literacy. Amidst challenges, the Namibian creative industries hold potentials that if explored would make a great impact on the Namibian economy. In this regard, the following section provides policy recommendations to the current identified issues within the creative industries.

General recommendations

To achieve the NDP6's goal of a 3 per cent of the creative industries contribution to GDP, the country needs to implement initiatives that are targeted towards sectors that cuts across other sectors with a higher multiplier effect.



Improve funding

Develop tailored financial products and additional funding schemes that address the needs of the creative industries. Consider expenditure rebates to attract foreign direct investments and develop equipment leasing financing towards key sectors such as film production. Implement applicable innovative targeted financing models, such as creative credit guarantee facility, Intellectual property -backed financing model, creative bonds or cultural Investment notes and micro-credit models. Financial institutions, led by the Ministry of Finance should exploit opportunities to allow for the use of Intellectual Property in credit provision to the creative business.

Protect intellectual property

Strengthen Legal Frameworks that protect creatives' Intellectual property rights. Modernise Intellectual Property (IP) systems to digitise rights and facilitate the joining of royalty networks to collect, track, and distribute royalty payments to the original owners of intellectual property. While the ongoing review of the Copyright and Related Rights Protection Bill is a critical step, extensive efforts, post its finalisation, should be exerted on synchronising existing policies and ensure that the industries are adequately protected especially in the digital age.

Enable and expand market access

To grow the local market and encourage the marketing of the products externally, the country needs to stimulate public interest through various initiatives such as national or regional Creative Fairs. Moreover, Namibia needs to develop robust export strategies specifically tailored to high-potential sectors such as film and music through special efforts on trade agreements and forums such as Creative Connect Africa. This will enable Namibian creatives to expand and penetrate new international markets which will strengthen the national brand identity on the global stage and increase for Namibian creative services.




Enable access to and classify data

Data availability is a critical input in the formulation of appropriate policies. Lack of data makes it difficult to quantify the industry's actual economic contribution and highlights a need for improved processes in data capturing and management for the country. There is a need to improve data coverage and classification including the adoption of frameworks applicable to the creative industries. Frameworks such as Satellite Accounts employed in other countries will help to quantify the industries' contribution to economic growth. Industries measurement and data availability will also contribute to the branding of the Sector and unlock opportunities for export markets.

Build capacity and create mentorships

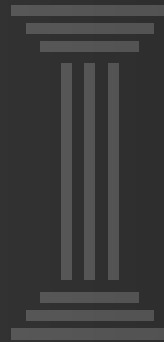
Empower creative entrepreneurs including those in rural areas to be able to grow their business. Education systems need to sufficiently include artistic disciplines, culture and indigenous knowledge, this calls for increased investment in education from lower to university levels as well as the adoption of technology in relevant sectors to help them keep up with global trends and increase their social and economic impact. Also, creatives need to be fully aware of their rights and be able to defend and protect their Intellectual Property and therefore might require training of Intellectual Property in addition to other areas.



Pillars	Action required	Authority/agency responsible
<p>Funding</p> 	<ul style="list-style-type: none"> → The financial industry should explore innovative targeted financing models, such as creative credit guarantee facility, intellectual property -backed financing model, creative bonds or cultural investment notes and micro-credit models, leveraging on other countries experiences. → Provide supervisory guidance to encourage banks to serve creatives by officially recognising them as eligible borrowers. This will include the recognition of intellectual property as collateral worthy assets, borrowing from the experiences of countries that have implemented similar strategies, such as Ghana. → To further catalyse creative industries, regulators need to employ strategic regulatory interventions, including changing certain regulations, to create an environment where commercial banks feel comfortable lending to creative businesses. The interventions should also serve as incentives for commercial banks to extend credit to the creative sector with confidence. 	<ul style="list-style-type: none"> • Banking institutions; spearheaded by the Bank of Namibia
<p>Payments</p> 	<ul style="list-style-type: none"> → Seamless payments platforms for creatives to receive local and international payments, particularly for content creators, to allow for digital and cross-border payments 	<ul style="list-style-type: none"> • Bank of Namibia • Ministry of Information and Communication • CRAN
<p>Data availability and classification</p> 	<ul style="list-style-type: none"> → Strengthen data collection and reclassification in line with country specific consideration and international standards. → Further research is needed to help banks and the public understand the value of creative industries. This will also help transition public perception of industries from just art or cultural pursuit to that of a fundamental economic enabler and contributor. → Render appropriate measurement of the industries, including the adoption of the creative industries Satellite Accounts approach in the National accounts. 	<ul style="list-style-type: none"> • Bank of Namibia and Namibia Statistics Agency (NSA) • Ministry of Education and Academic Institutions • NSA



Stakeholder Engagement Pillar



Strategic Objective 1

Maintain proactive public engagement



Communications and stakeholder relations

In 2025, stakeholder engagement became a central instrument through which the Bank of Namibia reinforced economic credibility, policy coordination and public trust. Strategic engagements with the newly appointed President and Cabinet strengthened alignment between monetary policy, financial stability, and Namibia's economic development agenda. Meanwhile, ongoing dialogue with Parliament, regulators, and the private sector ensured continuity, transparency, and institutional confidence during a period of transition. At the same time, flagship platforms such as the 35th Anniversary celebrations and the Creative Industry Symposium broadened the Bank's public footprint, connecting price and financial stability with innovation, culture and inclusive growth. Collectively, these engagements delivered real impact by strengthening trust in Namibia's financial system, enhancing institutional credibility and positioning the Bank as a central driver of stability, reform and long-term economic resilience.

Local and statutory engagements

→ Engagement with the President of the Republic of Namibia

The Bank's annual statutory engagement was held with HE President Dr Netumbo Nandi-Ndaitwah, during which the Governor, Deputy Governors and senior leadership provided an update on key economic developments and strategic financial sector reforms. Discussions covered economic performance, inflation trends, global trade risks, reserve management, and progress on major national projects such as the Central Securities Depository Limited and the Instant Payment Programme (IPP), reaffirming the Bank's commitment to stability, resilience and inclusive growth.



HE President of the Republic of Namibia, Dr Netumbo Nandi-Ndaitwah, Vice President Hon. Lucia Witbooi, Deputy Prime Minister Hon. Natangwe Ithete, Governor of the Bank of Namibia, Dr Johannes !Gawaxab, Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, Deputy Governor Ms Leonie Dunn, Executive Director of the Ministry of Finance Dr Michael Humavindu, Director for Strategic Communications and International Relations Mr Kazembire Zemburuka, and Communications Practitioner, Ms Josefina Oskar.

Strategic Objective 2

Promote a positive reputation



Launch of the Namibia Regulators Forum

The Bank launched the Namibia Regulators Forum, bringing together various vertical regulatory stakeholders. These were the Business and Intellectual Property Authority, the Communications Regulatory Authority of Namibia, the Electricity Control Board, the Financial Intelligence Centre, the Namibia Financial Institutions Supervisory Authority, the Namibia Revenue Authority and the Namibian Standards Institution, with the Namibia Investment Promotion and Development Board and the Namibia Chamber of Commerce and Industry attending as observers. The Forum aims to strengthen coordination and drive smarter, more coherent regulation. Their inaugural meeting, the Forum endorsed the Terms of Reference and appointed Bank Governor Dr Johannes !Gawaxab as Chairperson and CRAN CEO Ms Emilia Nghikembua as Vice Chairperson. The Forum's establishment marks a decisive step toward collaborative regulation that supports investment, innovation and sustainable growth.



Bank of Namibia Governor and Chairperson of the Namibia Regulators Forum, Dr Johannes !Gawaxab, the Chief Executive Officer of the Communications Regulatory Authority of Namibia and Vice-Chairperson of the Forum, Ms Emilia Nghikembua, together with Deputy Governor of the Bank of Namibia, Ms Leonie Dunn. They are joined by representatives from the Business and Intellectual Property Authority, the Communications Regulatory Authority of Namibia, the Electricity Control Board, the Financial Intelligence Centre, the Namibia Financial Institutions Supervisory Authority, the Namibia Revenue Authority and the Namibian Standards Institution, with the Namibia Investment Promotion and Development Board and the Namibia Chamber of Commerce and Industry participating as observers, on the newly established Namibia Regulators Forum.

Namibia Public-Private Forum

The Bank of Namibia also participated in the inaugural Namibia Public-Private Forum, a national platform convened by HE President Dr Netumbo Nandi-Ndaitwah to strengthen collaboration on job-creation, inclusive economic growth. The Governor delivered a scene-setting address that examined Namibia’s labour market dynamics and emphasised the need to convert macroeconomic stability into broad-based opportunity. This was to be achieved by investing in productive sectors, strengthening confidence, enabling smart regulation and embracing digital technologies.



The President of the Republic of Namibia, Her HE Excellency, Dr Netumbo Nandi-Ndaitwah; Governor of the Bank of Namibia, Dr Johannes !Gawaxab; Chief Executive Officer of the Namibia Investment Promotion and Development Board, Dr Nangula Uaandja; Director-General of the National Planning Commission, Former Ambassador Dr Kaire Mbuende; Former First Lady of the Republic of Namibia, Madam Monica Geingos; Executive Director in the Ministry of International Relations and Cooperation, Ms Ndiitah Nghipondoka-Robiati; and Chief Executive Officer of the Namibia Chamber of Commerce and Industry, Mr Titus Nampala, alongside other senior Government officials, at the launch of the Namibia PPF.

Monetary policy dialogue and launch of the Data Sphere

The Bank’s hosting of its 2025 Monetary Policy Dialogue, brought together policymakers, financial sector leaders, and academics to examine Namibia’s economic outlook and to unveil the Data Sphere platform. The Governor provided insights on moderated growth, inflation pressures and global trade risks, while the launch of the Data Sphere marked a historic step in enhancing national economic transparency through a centralised, accessible hub for key macroeconomic and financial data.



The Bank of Namibia Monetary Policy Committee (MPC) members during the 2025 iteration of the Bank of Namibia’s annual Monetary Policy Dialogue

Engagement with the Parliamentary Standing Committee

The Bank, led by Governor Dr Johannes !Gawaxab and Deputy Governor Mr Ebson Uanguta, held its statutory engagement with the Parliamentary Standing Committee on Economy, Industry, Public Administration and Planning. The session addressed monetary policy developments, economic performance and emerging sector issues, reinforcing the Bank’s commitment to transparency, regulatory reform and a resilient financial system that advanced long-term national prosperity.



Bank Governor, Dr Johannes !Gawaxab and officials of the Bank pictured with the members of the Parliamentary Standing Committee on Economy, Industry, Public Administration and Planning.

Dialogue with the Diplomatic Corps and Development Partners

The Bank of Namibia also hosted its annual engagement with heads of mission and representatives from multilateral institutions during the reported year. Chaired by Governor Johannes !Gawaxab, the dialogue served as a platform to exchange views on Namibia's macroeconomic landscape and recent policy developments as well as the Bank's reform agenda in support of a modernised and resilient financial system.



Bank Governor Dr Johannes !Gawaxab, management of the Bank and members of the diplomatic corps during the 2025 annual statutory diplomatic engagement.

Engagement with Namibia's eighth Parliament

The Bank engaged Namibia's eighth Parliament in a dedicated session led by Governor Dr Johannes !Gawaxab to deepen understanding of the central bank's mandate and its role in safeguarding financial stability and public trust. Besides outlining the economic outlook and rising global risk, the Governor outlined the economic outlook and rising global risks and introduced the Instant Payment platform as a transformative tool to expand financial access and reduce transaction costs.



Governor Dr Johannes !Gawaxab addressing Namibia's Eighth Parliament.

International engagements

→ Network for Greening the Financial System – Plenary Africa Outreach

Deputy Governor Ms Leonie Dunn joined her counterparts from the Deutsche Bundesbank, South African Reserve Bank, Central Bank of Eswatini, and Bank of Ghana at the Network for Greening the Financial System (NGFS) Plenary Africa Outreach in Cape Town, hosted by SARB. The high-level session focused on climate-related financial risks, advancing sustainable finance, and sharing region-specific strategies to support a greener, more resilient African financial system.



Deputy Governor Ms Leonie Dunn of the Bank of Namibia and Dr Sabine Mauderer of the Deutsche Bundesbank, pictured with fellow participants of the Network for Greening the Financial System during its Plenary Africa Outreach in Cape Town.

→ Strategic cooperation with the Deutsche Bundesbank

In June 2025, Deputy Governor Mr Ebson Uanguta led an official visit to the Deutsche Bundesbank in Germany to advance strategic cooperation between the two central banks. The visit included engagements with Bundesbank President Joachim Nagel and its Executive Board members, along with a visit to the Bundesbank University of Applied Sciences of the Deutsche Bundesbank in Hachenburg, where Mr Uanguta met Namibian students participating in the bilateral training programme. Deputy Governor Uanguta also delivered a lecture on the Bank of Namibia's mandate and key central banking challenges, reinforcing collaboration on financial stability, capacity building and professional exchange.



Deputy Governor Mr Ebson Uanguta with Dr Joachim Nagel, President of the Deutsche Bundesbank.

→ **2025 International Monetary Fund–World Bank Spring and Annual Meetings**

The Governor, Dr Johannes !Gawaxab, participated in the 2025 Spring Meetings of the International Monetary Fund and the World Bank Group in Washington, DC, held under the theme “Jobs – The Path to Prosperity.” His engagements formed part of high-level discussions on inclusive job creation and global economic developments, aligning with the Bank’s broader commitment to supporting sustainable economic growth.



Governor Dr Johannes !Gawaxab and Bank of Namibia Board Member Adv. Eliaser Nekwaya, photographed alongside attendees of the 2025 International Monetary Fund–World Bank Group Spring Meetings.

Deputy Governor Mr Ebson Uanguta also participated in the 2025 Annual Meeting of the IMF and World Bank Group, joining a Namibian delegation led by Minister of Finance Hon. Ericah Shafudah. His engagement enabled Namibia to share experiences, draw from global best practices and contribute to high-level discussions on economic resilience, financial stability and sustainable development. Namibia’s participation at these global events reinforcing the country’s role in shaping international economic dialogue.



Hon. Ericah Shafudah, Minister of Finance and Deputy Governor Mr Ebson Uanguta pictured with Bank staff and other attendees at the WBG-IMF Annual meetings.

→ **60th Annual Meeting of the Committee of Central Bank Governors**

The Bank, represented by Governor Dr Johannes !Gawaxab, participated in the 60th Annual Meeting of the SADC CCBG in Maputo, held as part of Banco de Moçambique’s 50th anniversary celebrations and attended by senior representatives from SADC central banks. The meeting reviewed progress on the 2023-2026 CCBG Strategy, focusing on cross-border payment reforms, macroeconomic convergence and financial sector resilience, while also assessing the impact of global and regional headwinds such as elevated debt and muted growth.



Governor Dr Johannes !Gawaxab pictured with other members of the Committee of Central Bank Governors, at its 60th Annual Meeting.

→ **Bilateral engagements with Brazil and India on instant payments**

In 2025, the Governor of the Bank of Namibia held high-level bilateral meetings with his counterparts from Brazil and India to benchmark best practices for Namibia’s forthcoming Instant Payment System. Drawing on insights from globally acclaimed real-time payment systems such as Brazil’s Pix and India’s Unified Payments Interface, the engagements reinforced Namibia’s commitment to building a secure, inclusive and innovative payments ecosystem that supports financial access and broad-based economic growth.



Frame 1: Governor Dr Johannes !Gawaxab pictured with Mr Gabriel Galipolo, Governor of the Central Bank of Brazil.

Frame 2: Mr Sanjay Malhotra, Governor of the Reserve Bank of India.

→ **Bank for International Settlements' Special Roundtable of Central Bank Governors**

The Governor, Dr Johannes !Gawaxab, participated in a special Bank for International Settlements' roundtable in Cape Town during the reporting year. He was joined by central bank governors from across the world to deliberate on Africa's position in the global economy. He highlighted the continent's stark imbalance 19 percent of the world's population but only 2.4 percent of global GDP and called for bold action to unlock Africa's potential by strengthening regional trade, reducing bureaucracy, improving infrastructure, boosting investor confidence, reforming financing models and accelerating technological innovation.



Governor Dr Johannes !Gawaxab pictured alongside participants of the Bank for International Settlements' Special Roundtable of Central Bank Governors.

→ **Bank of Namibia at the World Economic Forum**

Bank of Namibia Governor Dr Johannes !Gawaxab attended the 2025 World Economic Forum (WEF) in Davos. The Forum theme was "Collaborating in an Intelligent Age". The presence of more than 3,000 leaders from government, business and civil society around the world promoted discussion centering on the shifting global economic landscape, including the future of the US Dollar, interest rate dynamics, technological disruption and climate-related risks.



Governor Dr Johannes !Gawaxab pictured at the 2025 World Economic Forum in Davos.

→ **High-level engagement with the Deutsche Bundesbank**

The Bank hosted a high-level delegation from the Deutsche Bundesbank for three days of strategic discussions with national stakeholders. The engagements explored digital transformation, environmental sustainability in banking and the evolution of digital currencies. The engagement a shared commitment to strengthening financial stability and advancing modern regulatory frameworks.



Bank of Namibia Governor Dr Johannes !Gawaxab, Deputy Governor Ms Leonie Dunn, and Officer in Charge Mr Marsorry Ickua, pictured with Mr Michael Theurer and Mr Burkhard Balz, Executive Board Members of the Deutsche Bundesbank, supported by a technical delegation.

Strategic Objective 3

Enhance stakeholder awareness and confidence



Events and campaigns

→ Redemption of Namibia's Second Eurobond

Namibia successfully redeemed its second Eurobond worth US\$750 million, the largest single debt maturity in its history, underscoring disciplined sovereign debt management. The timely repayment, supported by the sinking fund and local financing, reduced foreign exchange risk and reinforced Namibia's reputation for fiscal responsibility and investor confidence.



Governor of the Bank of Namibia, Dr Johannes !Gawaxab, pictured with the Minister of Finance, Hon. Ericah Shafudah and stakeholders from the banking industry during the announcement of the Eurobond redemption.

→ Hosting Tertiary 2025 Institutions Debating Challenge

The Bank of Namibia hosted the 2025 Tertiary Institutions Debating Challenge, a flagship public education initiative and a premier fixture on Namibia's national debating calendar. The University of Namibia emerged as the year's champions, with Abraham Angula named Best Speaker. For 2025 the theme spotlighted the growing threat of illegal financial schemes amid AI-driven scams and deepfake technologies, prompting critical discussions on consumer protection.



Head Judge and Deputy Director of On-site Examinations, Ms Karin Elago, together with Directors of Ceremonies, Ms Sonia Namadiko and Mr Ricardo Goagoseb, pictured alongside the 2025 winners of the Annual Bank of Namibia Tertiary Institutions Debating Challenge, the University of Namibia

→ Release of Namibia's first Foreign Direct Investment Report

The Bank of Namibia and the Namibia Investment Promotion and Development Board jointly released the country's first ever comprehensive report on 2024 FDI. The May 2025 publication provides a data-driven blueprint to strengthen Namibia's investment ecosystem.



Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta; Chief Executive Officer of the Namibia Investment Promotion and Development Board, Dr Nangula Uaandja; and Deputy Minister of International Relations and Trade, Honourable Jennely Matundu.

→ April 2025 Financial Stability Report

The Bank of Namibia and NAMFISA jointly released the April 2025 Financial Stability Report. The report confirmed that Namibia's financial system remained stable, sound and resilient despite global uncertainties.



Deputy Governor of the Bank of Namibia Mr Ebson Uanguta pictured here with the Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority Mr Kenneth Matomola, the Deputy Governor of the Bank of Namibia Ms Leonie Dunn, industry stakeholders, and Management of the Bank of Namibia at the launch of the April 2025 Financial Stability Report.

→ Launch of the Bank of Namibia 2024 Annual Report

The Bank of Namibia released its 2024 Annual Report, announcing a record N\$720 million dividend to the State, supported by strong financial performance and disciplined operations. The Report confirmed the existence of a resilient financial system, international reserves of N\$63.0 billion and the successful delivery of 98 percent of the Bank's 2022-2024 Strategic Plan. A Theme Chapter highlighted AI's on the impact of artificial intelligence on the economy.



Governor of the Bank of Namibia Dr Johannes !Gawaxab, Deputy Governor Ms Leonie Dunn, Officer-in-Charge Mr Marsorry Ickua, Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority Mr Kenneth Matomola, and Director-General of the National Planning Commission HE Ambassador Dr Kaire Mbuende at the launch of the Bank's 2024 Annual report.

→ Fraud Awareness Campaign

In October 2025, the Bank launched a multimedia Fraud Awareness Campaign aimed at shielding the public from the rise in scams and fraudulent schemes. Deputy Governor Ms Leonie Dunn joined leaders from across the financial sector at an inaugural Fraud and Cybersecurity Risk Awareness Summit, held under the theme "Strengthening Trust and Resilience in Namibia's Financial System."



Deputy Governor of the Bank of Namibia Ms Leonie Dunn addressing participants during the Cybersecurity Summit.

→ **35th anniversary celebrations**

Town Hall meeting between staff and the Governors

The Bank of Namibia marked a historic milestone on 15 August 2025 by inviting its three Namibian Governors to date – Hon. Tom Alweendo, Hon. Ipumbu Shiimi and Dr Johannes !Gawaxab – to participate in a Town Hall dialogue with staff to reflect on 35 years of the Bank’s existence. The meeting highlighted how the Bank’s evolution had mirrored that of Namibia’s, being characterised by peaceful institutional transitions, continuity in leadership and steady progress responsive to national priorities.



Governor of the Bank of Namibia Dr Johannes !Gawaxab pictured alongside Deputy Governor Mr Ebson Uanguta, Deputy Governor Ms Leonie Dunn, Minister of Finance Hon. Ipumbu Shiimi and Minister of Mines and Energy Hon. Tom Alweendo.

Staff celebration

On 16 July 2025, the Bank of Namibia commemorated 35 years since opening its doors, marking more than three decades of service to the nation. To honour this milestone, staff gathered for a brief reflection, acknowledging that behind every institutional achievement stood the dedicated Namibians who has made such progress possible.



Deputy Governors Mr Ebson Uanguta and Ms Leonie Dunn distributing complimentary treats to staff in celebration of the Bank of Namibia’s 35th Anniversary.

→ **Launch of the Knowledge Centre**

On 28 March 2025, the Bank of Namibia officially launched its Knowledge Centre, formerly known as the BON Library. The Centre serves as an interactive space that enhances public access to information on the Bank’s mandate, policies, research, and publications. It provides educational materials, digital resources, and hosts research activities aimed at strengthening the understanding of Namibia’s financial and economic landscape.



Former Director of Human Resource Dr Leah Namoloh, Director - Strategy, Projects & Transformation Ms Valeria Mbango, Director Governance Risk & Compliance Ms Margreth Tjongarero, Director SCIR Mr Kazembire Zemburuka, Deputy Director IT - Business Systems Ms Martha Dama and Deputy Director Policy Research Analysis - R&FSD Ms Abigail Nainda.

→ **Science, Technology, Engineering, Arts, and Mathematics Programme**

In 2025, the Bank of Namibia rolled out Phase 3 of its Science, Technology, Engineering, Arts, and Mathematics (STEAM) Programme in Oshana, Kavango East, Kunene, and Erongo regions, promoting creativity, critical thinking and innovation as drivers of industrialisation. Learners developed community-based solutions, highlighting the importance of integrating arts into science and technology. The initiative culminated in a regional STEAM Expo, hosted in partnership with Mindsinaction, where 20 learners from five schools showcased inventions such as energy-saving stoves, translation tools, and digital payment systems. Haimbili Haufiku Senior Secondary (SS) came first with their energy-efficient stove, Okakarara SS’s design of a clothing app placed them second, while third place went to PI Groenewald SS for their Translating Namibian Languages project. Caprivi SS was awarded Best Exhibitor for their QR Code payment system.

→ Enhancing financial inclusion – Knowledge and policy coordination

During the year under review, the Bank successfully hosted the 2025 AFI Global Policy Forum, one of the largest global gatherings of financial inclusion policymakers and regulators. The hosting of the Forum was preceded by targeted pre-Forum activities, including a national financial inclusion awareness drive aimed at deepening public understanding of financial inclusion, digital finance, and consumer protection. These activities helped to localise the global policy discussions and ensured broader domestic engagement with the Forum's theme.

The AFI Global Policy Forum brought together 712 delegates from 61 countries, including over 500 international participants drawn from central banks, financial regulators, ministries, and international organisations across AFI member countries. The event was held in Swakopmund from 2 to 5 September 2025 and represented one of the most ambitious international policy engagements undertaken by the Bank. Over a four-day period, the programme featured key governance meetings, an official opening ceremony, high-level plenaries and an exhibition market, offering a platform for Namibian entrepreneurs from the creative and culture industry to showcase their products and services and enabling them to connect with global networks and potential financiers, opening doors for growth and innovation. Namibia showcased its financial inclusion journey, tracing the evolution of financial access, policy development, and implementation efforts that have shaped the country's inclusive finance landscape over the years.

The successful hosting of the Forum was underpinned by strong collaboration with local stakeholders. Government Ministries provided critical support in areas such as visa facilitation, cross-border clearances, technical coordination, and dignitary VIP protocol management. Local stakeholders, including banks, insurers, state-owned enterprises, private sector institutions, and development partners, demonstrated strong ownership of the event by collectively contributing close to N\$10 million in financial and in-kind contributions. This level of private sector participation reflected confidence in the Bank's leadership and commitment to advancing financial inclusion.

Through extensive coordination with the AFI, the Bank demonstrated its capacity to host a world-class policy event in a non-traditional location. This collaboration resulted in the adoption of the Swakopmund Call to Action, a landmark global policy commitment that reinforces collective action by AFI members to advance inclusive, resilient, and sustainable financial systems.

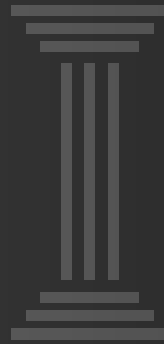
Overall, hosting the AFI Global Policy Forum enhanced Namibia's visibility within the global financial inclusion community and strengthened partnerships between public and private sector stakeholders both domestically and internationally. It also reinforced the Bank's role as a leader in promoting inclusive and sustainable financial sector development in Namibia.



Official opening ceremony of the AFI Global Policy Forum



Talent and Transformation Pillar



Strategic Objective 1

Be an employer of choice



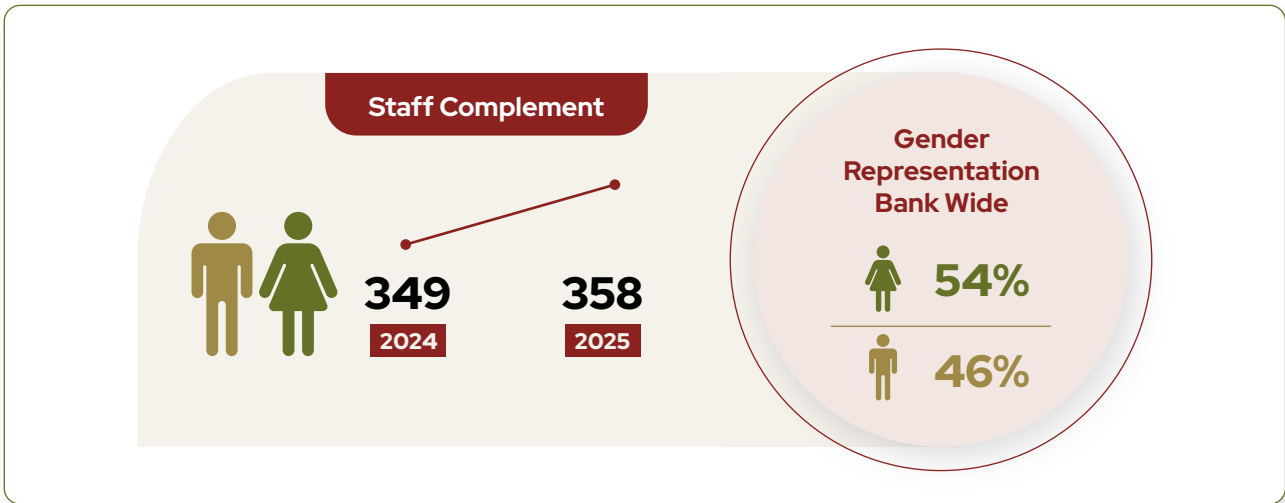
Employment equity

To effectively execute the Bank's mandate and strategic objectives, a total staff complement of 358 positions was approved for the 2025 financial year. Of these, 341 positions were filled, resulting in a staffing level of 95 percent (Figure A.11). In addition, the Bank actively ensures compliance with the Affirmative Action (Employment) Act (No. 29 of 1998) through the continuous review of its human resource strategies, fostering a dynamic, resilient and inclusive work environment. Consequently, the Bank maintained its gender diversity, with female representation at 54 percent and male representation at 46 percent.

Furthermore, an average employee tenure of 10 years and an average age of 40 years reflected the Bank's stable, experienced, and well-established workforce as of 2025. With Millennials comprising 55 percent of the workforce, followed by Generation X at 38 percent and Generation Z at 7 percent, the demographic composition further underscores a predominantly mid-career talent base, supported by seasoned professionals and a growing cohort of younger employees (Figure A.12)

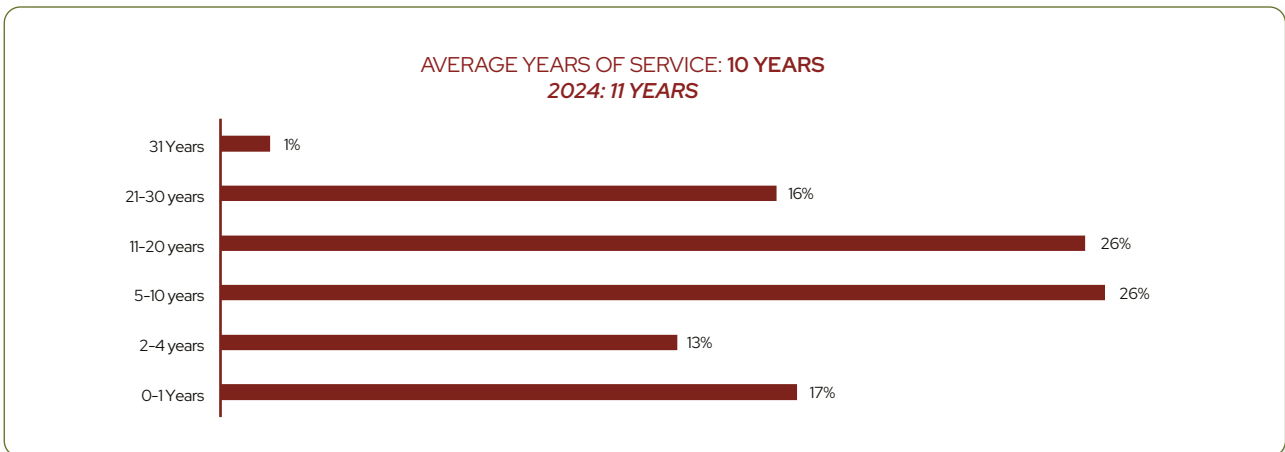
This graph highlights the workforce's gender composition, with 55 percent female representation.

FIGURE A.11: STAFF COMPLEMENT



This graph shows how many staff members fall within different tenure brackets, with an average tenure of 10 years reflecting institutional experience, long-term retention, and overall workforce stability.

FIGURE A.12: YEAR OF SERVICE BREAKDOWN



The age distribution analysis illustrates the proportion of employees across different age groups, providing insight into the overall maturity and generational composition of the workforce, with an average age of 40 years.

FIGURE A.13: AGE DISTRIBUTION

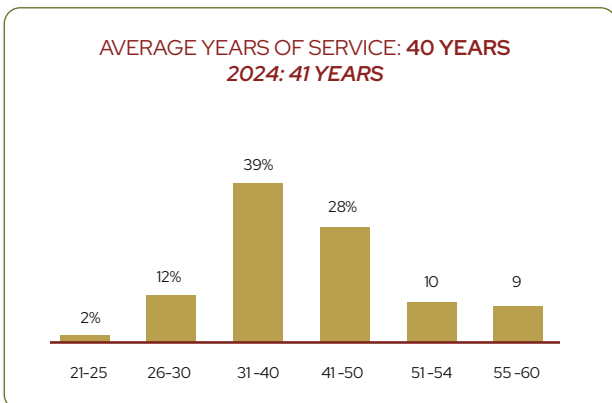
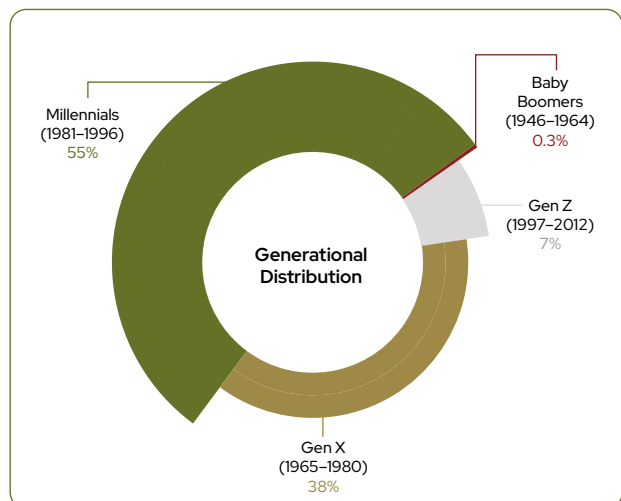


FIGURE A.14: GENERATIONAL DISTRIBUTION



Strategic Objective 2

Implement a future-fit talent transformation



Capacity development

The Bank continued to prioritise capacity development as a cornerstone of its strategic vision during the period under review, reinforcing its commitment to building a future-fit workforce capable of navigating evolving challenges and advancing the Bank’s mandate. During the year, the Bank facilitated 1,099 learning interventions, a significant increase from 727 in the previous year, with the majority delivered through online platforms. This digital shift broadened access to learning and enabled greater participation across the Bank, ensuring employees could continuously develop critical skills.

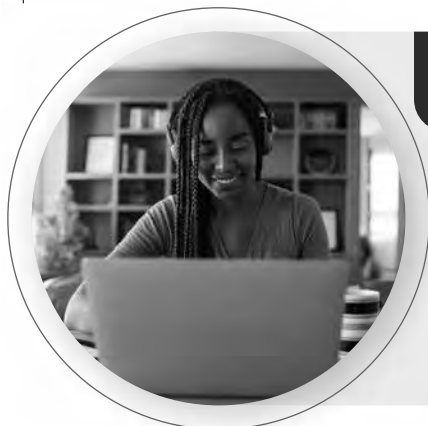
Leadership development remained a key focus area. A total of 56 employees participated in prestigious leadership programmes through various business schools (the University of SAID Business Schools, University of Cape Town’s Graduate, School of Business, and Harvard Online), while others benefited from in-house leadership sessions facilitated by renowned experts. These initiatives underscore the Bank’s commitment to cultivating strong, visionary leaders.

The Bank continued to support formal education in 2025. Thus, 31 employees completed advanced studies in disciplines such as Economics, Finance, Data Science, Systemic Risk, Law, Oil and Gas with Energy Management, and International Accounting from various institutions such as Yale University, bringing invaluable insights to the Bank’s operations.

The Bank also advanced its talent mobility agenda. Under this agenda 19 employees engaging in cross-departmental and intra-departmental rotations. These rotations promoted skills transfer, enhanced organisational agility, supported career progression, and enriched the overall employee experience.

The Bank collaborated with the Deutsche Bundesbank to build capacity. Five new Namibian students supported by two central banks were enrolled into the BSc in Central Banking programme in Germany. During the review period, the students from the Deutsche Bundesbank University of Applied Sciences in Hachenburg completed practical training at the Bank, contributing fresh perspectives while gaining hands-on experience.

In 2025, the Bank continued to uphold strong and constructive employee relations, building on the solid foundations established in previous years. Through consistent and proactive engagement with employees, as well as recognised Union Representatives – the Namibia Financial Institutions Union and the Employee Liaison Forum – the Bank ensured remained responsive to employee concerns while fostering a harmonious and collaborative workplace. These engagements reinforced mutual trust and transparency, enabling the Bank to address challenges effectively and uphold a positive organisational climate.



Learning interventions Facilitated by the Bank:



Future-fit Organisational Efficiency and Effectiveness Pillar



Strategic Objective 1

Strengthen risk management and resilience through good governance



The Bank formally transitioned from ISO 15022 to the new global messaging standard. The Bank transitioned to ISO 20022 on, 24 November 2025, which provides a universal language for financial institutions through using eXtensible Markup Language (XML or MX). These features provide seamless universal communication, improve interoperability, simplify complex data sets, a robust data structure, which reduces non-compliance, and accelerates the settlement of payments. Risk Management Capabilities of the National Payment System.



Strategic Objective 3

Deliver responsive and innovative solutions



Explore a Central Bank Digital Currency

CBDCs are digital forms of a country's sovereign currency, issued and backed by a central bank, and representing a direct liability of that institution akin to physical cash but in a digital format. Unlike private digital assets or cryptocurrencies, CBDCs are designed to operate within regulated financial frameworks and can support settlement and payment activities in both retail and wholesale contexts. International financial institutions such as the Bank for International Settlements, the IMF and the World Bank have documented that CBDCs have the potential to improve the efficiency, speed, cost, transparency, and accessibility of payments, especially where legacy arrangements are fragmented or slow.

Cross-border payments within the CMA and SADC continue to face persistent frictions. Common challenges include high transaction costs, limited operating hours of payment infrastructures, multiple intermediaries, technical incompatibilities, fragmented data standards, and regulatory heterogeneity across jurisdictions. These issues can result in delays, low transparency, and elevated transaction costs for both commercial entities and end-users, have highlighted that such frictions are among the principal bottlenecks inhibiting efficient regional payments and broader economic integration. In response, the Bank of Namibia continued to collaborate with the Bank of Eswatini, the Bank of Lesotho, and the South African Reserve Bank to explore the potential role of CBDCs in enhancing cross-border payments within the CMA. During 2025, the collaboration concluded a diagnostic assessment of the CMA cross-border payment landscape, identifying key pain points and evaluating how CBDC-based arrangements could complement existing payment initiatives and modernisation efforts.

CBDC exploration has thus far been characterised by extensive stakeholder engagement across all four jurisdictions, namely commercial banks, payment system operators, regulators and financial market infrastructures. Such engagements ensure that identified use cases are grounded in market needs and operational realities, while aligning with international standards on financial integrity, interoperability and risk management. Through this work, the Bank aims to deepen its understanding of emerging payment technologies, support informed policy and regulatory decision-making, and contribute to the long-term objective of a more efficient, resilient and integrated regional payments system.

Reflecting the global shift from retail CBDC experimentation towards wholesale CBDCs, the Bank's exploration was refocused on institutional use cases during the review period. Wholesale CBDCs are designed for financial institutions and financial market infrastructures and have the potential to enable faster and more secure interbank settlement, reduce reliance on correspondent banking arrangements, and support future innovations such as tokenised financial assets.

The reporting period also witnessed the CMA advancing key initiatives to strengthen payment system integration, regulatory alignment and cross-border payment efficiency across its Member States. Progress in this regard during 2025 included expanded non-bank participation in national payment systems, directives to migrate low-value cross-border payments to fit-for-purpose solutions by 2027, and the establishment of coordinated implementation mechanisms. The CMA also made measurable progress toward global cross-border payment targets through international collaboration, while advancing regional initiatives to enhance payment system resilience, efficiency and inclusivity.

Information technology

The Bank made significant strides over the past year in aligning in-house technology with its corporate Strategy, which contributed to its overall success. Accomplishments in this regard span the three themes listed below.

IT security and resilience

During the 2025 reporting period, the Bank strengthened its cyber resilience through targeted improvements in security posture, incident response readiness and governance. Following the successful completion of 99% of initiatives from the 2024/5 IT Security Plan having been completed successfully, its 2025/6 counterpart progressed strongly. Compliance was reinforced through updated security procedures, enhanced third-party risk management practices, and the resolution of key audit findings. The Bank further aligned its security architecture with recognised international frameworks, implemented improved secure configuration and protocol validation processes, and increased staff awareness through ongoing security campaigns.

Technology infrastructure

The Bank continued to strengthen the resilience and reliability of its core technology environment. High system availability and uptime were consistently maintained across critical platforms, ensuring uninterrupted business operations and service delivery. Data protection and disaster recovery capabilities were enhanced through the successful implementation of an offline backup solution, providing an additional safeguard against data loss and cyber threats. In addition, the required infrastructure for the Instant Payment System (IPS) project was established, including secure and reliable connectivity with participating institutions to support system integration and operational readiness.

Information systems and enterprise architecture

The Bank advanced its Strategic Objectives through targeted enhancements to business systems that improved operational efficiency. Key initiatives included improvements to the IT Service Desk, the replacement of the Performance Management System, and the automation of key processes, including travel and expense management, retail bond operations, and Public Teller services. Additionally, the Bank expanded its robotics process automation capabilities.

Moreover, the Bank's enterprise architecture capability was strengthened through the formalisation of its mandate, governance framework, and operating model. The integration of enterprise architecture into system onboarding, procurement, and technology decision-making processes enabled more consistent, business-aligned, and well-governed technology investments.

Strategic Objective 3

Enhance operational efficiency and financial management



Upgrade and expansion of facilities

The Bank's expanding mandate, the emergent new economy, and a growing the staff complement have, necessitated an increase in its real estate and accommodation capacity. The Board therefore undertook to construct a future-fit office wing, adjacent to the existing head office building in Windhoek. The building process was still in its design phase during the reporting year. The project is intended to be completed in the next five years.

Strategic Objective 4

Develop a sustainable and green organisation and financial system practices



→ Digital transformation enabler

Expanding and stabilising data management and analytics

The Bank continued to build the foundation for a fully integrated, well-governed, and analytics-driven data environment. In 2025, the Bank deepened its focus on establishing strong governance structures, developing enterprise data infrastructure, and expanding analytical capabilities to support policy, supervision, and operational decision-making.

Strengthening data governance

A central milestone for the year was the inauguration of the Data and AI Working Group, established as the Bank's primary governance body overseeing data and AI initiatives. This cross-functional group ensures strategic alignment, responsible governance and coordinated implementation of data and AI programmes across the institution. The Working Group also promotes synergy between data and AI initiatives, enables responsible innovation, and ensures that emerging capabilities are developed in accordance with the Bank's Strategic Objectives and governance principles. By integrating oversight of both domains, the Working Group strengthens collaboration across the Bank, enhances governance maturity, and ensures that data and AI are leveraged to support the Bank's mandate of maintaining price stability and safeguarding financial system soundness.

The finalisation of the Bank's Data Policy and Data Strategy further reinforced the governance foundation. These frameworks define the principles, responsibilities and standards guiding the secure, consistent and effective management of data throughout the Bank. Work on governance processes, stewardship roles and compliance mechanisms continued, laying the groundwork for full operationalisation.

Developing the Central Data Repository

The Bank made meaningful progress toward establishing a centralised and scalable data infrastructure. In this regard, the conceptual architecture for the Central Data Repository was completed during the reporting period, while development of the EagleTech System semantic model advanced significantly. These elements are critical for standardising data definitions and enabling interoperability across supervisory, economic and operational systems. Work also progressed on preparing source systems for integration, including data consolidation, data cleansing and interface refinement. In addition, development of the central reports' portal advanced toward providing a unified access point for validated information, reducing reporting fragmentation and supporting organisation-wide decision-making. To support sustainability, efforts were made to enhance technical capacity through targeted upskilling in data modelling, metadata management and architecture maintenance.



Developing the Economic Data Platform

Continued progress has been made on the Economic Data Platform, an initiative aimed at enhancing macro financial analysis and policy formulation. Data ingestion advanced across priority areas, with full completion achieved for the Minerals data set and substantial progress recorded for Electricity, Agriculture, and Monetary and Financial Statistics. These data sets will underpin the development of sectoral and cross-sector dashboards, enabling policymakers and analysts to access timely and integrated information. As significant portions of the underlying data pipelines have now been established, the platform is well-positioned to deliver more advanced visualisations and analytical tools in the coming year.

Enhancing analytical readiness and future capabilities

Across all initiatives, the Data Management and Analytics function prioritised strengthening readiness for future advanced analytics, including machine learning, predictive modelling, and automated forecasting. Foundational investments made in 2025 in governance, infrastructure, and data standardisation represent essential precursors for scaling analytical capabilities. Ongoing collaboration within the Bank, and other key stakeholders ensured alignment between data architecture, analytical requirements, and regulatory expectations. This integrated approach ensures that the Bank's evolving data ecosystem remains agile, foundationally sound, and capable of supporting its long-term strategic outcomes.

Leveraging AI solutions

In 2025, the Bank made meaningful progress in putting artificial intelligence (AI) solutions into practical use to strengthen supervisory work, enhance analytical capability, and improve operational efficiency. These efforts support the Bank's broader digital transformation journey and reflect a growing global trend among central banks to apply AI in ways that reinforce core mandate functions. Importantly, the Bank has prioritised building internal capability so that it can generate data-driven insights while maintaining strong governance, oversight, and accountability over how these tools are used. During the year under review, two flagship AI solutions were developed and deployed, each responding to a clear operational need and demonstrating how modern technology can be applied in a responsible, practical manner.

Inflation Nowcasting System

Timely inflation information is essential for sound monetary policy decisions. To strengthen this capability, the Bank developed an automated inflation nowcasting solution that uses official Consumer Price Index data from the Namibia Statistics Agency to produce high-frequency inflation estimates and short-term forecasts. Rather than replacing existing methods, the system complements traditional analysis with machine learning approaches, providing more frequent, up-to-date insights as new data becomes available. The nowcasting results are presented through interactive dashboards, allowing economists to assess inflation developments more quickly and in greater detail, which supports informed deliberations and improves responsiveness to changing price pressures in the economy.

Regulatory navigation tool

The Bank also strode ahead with progress on its regulatory navigation (RegNav) tool to address a recurring operational challenge; a high volume of enquiries received on regulatory requirements and compliance matters. An AI-enabled assistant, RegNav will help users find relevant information from the Bank's payment system regulations, directives, and guidance documents. In addition to responding to questions, the tool points users to the source documents from which the guidance is drawn, promoting transparency and helping users verify information directly from the official text. The system also records user queries and feedback, which supports ongoing improvement and provides insight into common areas where stakeholders need clarity. By reducing time spent on routine enquiries, RegNav will allow the Bank' staff to focus more sharply on complex analytical and supervisory work while maintaining effective stakeholder engagement.

Strategic significance of using AI

The successful implementation of AI-enabled solutions demonstrates the Bank's commitment to using emerging technologies in ways that deliver tangible value. The approach during 2025 remained practical and measured, prioritising use cases with clear benefits while strengthening internal skills and institutional capacity. Developing these tools in-house also ensures that the Bank retains control over critical analytical capabilities and reduces reliance on external providers for sensitive policy and supervisory functions.

Looking ahead, the Bank will continue exploring additional opportunity to apply AI. This is how it can enhance efficiency, improve insight, and strengthen service delivery, guided by responsible innovation, appropriate governance, and alignment with strategic priorities. The foundation established in prior years has also enabled the scaling of capabilities seen in 2025 and will support continued progress while upholding the rigorous standards expected of a central bank.



→ Organisational Culture Transformation Enabler

Culture and well-being

In 2025, the Bank positioned culture as a key enabler of its 2025–2027 strategic objectives, guided by its values and culture statement, namely **Embracing Agility, Collaboration and Trust (ACT)**. Building on the previous year's engagement survey, staff and management collaboratively developed tailored departmental solutions. Interactive sessions were rolled out across the Bank to reinforce a growth mindset, strengthen trust, and foster a psychologically safe workplace. These efforts ensured that employees felt empowered to contribute meaningfully while embracing change with confidence.

Throughout the year, the Bank continued to embed the right behaviours by recognising and rewarding staff members who demonstrated the desired culture in their everyday work. New staff were onboarded to the Bank's culture through storytelling and participation in various initiatives.

In terms of well-being, the Bank continued to demonstrate a steadfast commitment to **holistic employee wellness**. Various wellness solutions were offered to employees including mental health referrals, departmental mental resilience sessions, on-site dental services, onsite health screenings and financial education tailored to different life stages. In response to evolving employee needs, the Bank introduced a virtual Employee Assistance Programme, extending support to staff and their families. These initiatives enhanced psychological safety, encouraged proactive health management, and strengthened financial confidence among employees.

Overall, the Bank's continued focus on culture and well-being in 2025 has reinforced its position as an employer of choice, enabling employees to thrive and contribute to the Bank's strategy in a supportive environment.



CULTURE STATEMENT

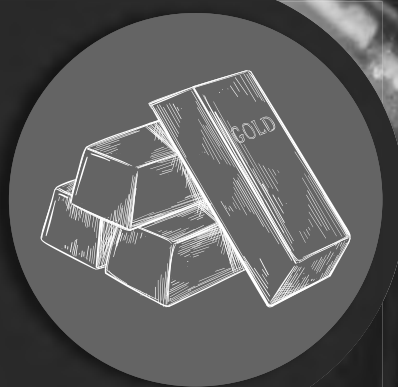
Embracing Agility, Collaboration and Trust (ACT)

Innovation hub



BOX ARTICLE 2

**Central banks'
gold holdings and
the global gold
rush: Drivers and
implications**



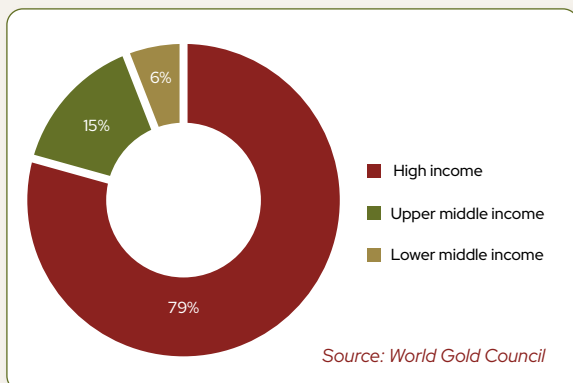
CENTRAL BANKS' GOLD HOLDINGS AND THE GLOBAL GOLD RUSH: Drivers and implications

Introduction

Over the past decade, and with marked acceleration since 2022, central banks have undertaken one of the largest waves of gold accumulation since the collapse of the Bretton Woods system.¹ This renewed interest reflects deep structural changes in the international monetary system, driven by heightened geopolitical tensions, the growing use of financial sanctions, increased policy uncertainty, and concerns over the safety of foreign-held reserves (IMF, 2023). A core component of modern reserve management, gold is held by more than four in five central banks, making it the second most widely held reserve asset globally after the US Dollar (IMF, 2024). Collectively, central banks are the world's largest holders of bullion, and their purchases and sales continue to influence global gold markets (LBMA, 2023). Average allocations have risen materially (to roughly 18 percent of reserves in 2024 from about 10 percent in 2022), although country exposure may vary due to factors such as historical legacies, policy choices, and differences in risk appetites.²

Evidence from emerging market central banks indicates that gold is primarily held as a strategic reserve asset rather than for routine liquidity management. While gold trades in deep international markets, it is generally less suitable than major sovereign bonds for operational use, prompting many institutions to adopt a tiered framework with liquid foreign exchange assets for immediate needs and gold as a long-term buffer. Empirical evidence suggests that diversification benefits are strongest at modest allocations of around 1–3 percent of total reserves, while larger holdings require clear policy objectives and rigorous stress testing to manage volatility (BON, 2023).³ Despite these considerations, global gold reserve holdings remain highly concentrated among advanced economies, with high-income economies accounting for approximately 79 percent of global gold reserves as of December 2025, compared to a combined 21 percent held by upper-middle- and lower-middle-income economies (Figure BA.1).

Figure BA.1: Gold reserve allocations



Motivations for central banks to hold gold

Central banks, especially those in emerging markets, have shifted from net sellers to significant buyers of gold. According to World Gold Council (WGC) surveys and statistics, the official sector net purchases exceeded 1,000 tonnes in each year from 2022 to 2024 (WGC, 2024), well above the decade average of 473t recorded between 2010 and 2021. Although buying has moderated from these record levels, central bank demand remained robust in 2025, with net purchases of 220 tonnes in the third quarter and y-t-d additions of 634 tonnes, well above pre-2022 norms. Full-year demand is expected to reach 750–900 tonnes, reflecting resilient official-sector demand led by emerging market central banks, many of which continue to signal intentions to further increase their gold holdings (WGC, 2025).⁴

Principal economic motivations

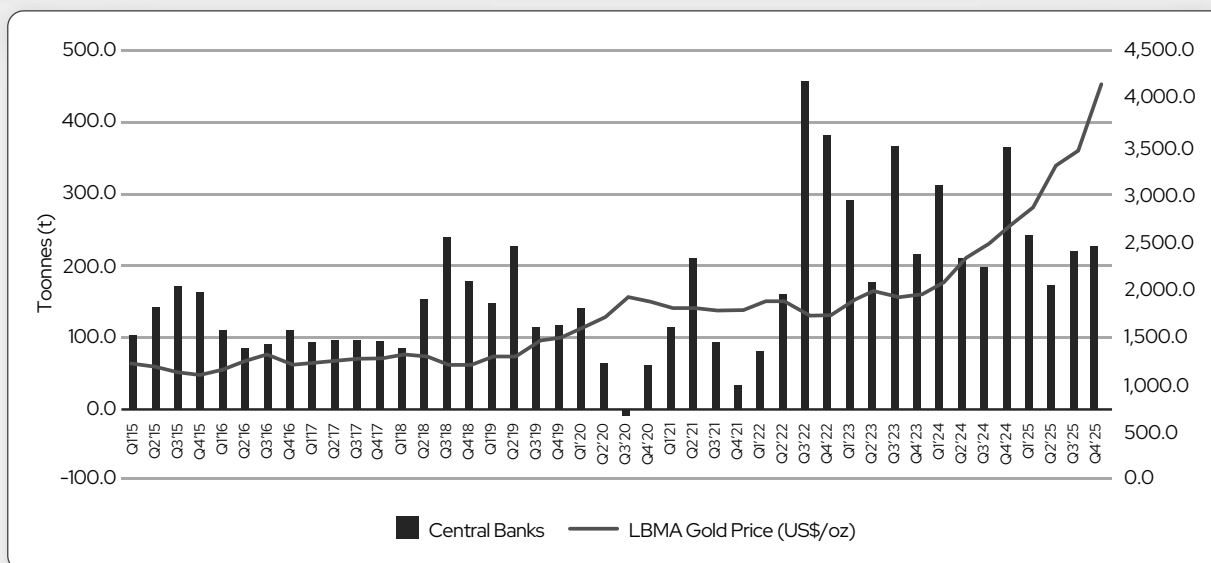
Central Banks acquire gold reserves for a variety of strategic reasons, including the following:

- **Counterparty and sanction-resilience:** When held in domestic custody, physical gold is largely insulated from foreign legal or political actions and cannot be frozen in the same manner as foreign-currency deposits or claims on foreign states. However, gold held in custody abroad remains subject to the jurisdiction of the host country and may be affected by sanctions or access restrictions.
- **Portfolio diversification and low correlation:** Gold generally shows low correlation with many foreign reserve assets (notably long-dated bonds) and can behave positively when real yields decline and equity markets weaken. This property is especially relevant for central banks facing concentration risk in a small number of reserve currencies, as gold can help stabilise overall portfolio performance when traditional assets underperform.
- **Inflation hedge:** In environments of policy uncertainty, elevated inflation, or negative real yields, gold serves as a long-term store of value even though it generates no cash flow. Many reserve managers, therefore, treat gold holdings as a strategic insurance rather than an income asset. In exceptional circumstances, gold holdings can be mobilised to address balance-of-payments pressures, support essential imports, strengthen confidence in the domestic currency, or be pledged as collateral for external financing.

→ **Operational and market access improvements:** Better vaulting infrastructure, well-established custodial arrangement, deep OTC gold markets have simplified how central banks buy, store, and trade physical gold, lowering operational barriers to holding as part of official reserves.

Gold price and demand dynamics

Figure Ba.2: Central banks' gold demand



Source: WGC

Note: LBMA = London Bullion Market Association

Q=Quarter

Gold prices have moved from a relatively stable range in 2013–2019 to a period of stronger upward momentum and higher volatility, driven by global shocks and sustained central bank demand. As observed in earlier periods of stress, such as the inflationary 1970s and the 2008 global financial crisis, gold has performed strongly during episodes of heightened uncertainty, rising sharply during the COVID-19 shock and reaching new record highs above US\$4,000 per ounce in 2025. This performance reflects a combination of safe-haven demand and active reserve diversification by central banks, particularly in emerging markets seeking to reduce reliance on U.S. Dollar assets. Looking ahead, while elevated prices may give rise to periods of consolidation, the outlook remains positive, with major financial institutions projecting prices to remain well supported in 2026, ranging from around US\$4,400 in early 2026 to as high as US\$4,800 towards year-end, underpinned by continued central bank buying, gradual monetary easing, but also persistent geopolitical uncertainty.

Implications for Namibia's reserve management strategy

The Bank of Namibia has, over recent years, been assessing the potential inclusion of monetary gold within its reserve assets, informed by evolving global reserve management practices and heightened geopolitical uncertainty. As such, the Bank's gold acquisition initiative is intended to strengthen financial resilience, preserve monetary sovereignty, and ensure the ability to meet balance-of-payments needs under adverse external conditions. As a gold-producing country, this approach also supports the retention of national resources and aligns with broader considerations of national interest.

The Bank has designed a structured gold acquisition strategy informed by international best practice and consultations with peer central banks and industry participants. Gold will be sourced directly from domestic producers and delivered as London Bullion Market Association Good Delivery bars (minimum 99.5 percent pure gold), refined at an accredited refinery.

Monetary policy and financial stability implications

The monetary impact of gold purchases depends largely on the method of acquisition. When a central bank purchases gold using newly created domestic currency (an approach currently under consideration by the bank), liquidity is injected into the economy, which, if not appropriately managed, could complicate inflation and interest-rate control. As highlighted by the experience of Uzbekistan, such purchases can be neutralised through offsetting operations such as foreign-exchange sales or other liquidity-absorbing instruments, to preserve monetary policy neutrality (WGC, 2021). In Namibia's case, the acquisition programme will be implemented in phases, a structure that provides operational flexibility while also heightening the need for careful liquidity management. Alternatively, where gold purchases are financed through a reallocation of existing foreign exchange reserves, the domestic monetary base remains unaffected, with the transaction reflected solely as a shift in the composition of official reserves.

Conclusion

Gold's resurgence in central banking is not a passing trend, but a response to structural changes in the global monetary and geopolitical landscape. While gold remains highly liquid, it does not serve the same operational role as foreign exchange reserves; it rather functions as a strategic insurance against extreme economic and financial shocks. For Namibia, rising domestic production and evolving global practices create a timely opportunity to reassess the role of gold within the reserve portfolio.

¹ Central bank acceleration of gold purchases was particularly seen after the 2007–2008 financial crisis, after geopolitical tensions between the West and Russia in 2014 and 2022, and can also be attributable to economic effects the COVID 9 pandemic. See BON (2023).

² See IMF (2025).

³ The study showed that the correlation between gold and fixed income returns is low; however, diversification benefits for central bank portfolios are only evident for holding of about 2 percent of total reserves, and such benefits vanish when the weight is increased beyond this point.

⁴ For greater perspective, See WGC (2025).

⁵ Gold has historically provided a safe haven during market stress, rising 21% in the 2007–2009 Global Financial Crisis and remaining positive during the 2020 and 2022 equity downturns, with annualized returns of 8% since 1971, outpacing bonds and comparable to equities (See WGC, 2025).

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Sustainability at the Bank



Context and rationale for sustainability considerations

Climate Change as a Macro-Financial Risk

The Bank of Namibia recognises that climate change and environmental degradation constitute material and systemic risks to macroeconomic stability, financial soundness and long-term developmental outcomes. Namibia is among the most climate-vulnerable countries in southern Africa, characterised by recurrent droughts, increasing weather variability and heightened exposure to climate-related shocks. These dynamics directly affect households, businesses, public finances and the resilience of the financial system.

Climate-related risks are transmitted through multiple macro-financial channels. Physical risks, such as droughts and floods, can damage productive assets, disrupt supply chains, impair borrower repayment capacity and increase insurance losses. Transition risks may arise from policy, technological and market shifts associated with the global move towards low- and net-zero carbon economies. If not managed in an orderly manner, such risks can lead to stranded assets, valuation losses on assets, and heightened credit and market volatility.

Sustainability and the central bank mandate

The Bank's commitment to national sustainable development necessitates the integration of climate- and nature-related considerations into its core mandates of monetary policy formulation, financial stability oversight, prudential supervision and internal operations. Globally, central banks increasingly recognise that sustainability considerations fall within their mandates, not as environmental policy objectives per se, but as risk factors with adverse price stability, financial stability and economic resilience implications.

For a small, open and resource-dependent economy such as Namibia, failure to adequately address climate-related risks would expose the economy to heightened volatility, fiscal pressures and reduced long-term growth potential. Sustainability, therefore, is not peripheral to the Bank's mandate; it is integral to its effective discharge.



Institutional Foundations for Sustainability at the Bank

Strategic Commitment and Governance

In its 2022–2024 Strategic Plan, the Bank identified the development of a sustainable and green organisation as a high-level Strategic Objective under the Future-fit Organisational Efficiency and Effectiveness Pillar. This commitment led to the establishment of a dedicated Sustainability function responsible for coordinating sustainability-related initiatives across the institution.

In 2024, the Bank further strengthened its internal governance arrangements through the establishment of the Sustainability Forum, an institutional platform designed to coordinate, monitor and track sustainability-linked activities across Departments. The Forum is chaired by the Deputy Governor and supported by the Strategic Communications and International Relations Department, which serves as the Secretariat.

The Forum is represented across the Bank's various Departments. These Departments include Banking Supervision; Currency Management and Banking Operations; Finance and Administration; Financial Markets; Financial Stability and Macroprudential Oversight; Governance, Risk and Compliance; Internal Audit; National Payments System and Financial Surveillance; and Research and Financial Sector Developments. This cross-departmental structure reflects the Bank's recognition that sustainability considerations cut across all central banking functions.

Sustainability at the Bank is supported by a clear governance structure, underpinned by defined responsibilities and accountability. The Board of Directors also offers strategic oversight and has delegated oversight responsibilities to the Bank's Finance, Risk and Audit Committee. The Bank's Management Committee is responsible for monitoring and delivering operational reporting. The Sustainability Forum focuses on the execution, implementation and reporting of sustainability initiatives. The Sustainability function supports, coordinates and consolidates activities across various Departments.

International Engagement and Global Alignment

To strengthen its knowledge base, analytical capacity and policy alignment, the Bank is a member of the Network for Greening the Financial System (NGFS). The NGFS is a global coalition of central banks and supervisory authorities dedicated to enhancing the resilience of the financial system to climate-related risks. Through this membership, the Bank participates in NGFS plenaries, conferences and technical workstreams, and contributes to the development of analytical tools, guidance notes and policy perspectives relevant to central banking and prudential supervision.

Sustainability Strategy 2025: Strategic Focus Areas and Enablers

In 2025, the Bank finalised and approved its Sustainability Strategy, providing a coherent, medium-term framework for embedding climate- and nature-related considerations into its mandate and operations. The Sustainability Strategy is structured around three Strategic Focus Areas, supported by two Strategic Enablers, with clearly defined objectives, deliverables and implementation timelines.

Strategic Focus Area 1:

Embedding Sustainability within Core Central Bank Functions

Under this focus area, the Bank seeks to systematically integrate climate- and nature-related risks into monetary policy analysis, financial stability assessments, prudential supervision and reserves management. This focus reflects a growing recognition that climate risks, particularly physical risks in the Namibian context, can materially affect inflation dynamics, economic output and the resilience of the financial system.

3.1.1 Issuance of Guidelines on Climate-related Financial Risks and Disclosure Requirements

During the period under review, the Bank issued its Guidelines on Climate-related Financial Risks and Disclosure Requirements under the Banking Institutions Act, 2023. The Guidelines establish a formal supervisory framework for the identification, assessment, management and disclosure of climate-related financial risks.

The Guidelines apply to domestically systemically important banking institutions on a comply-or-explain basis and require banks to integrate climate considerations into governance structures, business strategies, risk management frameworks, internal capital adequacy assessment processes, stress testing and scenario analysis. Commercial banks are also required to make structured climate-related financial risk disclosures to both the Bank and the public. These measures are intended to strengthen supervisory oversight, improve transparency, and promote forward-looking risk management practices aligned with international standards.

Strategic Focus Area 2:

Leading by Example through Sustainable Internal Practices

The Bank is committed to leading by example by embedding sustainability principles within its own operations. This includes integrating environmental, social and governance considerations into facilities management, procurement processes, currency operations and the broader supply chain. In reducing its environmental footprint and promoting resource efficiency, the Bank demonstrates institutional integrity and reinforces its credibility as a steward of long-term financial and economic stability. These internal measures also contribute to operational resilience and cost efficiency over the medium to long term.

The Bank's Carbon Footprint Assessment.

The Bank undertook its first carbon footprint assessment. During the third and fourth quarters of 2025, the Bank undertook its maiden carbon footprint assessment for the 2024 financial and calendar year. This assessment will serve as the anchor for future comparisons. A similar assessment will be performed in 2026 for the 2025 carbon footprint. For the 2024 assessment, Airshed Planning Professionals (Pty) Ltd (Airshed) were appointed to undertake a greenhouse gas (GHG) assessment for the Bank.

The scopes of emissions considered were as follow:

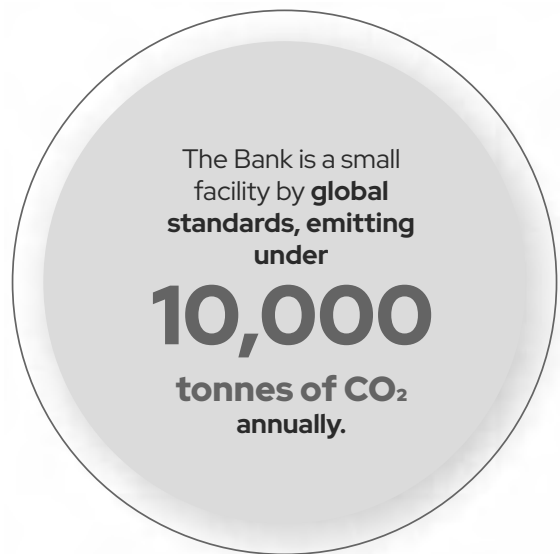
- 1 **Scope 1:** Direct emissions due to the Bank's operations
- 2 **Scope 2:** Indirect energy use from imports of electricity, and
- 3 **Scope 3:** Other indirect GHG emissions upstream and downstream of the Bank's operations.

Green House Gas emissions

The total GHG emissions for 2024 in respect of the Bank’s three locations are summarised in Table A.12. Scope 1 and 2 emissions for Bank operations for the 2024 calendar year amounted to 876 t of carbon dioxide equivalent (tCO₂e) emissions. The Bank is considered a small facility by global standards, as it produces significantly less than 10,000 tCO₂e per annum from Scope 1 and 2 sources. Municipal electricity usage was the greatest source of GHG emissions in 2024, contributing 61 percent of the Scope 1 and 2 totals, with refrigerant usage providing the second largest source (18 percent). Scope 3 emissions were more significant than those in Scope 1 and 2, contributing 80 percent to the total. Capital goods (30 percent) purchased goods (25 percent), business travel (20 percent), and upstream transportation and distribution (16 percent) dominated in terms of the sources of Scope 3 emissions quantified. In terms of the Bank’s three principal locations, the Head Office contributed the majority of the GHG emissions (91 percent) in 2024, followed by the Oshakati Branch (5 percent) and the Disaster Recovery site (4 percent).

Table A.12: Total 2024 GHG emissions for the Bank of Namibia

Details	Total Emissions (t CO ₂ e)			
	Scope 1	Scope 2	Scope 3	Total
Total t CO ₂ e (Head Office)	167	353	3 511	4 031
Total t CO ₂ e (Oshakati branch)	102	94	47	243
Total t CO ₂ e (DR site)	16	143	6	164
Total t CO₂e	285	591	3 563	4 439



Strategic Focus Area 3:

Bridging the Climate Data Gap

Effective climate risk assessment depends on the availability of reliable, granular and decision-useful data. In collaboration with the Namibia Sustainable Finance Alliance, which was launched during the reporting period, the Bank works towards strengthening the availability, quality and accessibility of climate- and nature-related data. This initiative supports evidence-based policy formulation, supervisory assessments and financial stability analysis, while improving the financial sector’s capacity to measure, manage and disclose climate-related risks.

Research paper on the impact of fertilisers on crop production in Namibia: A case study of green ammonia

The Bank contributes to efforts to reduce the impacts of climate change through policy research. During the period under review, the Bank undertook research to assess the potential benefits of adopting green ammonia as a fertiliser, specifically ammonia sulphate, in Namibia’s crop production. The study found that the use of green ammonia fertilisers would reduce carbon emissions from the agricultural sector and diversify energy, thus contributing to a cleaner energy mix and long-term sustainability. The utilisation of green ammonia fertilisers also aligns with the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Moreover, the study advocated regulatory measures such as carbon taxes and credits to encourage the adoption of green ammonia.

The Biodiversity Finance Initiative (BIOFIN) in Namibia

The Bank of Namibia is committed to integrating biodiversity finance into national sustainability and climate strategies.

In 2025, the Bank participated in the activities of the United Nations Development Programme's Biodiversity Finance Initiative (BIOFIN) in Namibia for the first time, through its Project Steering Committee. As part of this engagement, a BIOFIN workshop was held in Walvis Bay in February 2025 to explore innovative financing mechanisms that support environmental sustainability. This workshop led to the establishment of the BIOFIN Steering Committee, which convenes regularly. The Committee duly held two successful meetings during the year under review.

Strategic Enabler 1

Stakeholder Engagement and Coordination

The Bank recognises that climate-related risks cannot be addressed by individual institutions in isolation. Effective action requires coordination among regulators, the Government, financial institutions, industry, academia and civil society. Thus, through structured engagement at national and international levels, the Bank promotes policy coherence, knowledge-sharing and aligned action in support of a resilient financial system.

Launch of the Namibia Sustainable Finance Alliance

In September 2025, the Namibia Sustainable Finance Alliance (NSFA) was formally established by the Bank of Namibia, in collaboration with domestic financial regulators, banking institutions and industry associations. The Alliance was constituted through the signing of its Terms of Reference, providing a structured governance and implementation framework to advance sustainable finance across Namibia's financial system.



Then Deputy Governor of the Bank of Namibia and Chairperson of the Namibia Sustainable Finance Alliance, Mr Ebson Uanguta, with senior representatives from the banking and non-banking sectors, the Government and the Bank of Namibia Sustainability Forum at the Alliance's official launch and inaugural meeting

The establishment of the NSFA reflects a shared, system-wide recognition that climate- and environment-related risks represent material and growing vulnerabilities for the financial sector and, if left unaddressed, could undermine financial stability and long-term economic resilience. The Alliance therefore serves as a coordinated mechanism to strengthen collective understanding, promote policy coherence and support the integration of sustainability considerations into financial decision-making.

In its initial phase, the NSFA will focus on two complementary thematic areas. The first is climate- and nature-risk assessment and management. This workstream seeks to deepen understanding of how environmental risks are transmitted through the Namibian financial system, with particular emphasis on physical risks arising from climate variability, such as droughts and floods, which can damage productive assets and impair borrower repayment capacity. While physical risks remain the dominant concern in the domestic context, the Alliance will also consider transition risks, including the potential for assets to become stranded as global and domestic economies adjust to greener technologies and evolving regulatory frameworks.

The second focus area is data and analytics, recognising that data gaps remain a significant constraint to effective climate-related risk assessment and disclosure. Limited availability of emissions data, nascent reporting frameworks and inconsistent measurement practices currently hinder the ability of financial institutions to assess their exposure to climate-sensitive sectors such as agriculture and energy, as well as the carbon footprint of their portfolios. Through this workstream, the Alliance aims to promote standardised definitions, improved data collection and sharing practices, and enhanced climate-related disclosure. Over time, the NSFA is expected to facilitate knowledge exchange on data methodologies, support the development of shared climate data repositories, and provide guidance on alignment with internationally recognised frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures.

Inclusive Green Finance Working Group of the Alliance for Financial Inclusion's Global Policy Forum 2025

During the period under review, the then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, addressed global delegates during the Global Policy Forum 2025 of the Alliance for Financial Inclusion's Inclusive Green Finance Working Group. He outlined the implications of climate change for Namibia's economy and the role of inclusive finance in strengthening economic and financial resilience. The address highlighted Namibia's heightened vulnerability to climate-related shocks and set out policy and supervisory measures that the Bank had introduced, including regulatory support for drought-affected farmers, enhanced climate-related risk disclosure requirements for banks, and the implementation of the Bank's Sustainability Framework, thereby positioning Namibia as an emerging regional contributor to the global dialogue on inclusive green finance and climate-resilient financial systems.



The then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, alongside other participants at the Global Policy Forum 2025 held in Swakopmund by the Alliance for Financial Inclusion's Inclusive Green Finance Working Group



Membership to the Network for Greening the Financial System

During the year under review, the Bank continued to actively participate in the NGFS workstreams, meetings and engagements. Notably, the NGFS engaged at the 30th Conference of the Parties (COP) in Belem, Brazil, where it issued a declaration entitled "The economic cost of climate inaction", highlighting the macroeconomic and financial stability risks associated with delayed climate action.



The then Officer in Charge of the Bank of Namibia, Mr Marsorry Ickua, alongside the Governor of the Bank of Uganda, Mr Michael Atingi-Ego, and the Director of Sustainability at the Bank of Ghana, Mr Stephen Armah, during the benchmarking Network for Greening the Financial System Annual Plenary in New Delhi, India

As climate-related risks intensified globally, central banks continued to strengthen their integration of sustainability considerations into policy and supervisory frameworks. In this context, the Bank of Namibia participated in the NGFS Annual Plenary held in New Delhi, India. The Bank was represented by Mr Marsorry Ickua, then Officer in Charge, and Ms Naufiku Hamunime, Technical Expert for International Relations and Sustainability. The meeting, which convened more than 200 central bankers and supervisors from over 60 countries, showed the growing urgency of climate adaptation – a priority of relevance to Namibia.

The Bank also maintained its active participation in the NGFS by contributing to the work of its technical workstreams. During the period under review, the Bank provided a country perspective to the NGFS Task Force on Adaptation's consolidated note entitled "How central banks and supervisors can foster an enabling environment for scaling up adaptation finance". The Bank's input reflected Namibia's climate realities and underscored the importance of adaptation considerations for emerging and developing economies.

During the reporting period the Bank also contributed to a draft research paper entitled "Integrating nature in central banks' investments". This paper will provide asset and reserve management teams at central banks and observer institutions with starting points for integrating nature into their sustainable and responsible investment practices. The research paper is due for publication in 2026.

Strategic Enabler 2

Capacity-building and skills development

Internal Capacity Development

The Bank continues to invest in building internal technical capacity on climate- and sustainability-related issues, in close coordination with the Human Resources Department. This ensures that staff across policy, supervision, finance, operations and risk management functions are equipped to implement the Sustainability Strategy effectively.

Benchmarking engagement with the Deutsche Bundesbank

The Bank of Namibia hosted a delegation from the Deutsche Bundesbank in 2025 for a three-day technical engagement under the European System of Central Banks Project with African Central Banks. The engagement is built on a long-standing institutional partnership between both institutions formalised through a Memorandum of Understanding. The visit provided a platform for exchanging perspectives on strategic priorities, governance frameworks, data and risk management, and opportunities to advance work on greening the financial system.



The then Deputy Governor of the Bank of Namibia, Mr Ebson Uanguta, with representatives from the Deutsche Bundesbank and the Bank of Namibia Sustainability Forum during their benchmarking engagement

Benchmarking visit to Mongolia on sustainable and inclusive green finance

The Bank undertook a benchmarking and peer-learning exchange visit to Ulaanbaatar, Mongolia, from 15 to 19 December 2025. The visit aimed to deepen understanding of Mongolia's sustainable finance architecture, with particular emphasis on the development and operationalisation of its green and SDG-aligned finance taxonomy. The insights gained are intended to inform the ongoing development of Namibia's Sustainable Finance Strategy and the planned work on a national green finance taxonomy.

The Mongolian Bankers Association, in partnership with the Government of Mongolia and the Financial Regulatory Commission and with support from international partners, launched the Sustainable Finance Initiative in 2013. This Initiative introduced environmental- and social-risk management practices to the banking sector and established one of the first sector-wide sustainable finance frameworks.



The Namibian delegation being welcomed by Financial Regulatory Commission Chairman, Mr Tundev Jambaajamts

Financial sector capacity-building on sustainable finance

The Bank of Namibia and NAMFISA, in collaboration with Genesis Analytics, conducted a two-day Capacity-building Workshop on 8 and 9 December 2025. The Workshop aimed to validate and refine Namibia's draft Sustainable Finance Strategy. Its objective was to align the financial sector with a 'dual track' approach, balancing large-scale green industrial growth with inclusive finance for vulnerable communities while providing technical training on global best practices. The Workshop also served as a critical multistakeholder platform, drawing attendance from a wide range of representatives, including commercial banks, development finance institutions, asset managers, pension funds, micro-lenders and insurers. By engaging both the banking and non-banking sectors over consecutive days, the workshop ensured that diverse industry perspectives could be integrated into the Strategy's core pillars.



Banking and non-banking representatives during the two-day Capacity-building Workshop



6. Conclusion

Through strengthened governance, alliance with industry bodies, targeted policy interventions and sustained engagement at national and international levels, the Bank of Namibia continues to embed sustainability into its institutional DNA. These efforts enhance the Bank's capacity to manage emerging risks, support a just and orderly transition to a low-carbon, climate-resilient and more sustainable economy and safeguard macroeconomic and financial stability in an increasingly climate-affected global environment.



Namibia's Monetary Policy Framework



Bank of Namibia

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CONTENTS

FOREWORD	2
I. THE MONETARY POLICY FRAMEWORK OF NAMIBIA	3
II. LEGAL AND INSTITUTIONAL FRAMEWORK	5
Institutional framework.....	5
Major mandates in relation to monetary policy.....	5
Monetary policy target	6
Frequency of meetings	6
Process of decision-making and voting rights.....	6
Monitoring economic and financial trends.....	6
III. POLICY IMPLEMENTATION	6
Ultimate objective and intermediate target.....	6
Operational target.....	7
Key policy rate	7
IV. MARKET OPERATIONS	7
Settlement account.....	7
Repurchase transactions	7
Bank of Namibia bills	8
Other operational tools	8
V. MONETARY POLICY COMMUNICATION	8
Principles of monetary policy communication	8
Announcement of policy decisions.....	8
Inflation and economic forecasts	9
VI. REFERENCES	10
ANNEX 1: TERMS OF REFERENCE OF THE BANK OF NAMIBIA MONETARY POLICY COMMITTEE	11
ANNEX 2: MONETARY POLICY COMMITTEE CODE OF GOOD CONDUCT	13

FOREWORD

This document describes Namibia's current monetary policy and exchange rate framework. Much of what is contained in the document has been described in other Bank of Namibia policy papers. However, it was necessary to bring all aspects of the Bank's monetary and exchange rate management¹ practices together in a single referencing document, in line with international best practices.

Monetary policy in Namibia aims to ensure price stability in the interest of sustainable economic growth. Namibia's monetary policy framework is underpinned by the exchange rate system linked to the South African Rand at a ratio of one-to-one. This link, which requires that Namibia's currency in circulation is 100 percent backed by international reserves, ensures that Namibia imports price stability from the anchor country. Under a fixed exchange rate regime, monetary policy remains submissive to the fixed peg arrangement. Maintenance of the fixed peg, which is the intermediate target, ensures that the goal of price stability is achieved by importing stable inflation from the anchor country. As a member of the Common Monetary Area, Namibia has ceded its right to have an independent monetary policy. Nevertheless, the country has some monetary policy discretion because of stickiness in capital movements, capital controls and other prudential requirements. These discretionary powers confer liberty upon the Bank of Namibia to maintain its Repo rate at a somewhat different level from the Repo rate of the South African Reserve Bank, when required.

An important aspect of a monetary policy framework is the legal and institutional framework for policy formulation. In Namibia, the composition of the Monetary Policy Committee is prescribed by the Bank of Namibia Act 2020 (Act No.1 of 2020), and it consists of the Governor and Deputy Governors who are *ex officio* members, and a minimum of three and maximum of six members appointed by the Governor with the approval of the Board of the Bank. The composition may be a mix of bank staff members and other persons². The MPC members are appointed for three years and are eligible for re-appointment.

An increasingly important topic in monetary frameworks is communication, as it plays an important role in managing market expectations such that the market is not caught off-guard with respect to key decisions. In this regard, the Bank of Namibia uses an array of channels to communicate monetary policy decisions, of which this document is one example. Others include a press statement after each Monetary Policy Committee meeting, the publication of the monetary policy statement and the minutes of the committee meetings on the Bank's website, and the publication of a monetary policy review two times a year in the June and December Quarterly Bulletins and the Annual Report of the Bank.

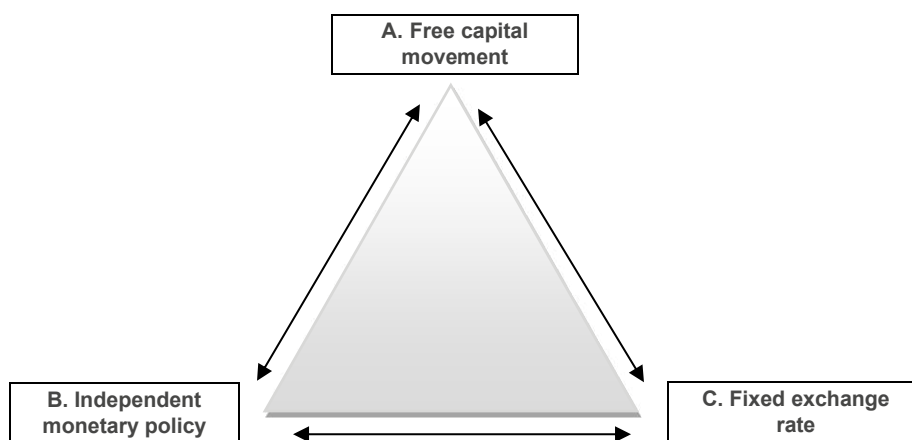
¹ See the BoN Working Paper on "Monetary Policy Transmission Mechanism in Namibia"

² Section 28(2) of the Bank of Namibia, 2020. (Act No. 1 of 2020).

I. THE MONETARY POLICY FRAMEWORK OF NAMIBIA

The goal of monetary policy in Namibia is to ensure price stability in the interest of sustainable economic development of the country. Namibia's monetary policy framework is underpinned by the fixed currency peg of the Namibia Dollar to the South African Rand. Under a fixed exchange rate regime, monetary policy is submissive to the fixed peg. Maintenance of the fixed peg, which is the intermediate target, ensures that the goal of price stability is achieved by importing stable inflation from the anchor country (Figure 2). The relationship between monetary policy and the exchange rate policy in an open economy operating under a fixed exchange rate regime is underpinned by the "trilemma" or "impossible trinity" concept (Al-Raisi *et al.* 2007:2), depicted in Figure 1.

Figure 1: The Impossible Trinity of Capital, Monetary Policy and Exchange Rate.



The impossible trinity postulates that a country cannot simultaneously enjoy three policy positions: a fixed exchange rate, monetary policy independence, and an open capital account. Consequently, under a fixed exchange rate arrangement, a country cannot operate monetary policy independently from the anchor country, as this will eventually disturb the fixed peg through the workings of the capital account. For instance, if interest rates in the country fall below those in the anchor country, funds will move immediately and on a massive scale to the anchor country, forcing interest rates to be raised again to where they match those in the anchor country. The impossible trinity implies that Namibia has limited monetary policy independence due to the fixed exchange rate arrangement.

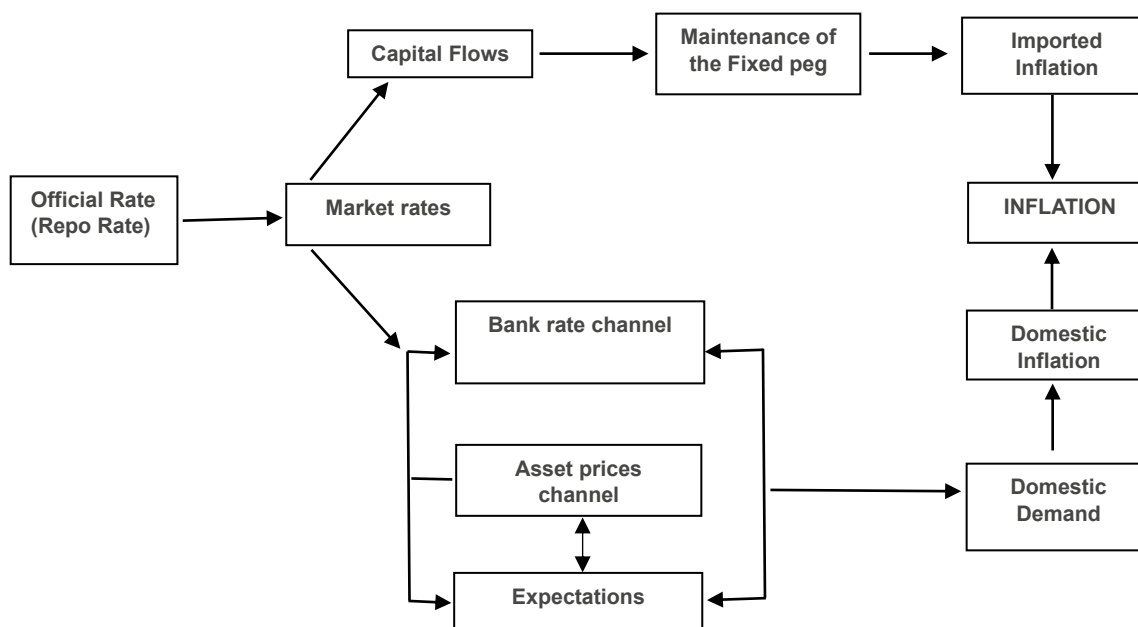
However, the impossible trinity concept assumes perfectly functioning financial markets, where even the slightest interest rate differential between countries causes immediate, massive arbitrage as long as the differential holds. In real life, capital movements are not instantaneous, costless or frictionless. There are transaction costs, convenience considerations and inertia in moving funds from one country to another. There are also lags; for instance, money deposited in fixed deposit accounts cannot be moved before the deposit reaches its maturity date.

A country with a fixed exchange rate policy could also use capital controls and regulatory barriers to influence capital movements. Therefore, to a certain degree, domestic short-term interest rates can be adjusted away from but in reasonable proximity to interest rates in the anchor country, influencing money supply and credit extension to the private sector to control domestically induced inflation through expectations and aggregate demand.

Consequently, Namibia's monetary policy stance can deviate to some extent from that of South Africa, relying on the transaction costs, other frictions, capital controls and prudential requirements imposed on banking and other financial institutions to moderate capital movements in response to small differences in interest rates. These make it possible for the Bank of Namibia to maintain a Repo rate that is somewhat different from the

Repo rate of the South African Reserve Bank (SARB), when required, thus allowing some discretion to control the domestic credit extension and money supply. “Constrained discretion” is therefore a key characteristic of monetary policy formulation in Namibia. This discretion enables the Bank of Namibia to control domestically induced inflation, which is estimated to contribute about 35 percent to the overall inflation in Namibia (Gaomab II 1998). The transmission mechanism of such monetary policy discretion is presented in Figure 2.

Figure 2: Schematic illustration of the Monetary Policy Transmission Mechanism for Namibia



The Bank rate channel (Figure 2) influences the pricing of retail financial products. In the case of Namibia, almost immediately after the official rate/ repo rate is changed, commercial banks accordingly adjust their lending rates. Theoretically, firms and individuals respond to the change in commercial bank lending rates by altering their spending and investment decisions. In Namibia’s case, changes in the borrowing behaviour of individuals in response to interest rate changes are usually more pronounced than those of businesses. Thus, the credit/repo rate channel is important in Namibia in terms of influencing domestic inflation. The expectation of changes in the interest rate (repo rate) in Namibia also influences consumer behaviour, which will trickle down to domestic demand. Changes in household demand patterns eventually filter through to output and domestic inflation.

The asset price channel is also effective in Namibia primarily through physical assets, in particular, real estate. For example, if the central bank tightens monetary policy, it results in a rise in mortgage rates. Any rise in the mortgage rate reduces the disposable income after debt servicing of those affected, consequently reducing the flow of funds available for spending on goods and services in respect of any given income. The rise in interest rates also tends to reduce the value of assets, and lower wealth leads to lower spending. The resulting lower spending will ultimately filter through to domestic inflation developments.

Changes in interest rates should theoretically have an impact on equity and bond prices. Movements in interest rates therefore, among other factors, directly impact the profitability of companies and as a consequence, the share price valuations are also affected, whether it is through changes in the cost of debt or in the behaviour of customers. However, structural issues constrain the strength of this impact in Namibia. Given that investments in locally listed equity are dominated by institutional investors and some strategic investors, markets are quite illiquid as there is a relatively short supply of domestic assets for this investor segment. Consequentially, locally listed equity prices do not always respond to changes in interest rates as one would have expected. In the case of bonds, the changes in prices are, however, more prevalent, as they are not only affected by factors such as market sentiment, risk appetite, demand and supply, and market yields of comparable investment products but also inflation expectations. As central banks use interest rates as a tool to control inflation expectations, changes in the Repo rate, to control inflation or otherwise, will have some

impact on bond prices. Any changes in the South African Repo rate will have an impact on South African bond prices. While Namibian bonds are benchmarked against South African bonds, the valuation of Namibian bonds will also change accordingly, even before there is any change in the Namibian Repo rate.

In addition, changes in the official rate (Repo rate) affect market interest rates. This consequently affects the flow of capital between Namibia and the anchor country (South Africa). Lower interest rates in Namibia could precipitate capital outflows to South Africa, which could also put additional pressure on the level of international reserves and hence threaten the peg. This is due to the requirement of the Common Monetary Area (CMA) that each Namibia Dollar currency in circulation in Namibia should be backed by an equivalent amount of international reserves. To prevent the above scenario, the Bank of Namibia usually keeps its Repo rate in line with the South African Reserve Bank repo rate. Moreover, the Bank of Namibia at all times keeps equivalent or higher international reserves than currency in circulation to safeguard the current peg – in practice the reserves held are always a multiple of the currency in circulation.

Countries that adopt flexible or managed exchange rate systems can rely on other transmission channels, such as the exchange rate and credit and expectations channels to implement monetary policy. In contrast, due to its fixed exchange rate system and the characteristics of the Namibian securities market, Namibia mainly relies on the interest rate/repo rate channel and, to some extent, on the asset price channel to influence domestically induced inflation. Under a fixed exchange rate regime, monetary policy remains submissive to the fixed peg. The maintenance of the peg ensures that Namibia imports stable prices. However, due to transaction costs, frictions, capital controls and prudential measures that limit the outflow of capital as outlined above, Namibia can deviate, albeit to a limited extent, from the policies of the anchor country (i.e., South Africa) to affect domestically induced inflation. The decision of the central bank ultimately affects inflation through the repo rate/credit and asset price channels. A higher repo rate tends to slow credit extension, reduce asset prices, moderate domestic expenditure and rein in inflation. Conversely, a lower repo rate tends to boost credit extension, raise asset prices, increase domestic expenditure and accommodate higher inflation.

II. LEGAL AND INSTITUTIONAL FRAMEWORK

Board of Directors

The Bank of Namibia is governed by a Board of Directors, consisting of the Governor of the Bank, who is also the Chairperson of the Board. Other Board Members include the Deputy Governors, the Executive Director of the Ministry of Finance and Public Enterprises and six Non-Executive Directors³. In terms of its functions and powers, the Board is responsible for general policies, internal controls, risk management, the general administration of the Bank and any other functions as may be assigned to or conferred on the Board (section 10(1) of the Bank of Namibia Act, 2020). The Board plays no role in monetary policy formulation, although it is regularly informed about monetary developments and the reasons for the prevailing stance of monetary policy.

Monetary Policy Formulation

Institutional framework

The Bank of Namibia's Monetary Policy Committee (MPC) is responsible for the formulation of monetary policy, the policies for the conduct of monetary policy operation of Namibia, and the rules of procedure to be followed at its meetings. The MPC is a committee that consists of the Governor who serves as the MPC Chairperson, Deputy Governors who are *ex officio* members, and a minimum of three and maximum of six members appointed by the Governor with the approval of the Board. The composition may be a combination of Bank staff members and other persons⁴. The MPC members are appointed for three years and are eligible for re-appointment. The MPC's Terms of Reference and Code of Good Conduct are attached as Annexures 1 and 2, respectively.

Major mandates in relation to monetary policy

The MPC's key mandate in relation to monetary policy matters is derived from the Bank of Namibia Act, 2020 (Act No.1 of 2020). According to the Act, the main object of the Bank of Namibia is to promote monetary

³ Section 9(1) of the Bank of Namibia, 2020 (Act No. 1 of 2020).

⁴ Section 28(1) of the Bank of Namibia, 2020 (Act No. 1 of 2020).

stability and contribute towards financial stability conducive to the sustainable development of Namibia. Moreover, in terms of Article 4 of the Common Monetary Area (CMA) Bilateral Monetary Agreement between Namibia and South Africa, it is stipulated that “the Bank of Namibia shall maintain reserves equivalent thereto in the form of Rand assets and freely usable foreign currencies in such proportion as the Bank of Namibia considers appropriate”.

Monetary policy target

In terms of section 5(1) of the Bank of Namibia Act, the Bank enjoys independence in the pursuit of its object and the performance of its powers. In other words, no individual, group or institution – government or otherwise – is permitted to interfere with the Bank on monetary policy matters. The immediate objective that the MPC focuses on is to maintain the parity of the Namibia Dollar to the South African Rand. However, since the ultimate objective of monetary policy is stable prices, the MPC keeps a close watch on the inflation rate, defined domestically as the rate of increase over twelve months in the Namibia Consumer Price Index (NCPI). The NCPI is produced and disseminated by the Namibia Statistics Agency (NSA) on a monthly basis.

Frequency of meetings

The MPC meets six times a year to deliberate on monetary policy matters. At each such meeting, the MPC decides on the appropriate stance of monetary policy for the next two months. The Governor may also call for extraordinary MPC meetings at his/her discretion.

Process of decision-making and voting rights

During an MPC meeting, members from relevant departments in the Bank are invited to make presentations to the MPC on recent global and domestic economic developments, and on the inflation outlook. In terms of domestic economic developments, performance indicators of the four macro-economic accounts - the real, monetary, external and fiscal sectors - are considered. From time to time, the MPC may also request additional presentations relating to monetary policy. At times, certain invited persons may sit in on MPC deliberations in order to provide clarification on issues raised in their reports. However, only the views of MPC members are taken into consideration when a decision on the stance of monetary policy is taken. All decisions relating to monetary policy matters are taken by consensus. In seeking consensus, each member expresses his or her view regarding the appropriate policy stance, with motivation. Where consensus does not emerge, the Chairperson may exercise his/her casting vote. The view of each member is recorded along with the reason(s) for such view.

Monitoring economic and financial trends

As a routine activity of the Bank, all major economic and financial indicators are monitored and presented to the MPC. The said indicators include the liquidity of the banking system, inflation and exchange rate trends, monetary, credit and financial market developments, the foreign exchange reserve position, real sector indicators, the balance of payments, and fiscal trends. In addition, the Bank makes use of monthly and quarterly internal inflation forecasts. The forecasts are based on econometric methods, which inter alia incorporate actual and projected price developments in selected commodities and exchange rates. The Bank captures the medium-term inflation forecasts in its monetary policy statements, with more detail provided in an inflation forecast document that is simultaneously released on the Bank's website.

III. POLICY IMPLEMENTATION

Ultimate objective and intermediate target

The ultimate objective of monetary policy in Namibia is to promote price stability. In achieving this objective, the Bank of Namibia has an intermediate target to promote an economic and financial environment that ensures that the parity between the Namibia Dollar and the South African Rand is not threatened in any way. The parity between the two currencies may be threatened when, amongst others, interest rates move away significantly from each other, which may lead to undue capital inflows or outflows, and/or divergent macro-economic developments between the two countries.

Operational target

The operational target is an economic variable that the central bank wants to influence, largely on a day-to-day basis, through its monetary policy instruments. Although there is no formal operational target in Namibia, the Bank of Namibia monitors the level of official reserves, as the fixed currency peg requires the country to fully back its currency in circulation with international reserves in order to import stable prices from South Africa.

The Bank endeavours to maintain the international reserves at a level which, in the view of the Board, is adequate to cover Namibia's external obligations and retain confidence among its investors and rating agencies (section 62(1)). In this regard, there is a minimum threshold below which foreign reserves are considered inadequate. The minimum threshold, currently set by the board, is defined as the currency in circulation plus a buffer of three times the monthly commercial bank net foreign transfers. If international reserves are initially at a level that the Board considers inadequate, it should determine measures to grow the international reserves. Should the initial measures require Government support, the Board must submit the measures to the Minister of Finance on the reserve position, together with recommendations that the Board considers necessary to contain or otherwise remedy the situation. Section 62(3) (4) (5) and (6).

Key policy rate

The main policy tool that the Bank of Namibia uses to influence monetary conditions in the country is the Repo rate, which is aligned with the South African Reserve Bank's repo rate. The Repo rate is the interest rate at which commercial banks borrow money from the Bank of Namibia, and this, in turn, affects other interest rates in the economy. Changes to the Repo rate usually consider the SARB's decision, prevailing domestic economic conditions, international economic conditions including foreign reserve adequacy, and future economic prospects.

IV. MARKET OPERATIONS

Monetary policy instruments are tools that central banks use to achieve their operational targets such as inflation, money supply and exchange rates. Central banks use various measures, broadly referred to as market operations tools, to meet such targets. In the case of the Bank of Namibia, the following key operational tools are employed to meet the Bank's monetary policy objectives.

Settlement account

Banking institutions place funds in the settlement account with the Bank of Namibia on a daily basis, at an interest rate determined by the Bank. As the interest rate on this account is changed at the discretion of the Bank, it may be used as a prime intervention instrument to control short-term capital outflows. Generally, adjustments in the settlement account rate are dictated mainly by the monetary policy stance, changes in liquidity conditions of the Namibian banking system as well as the general movement in money market rates.

Repurchase transactions

This instrument is key, providing the conduit through which the main policy tool – the Repo rate – works. The Bank has three systems of accommodation, namely the seven-day repo, the overnight repo, and the intraday repo. All three facilities are available to assist participants in the Namibia Interbank Settlement System (NISS) to meet their settlement obligations. As such, the facilities are not meant to aid in funding banking institutions' credit extension, but rather to assist them in meeting their short-term liquidity requirements.

The seven-day refinancing facility was introduced by the Bank of Namibia in 2008 as its main system of accommodating banking institutions. The Bank has the discretion to determine the size of the amount to be allotted at any seven-day repo auction, depending on the banking institutions' liquidity situation and needs. Lending on this facility is fully collateralised, which means funds are provided only when eligible collateral has been submitted and applicable haircuts are applied. The rate charged on the 7-day lending facility is the prevailing Repo rate which is set by the Bank's MPC. This facility is availed on demand and on a weekly basis subject to the liquidity conditions in the banking industry.

The intraday and overnight repos are used to square-off daily positions in the event that a certain bank does not have sufficient funds in the settlement account to meet its daily settlement obligations. Both intraday and overnight repos require the institution to have enough eligible securities pledged for collateral pre-lodged on the NISS system before utilising any of the facilities. The intraday repo facility is interest-free while a penalty

over the Repo rate is charged on the overnight repos. This penalty is periodically reviewed by the Bank and the prevailing rate is announced in the Operational Notice on Money Market Operations. The Bank reserves the right to change the penalty if borrowing under the overnight facility becomes so large and persistent that it implies permanent lending to banking institutions.

Bank of Namibia bills

Bank of Namibia bills (BoN bills) were first introduced in 2007. Initially, BoN bills were used to assist banking institutions to meet their statutory liquidity requirements, due to a shortage of Government securities in the primary and secondary markets. Nonetheless, over time, the BoN bills were extended for general industry liquidity management. The purpose of this extension is to prevent short-term capital outflows which have adverse effects on the level of foreign exchange reserves. As such, the Bank issues BoN Bills of various maturities to mop up liquidity in the event of excess cash in the market. The rates offered on the BoN bills are determined based on the monetary policy stance and on the general trend in money market rates. Currently, the Bank of Namibia bills are only available to banking institutions and are offered when warranted by prevailing liquidity conditions in the banking industry. The Bank of Namibia bills are offered in maturities of 7-day, 14-day, 21-day, 28-day and 56-day. BoN bills are available on demand on a weekly basis subject to the liquidity conditions in the banking industry. The maturities on offer may vary based on demand.

Other operational tools

The Bank of Namibia may utilise other tools to withdraw surplus liquidity from the market or inject liquidity into the market in the case of a shortage. These include engaging in open market operations by buying or selling debt securities in the market to influence the market liquidity levels.

V. MONETARY POLICY COMMUNICATION

Principles of monetary policy communication

The Bank's monetary policy communication strategy is aimed at communicating its monetary policy stance transparently. The commitment serves several pivotal purposes including the management of market expectations, rectification of public misconceptions, establishment and reinforcement of credibility, cultivation of trust and fundamentally, the enhancement of the overall effectiveness of monetary policy. Through clear and open communication, the Bank endeavours to ensure that stakeholders, including the general public, are well-informed, contributing to a more robust and trusted monetary policy framework.

Announcement of policy decisions

The MPC meetings are held every two months. After each meeting, MPC decisions are announced to external stakeholders by the Governor or a Deputy Governor to promote monetary policy aims and objectives in line with the Monetary Policy Framework of the Bank. On the day of the announcement, the monetary policy statement is extensively disseminated through various media platforms. The minutes of the preceding MPC meeting are made available on the Bank's website the following day.

Additionally, the MPC is obligated by the Bank of Namibia Act, 2020 (Act No.1 of 2020) to publish the Monetary Policy Review of Namibia two times a year in June and December- respectively. This forms part of the Quarterly Bulletin and the Annual Report features the summarised version of Monetary Policy developments of the year under review. This comprehensive approach ensures the transparent and timely sharing of monetary policy decisions and insights with stakeholders and the public.

To enhance understanding of the monetary policy framework and decision-making in Namibia, the Bank has launched a Monetary Policy Dialogue series. These meetings are held at least once a year to engage local economists, analysts, researchers, and industry players, serving as a platform that unpacks monetary policy decisions and promotes dialogue and transparency in the decision-making process. The Governor accompanied by all MPC members holds transparent discussions with stakeholders to announce and interrogate the Bank's interest rate decision and the broad direction of monetary policy.

To reach a broader audience, the Bank makes use of various multimedia tools as well as translation of the decision into local languages. This is augmented by educational videos and public lectures facilitated by the Governor to inform stakeholders in different regions regarding aspects of monetary policy.

Inflation and economic forecasts

Monetary policy decisions are based on data, professional forecasts, and expert judgement. Thus, six times a year, the MPC receives inflation and private sector credit forecasts to facilitate monetary policy decisions. The inflation forecast is published on the Bank of Namibia website after each monetary policy announcement. Furthermore, the Bank publishes economic outlook projections three times a year, usually in February, August and December.

VI. REFERENCES

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ANNEX 1: TERMS OF REFERENCE OF THE BANK OF NAMIBIA MONETARY POLICY COMMITTEE

Background

The Governor of the Bank of Namibia has the right to appoint committees to assist in the implementation of the Bank's policies. In this connection, the Act provides the Governor with the mandate to establish a Monetary Policy Committee, responsible for the formulation of monetary policy of Namibia. **This committee shall be formally known as the Monetary Policy Committee.**

The Monetary Policy Committee shall have the power and responsibility to formulate the monetary policy of Namibia. However, in terms of accountability, the Governor of the Bank of Namibia remains ultimately responsible for the soundness and effectiveness of monetary policy.

This document outlines the composition and terms of reference of the Monetary Policy Committee of the Bank of Namibia with respect to monetary policy matters.

Composition of the Monetary Policy Committee

The Monetary Policy Committee shall consist of:

- (a) the Governor, who shall be the Chairperson;
- (b) the Deputy Governors;
- (c) a minimum of three and a maximum of six members appointed by the Governor with the approval of the Board based on their expertise.

Terms of office

The Committee members, with the exception of the Governor and Deputy Governors, shall hold office for three years and are eligible for reappointment as may be determined by the Governor of the Bank of Namibia with the approval of the Board. It is expected that in addition to the normal line responsibilities, the MPC members will devote a significant portion of their time to monetary policy matters.

Members of the Monetary Policy Committee shall at all times adhere to the Monetary Policy Committee Code of Good Conduct set out in Annex 2 of this document.

Members of the Monetary Policy Committee shall, before commencing to perform monetary policy functions, take an oath or affirmation.

Frequency of meetings

The Monetary Policy Committee shall meet six times a year to deliberate on monetary policy matters and take a decision on an appropriate stance of monetary policy for the next two months.

The dates of the monetary policy meetings shall be communicated in advance to all MPC members and the public at large.

The Governor may call for extraordinary meetings of the Monetary Policy Committee related to monetary policy matters.

A minimum of five members present shall be required to constitute a quorum.

Manner of decision-making

All decisions related to monetary policy matters shall be taken by consensus. The Chairman shall have a casting vote in case consensus does not emerge. It is expected of each member to clearly state his/her view and reasons for taking such a view.

Publication of statement of decisions

After each monetary policy meeting, the Monetary Policy Committee shall publish a statement of its decision in a manner which the Bank deems fit.

In addition to the statement referred to in the prior sentence, the Monetary Policy Committee shall publish a Monetary Policy Review three times a year, conveying information about macro-economic, monetary, inflation and financial developments in Namibia and globally.

ANNEX 2: MONETARY POLICY COMMITTEE CODE OF GOOD CONDUCT

1. Fundamental principles and core values

Monetary Policy Committee (MPC) members shall act with loyalty to the Bank, be honest, objective, and impartial and subscribe to the highest standards of professional ethics, diligence, good faith and integrity. They shall avoid any action, or inaction, which could in any way impair the Bank's capacity to carry out its duties or compromise its standing in the community and its reputation for integrity, fairness, honesty and independence.

2. Conflict of interest

- (1) In the performance of their duties, MPC members shall avoid any situation that may give rise to a conflict of interest. No discrepancies may exist between a member's official responsibilities and any kind of personal or external interests which could jeopardise his or her impartiality and integrity in performing his or her responsibilities. Acceptance of gifts and favours that have the appearance of influencing their performance should be avoided.
- (2) MPC members may not undertake remunerated activities outside the Bank, without the consent of the Chairperson of the MPC and in accordance with the general rules and procedures of the Bank on extra-mural activities. Remunerated activities that have a bearing on monetary policy matters must be avoided at all times. More especially, an MPC member shall not become a shareholder, director, manager, or officer in any banking or other financial institution.

3. Declaration of interests

- (1) To assist in the fulfilment of obligations in relation to conflicts of interests, MPC members shall upon appointment make a full written disclosure of the nature of their direct or indirect interests which may give rise to conflict of interest.
- (2) The matters to be covered by the member's statement shall include but not be limited to the disclosure of:
 - (a) any financial or business interest of the member and that of his or her immediate family members; and/or
 - (b) investments in companies, partnerships or joint ventures.
- (3) An update of such a statement on an annual basis shall be provided to the Chairperson of the MPC.

4. Immunity from personal liability

The MPC members shall not be personally liable for any civil or criminal proceedings, arrest, imprisonment or damages for anything done in the discharge of their duties unless it is established that it was done in bad faith.

5. Compliance

- (1) Compliance with this Code of Conduct will be monitored by the Chairperson of the MPC. Any violation of the provisions of the Code must be dealt with in accordance with the disciplinary policy of the Bank. An external member of the MPC is by virtue of his/her MPC membership is subject to the Disciplinary Policy of the Bank.
- (2) For the duration of any investigation into any allegation of a contravention of this Code, the Chairperson of the MPC reserves the right to suspend the member concerned from carrying out duties for the MPC and the Bank.
- (3) Any investigation into a suspected or possible contravention of this Code shall be kept confidential.

6. Independence

- (1) MPC members shall be independent from any political influence in the performance of their duties.
- (2) The MPC members shall not act as delegates or representatives of any interest groups or industry in the discharge of their duties.

7. Confidentiality

Members of the MPC and invited guests, are required to maintain strict confidentiality of the information discussed at MPC meetings and not to divulge any confidential information obtained by members in the performance of their duties: provided that such confidentiality shall be lifted one year after they have ceased to be members of the MPC. Members shall also avoid any situation where they might be perceived as having acted with the benefit of knowledge not available to the general market, for their own interests.



National Payment System

Vision & Strategy

2030

Inclusive Payments,
Shared Prosperity:
Charting the Next Era





Table of Contents

Acronyms	03
Governor's Foreword	04
1. Executive Summary	06
2. Introduction	07
3. Review: Achievements of NPS Vision 2025	08
4. The Namibian National Payment System	10
5. Regional and Global Payments Evolution	12
6. Strategic Overview	13
7. Monitoring and Implementation	14
Annexure	15
Figures and Table	
Figure 1: The Namibian NPS Ecosystem	10
Figure 2: NPS Payment Trends	11
Table 1: Strategic Themes, Goals, Key Initiatives, and Success Indicators	15

Acronyms

AI	Artificial Intelligence
API	Application Programming Interface
DPI	Digital Public Infrastructure
NDP6	Sixth National Development Plan
NPS	National Payment System
NPS Vision 2025	Namibia National Payment System Vision and Strategy 2021 - 2025
NPS Vision 2030	Namibia National Payment System Vision and Strategy 2026 - 2030
PAN	Payments Association of Namibia
PSM Act	Payment System Management Act, 2023 (Act No. 14 of 2023)
The Bank	Bank of Namibia
VAA	Virtual Assets Act, 2023 (Act No. 10 of 2023)

Governor's Foreword

Every thriving economy shares a quiet yet powerful foundation, the ability for value to move. Behind every purchase, salary payment, business transaction, or remittance lies a payment system that connects people, businesses, and institutions. When that system functions seamlessly, securely, and affordably, it does far more than process transactions, it unlocks opportunity. It enables entrepreneurs to trade, families to participate in the economy, and businesses to invest with confidence. In this way, modern payment systems quietly shape the rhythm of economic life, strengthening financial stability while improving the everyday experiences of citizens.

For Namibia, the continued evolution of the NPS is therefore not merely a technical undertaking. It is a bold expression of national ambition, one that seeks to shape an economy that is resilient, competitive, and seamlessly connected to the opportunities of a rapidly digital world.

Over the past two decades, the Bank, working in close partnership with industry stakeholders, has steadily guided the transformation of the country's payments landscape. Each phase of reform has expanded the possibilities for how Namibians move and manage value. Through the NPS Vision 2025, significant foundations were laid: the legal framework was strengthened, digital payment services expanded, and greater interoperability was achieved across the payment ecosystem. These milestones have positioned Namibia to embrace the next chapter of innovation and inclusion.

The NPS Vision 2030, under the guiding theme Inclusive Payments, Shared Prosperity: Charting the Next Era, now carries that journey forward. It reflects Namibia's broader national aspirations as articulated in the Namibia Vision 2030 and supported by the NDP6, both of which call for a prosperous, industrialised society supported by world-class infrastructure. In today's economy, digital payments have become a critical component of that infrastructure. What once began as tools of convenience have evolved into essential enablers of daily life, supporting activities across sectors as diverse as health, education, agriculture, transport, and commerce. Across the country, expectations are changing, value should move faster, more simply, and more securely than ever before.



Mr. Ebson Uanguta
Governor Bank of Namibia

Within this evolving landscape, the NPS Vision 2030 prioritises a payment ecosystem designed around the needs of its users, recognising that innovation must be matched by deeper trust, broader adoption, and greater resilience across the payments ecosystem. The NPS Vision 2030, therefore, places strong emphasis on user-centred design, while strengthening safeguards that sustain confidence in digital payments. Initiatives such as a National Digital Payment Literacy Strategy, enhanced fraud detection and data-sharing mechanisms, and the continued modernisation of clearing and settlement systems aim to ensure that growth in digital payments is matched by strong consumer protection, operational resilience, and system reliability.



At the heart of every thriving economy is the seamless movement of value. In Namibia, the evolution of the reflects a bold ambition to build a resilient, competitive, and digitally connected economy—where inclusive, fast, and secure payments drive shared prosperity.



Governor's Foreword Continued

At the same time, the Vision seeks to unlock new frontiers of digital enablement. The operationalisation of NAMQR Code and Open Banking Standards will deepen interoperability and expand access to innovative financial services. Instant payments will continue to evolve, while secure API-driven integration across the national digital ecosystem will support developments such as digital identity and Electronic Know Your Customer (e-KYC). Looking ahead, the structured exploration of emerging technologies, including artificial intelligence, quantum computing, and digital forms of money, will ensure that Namibia's payment ecosystem remains forward-looking and globally connected. Enhanced cross-border payment integration will further strengthen Namibia's role within regional financial networks.



The Vision aims to unlock new frontiers in digital payments through NAMQR, Open Banking, instant payments, and secure API integration, while exploring emerging technologies and enhancing cross-border connectivity to keep Namibia's payment ecosystem forward-looking and globally connected.

Collectively, these developments underscore both the opportunities and the responsibilities facing Namibia's payment ecosystem. As payments become increasingly digital, interconnected, and instantaneous, the importance of a clear national direction becomes ever more critical. The NPS Vision 2030, therefore, sets out a bold and forward-looking roadmap, one that seeks to harness innovation while safeguarding stability, accelerate digital adoption while strengthening resilience, and ensure that the benefits of modern payments are shared widely across society.

Ultimately, this Vision is about more than systems and infrastructure. It is about enabling a future where every Namibian, whether an entrepreneur, a farmer, a student, or a business owner, can participate fully in the modern economy. Through the NPS Vision 2030, the Bank reaffirms its commitment to shaping a payment ecosystem that supports inclusive growth, enhances economic competitiveness, and contributes meaningfully to Namibia's long-term prosperity.

Mr. Ebson Uanguta
Governor
Bank of Namibia

1. Executive Summary

The NPS Vision 2030 provides the strategic framework supporting the continuation of Namibia's payments modernisation journey for the 2026–2030 period. Building on the strong foundation established under the NPS Vision 2025, this Vision articulates a coordinated and forward-looking approach to ensuring that the NPS remains safe, efficient, inclusive, and resilient, while supporting Namibia's broader economic priorities.

Over the past five years, Namibia has achieved significant progress in modernising its payments ecosystem, including

- Enactment of the PSM Act
- Expansion of digital payment services
- Enhanced interoperability
- Adoption of international standards

These reforms have reinforced the Bank's regulatory and oversight mandate and positioned the NPS to respond to rapid technological change, evolving consumer expectations, and increasing regional and global interconnectedness.

The NPS Vision 2030 is firmly aligned with Namibia's national development priorities, including the Namibia Vision 2030, and is shaped by transformative global and regional developments in payment systems. These include the advancement of digital public infrastructure such as instant payments, the introduction of Open Banking and API-enabled ecosystems, the growing participation of fintechs and non-bank financial institutions, the emergence of new forms of digital money, increasingly data-driven regulatory approaches, and rapid advancements in AI and cybersecurity. Together, these forces are redefining the payments landscape and will guide the strategic evolution of Namibia's NPS toward resilience, inclusivity, innovation, and trust.

To guide implementation, the Strategy is anchored on five interrelated Strategic Themes:

01

User-Centricity

02

Trust and Resilience

03

Digital Enablement

04

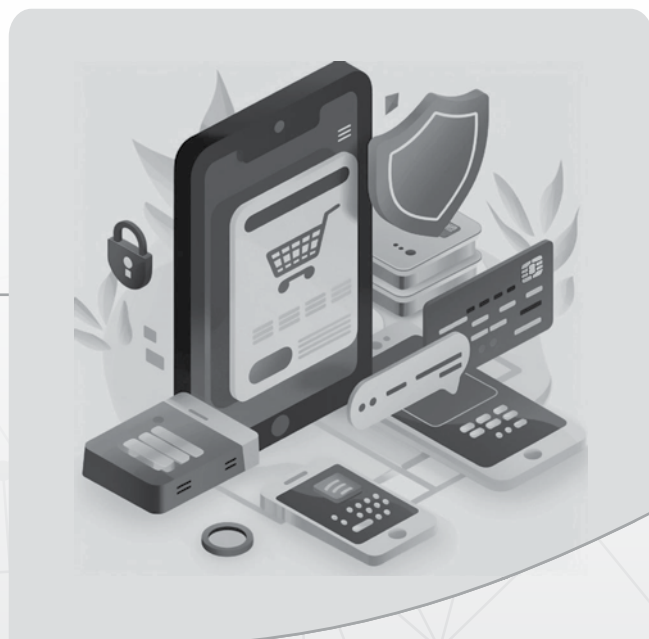
Strategic Foresight & Innovation

05

Knowledge Communities

Together, these themes provide a coherent framework for deepening digital payments adoption, strengthening fraud and cyber resilience, enabling interoperability and cross-border payments, preparing for emerging technologies, and building sustainable skills and institutional capacity across the payments ecosystem.

The NPS Vision 2030 is intended to serve as a central reference point for the Bank, the PAN, and all NPS stakeholders. Its successful implementation will be underpinned by sustained collaboration, shared accountability, and responsive policy execution. Through this Vision, Namibia's NPS is positioned as a catalyst for inclusive growth, economic competitiveness, and long-term national prosperity.



2. Introduction

Since 2000, the NPS Vision and Strategy series has served as the primary strategic framework guiding the development and modernisation of Namibia's payments ecosystem. Through successive iterations, the Vision and Strategy has promoted a coherent and system-wide approach to strengthening the safety, efficiency, and inclusiveness of the NPS, while advancing broader economic and financial sector objectives.

The NPS Vision 2030 reflects a collaborative and forward-looking approach led by the Bank, in partnership with PAN and industry stakeholders, underpinned by scenario planning to support strategic foresight and long-term system resilience. This process was further supported by a Payments Thought Leadership engagement held under the theme "Inclusive Payments, Shared Prosperity." The discussions underscored that the evolution of payments is being driven not only by rapid technological innovation, but also by a transforming Namibian economy, and evolving consumer behaviours and expectations, reinforcing the importance of an inclusive national vision that places shared prosperity at the centre of everyday financial choices.

In light of these developments, the NPS Vision 2030 provides a comprehensive framework to guide policy prioritisation, coordination, and implementation across the payments ecosystem over the next five years. It articulates a forward-looking vision for the payments ecosystem, underpinned by five core strategic themes that will steer implementation over the Strategy horizon. It further sets out the key elements, strategic objectives, success measures, and priority programmes of work required to support coordinated action across the NPS.

The NPS Vision 2030 is intended to serve as a central reference point and strategic roadmap for the Bank, PAN, industry participants and all relevant stakeholders within the NPS. By ensuring that payments modernisation efforts are aligned, coordinated and responsive to national priorities as well as regional and global developments, the collective effort and sustained commitment of all relevant stakeholders will position Namibia to effectively respond to a rapidly evolving payments landscape.



Since 2000, the NPS Vision and Strategy has guided the development of a safe, efficient, and inclusive payments ecosystem in Namibia. Building on this foundation, the NPS Vision 2030 adopts a collaborative and forward-looking approach bringing together the Bank, PAN, and industry stakeholders to respond to technological innovation, a transforming economy, and evolving consumer expectations, while advancing the goal of 'Inclusive Payments, Shared Prosperity' through a coordinated and resilient national roadmap.

3. Review: Achievements of NPS Vision 2025

The NPS Vision 2025 served as a common strategic and policy reference for the Bank, PAN, and stakeholders involved in the operation and oversight of the NPS. By providing clear direction for payments modernisation initiatives, particularly in relation to interoperability, digitalisation, and trust, the NPS Vision 2025 supported alignment with Namibia's digital economy agenda and national development priorities, and laid the foundation for a more modern, inclusive, and efficient payments ecosystem.

Overall, notable progress was realised through sustained collaboration between the Bank and industry stakeholders. These collective efforts translated into meaningful reforms across regulatory, institutional, and technological dimensions of the NPS, significantly enhancing its resilience and functionality. The key achievements realised under this NPS Vision 2025 include:



The enactment and implementation of the Payment System Management Act, 2023 (PSM Act), established a comprehensive and forward-looking legal foundation for the NPS and formally consolidated the Bank's mandate as the sole regulator and overseer of the NPS. The PSM Act has been transformational in modernising Namibia's payments landscape by creating a clear, coherent and future-oriented framework that supports innovation, technological advancement, and new digital payment models. Its implementation further triggered extensive regulatory reform to align and modernise the broader NPS framework. Since its commencement, the NPS has experienced a notable increase in non-bank financial institutions, alongside the expansion of services such as merchant acquiring, payment facilitation, QR Code-based acceptance, and other digital payment solutions. The PSM Act has also enabled innovation in areas such as secure data-sharing and API integration, which supports initiatives such as Open Banking. Participants have enhanced API-enabled channels and strengthened interoperable payment capabilities. Collectively, these developments illustrate a more diverse, competitive, and digitally enabled payments ecosystem anchored in the modern legal foundation established by the PSM Act.



The enactment and implementation of the Virtual Assets Act, 2023 (Act No. 10 of 2023) (VAA), established a dedicated and comprehensive legal framework to govern virtual assets and virtual asset service providers in Namibia. The VAA marks a strategic step in positioning Namibia to harness the opportunities presented by digital assets and distributed ledger technologies, while providing regulatory clarity and certainty to market participants.



Introduction of the Financial Technology (FinTech) Innovation Regulatory Framework and the establishment of the Bank's Innovation Hub, strengthening the payments landscape by providing a structured pathway for the testing and integration of new payment products and services, while ensuring appropriate regulatory oversight and risk management within the NPS. The Innovation Hub has observed growing engagement from fintech firms seeking guidance and testing opportunities, demonstrating increased innovation activity.



Revision of the Determination on Issuing of Electronic Money in Namibia (PSD-3), to broaden the scope and functionality of electronic money (e-money) wallets, enabling access to savings, investments, credit, and insurance products. Through enhanced product offerings and expanded functionality, e-money is positioned as a foundational enabler for deepened digital payment adoption. Notable ecosystem developments include wallet-to-wallet on-send functionality and the introduction of short-term credit services. These advancements demonstrate the tangible impact of the revised framework.

Review: Achievements of NPS Vision 2025 Continued



Issued the Directive on E-Money Interoperability through the implementation of the Instant Payment Switch (IPS) in the National Payment System (PSDIR-11), establishing the IPS as a national public utility to enable seamless and interoperable e-money transactions across participating institutions. Industry participants are progressing implementation efforts to operationalise the Directive to realise e-money interoperability and expand digital financial services.



Finalisation of the Open Banking and Namibia Quick Response (NAMQR) Code Standards, supporting interoperability, competition, and innovation across the payments ecosystem. The development of these standards was undertaken in close collaboration with industry participants, with the objective of modernising the NPS, improving efficiency across payment value chains, and enabling seamless integration between ecosystem players.



Issuance and implementation of the Determination on the Conduct of Electronic Funds Transfer in the National Payment System (PSD-9), undertaken in collaboration with industry participants to strengthen oversight and risk management of electronic funds transfer (EFT) transactions within the NPS. Through coordinated system enhancements and routing adjustments by payment service providers, domestic EFT debit and credit transactions are processed through Namibian clearing and settlement systems, while cross-border EFT transactions are directed through approved regional or international payment channels, thereby clarifying and reinforcing the differentiated treatment of domestic and cross-border transactions under the NPS.



Issuance of the Directive on the Regularisation of Cross-border Low-Value Electronic Funds Transfers within the Common Monetary Area (CMA) (PSDIR-10), promoting efficiency, innovation, and regional integration. The Directive mandates that all low-value electronic funds transfers within the CMA be processed through the approved regional retail payment system.



The successful implementation of the ISO 20022 Messaging Standards was achieved through coordinated industry-wide migration efforts, reflecting strong collaboration across the payments ecosystem. The transition has enhanced data richness, strengthened compliance and reporting capabilities, and improved operational efficiency in payment processing.



Successful integration of the Central Securities Depository (CSD) into the domestic settlement system, marking a significant milestone towards the dematerialisation and settlement of securities, and advancing the modernisation of Namibia's capital markets infrastructure through coordinated efforts between the CSD, industry participants, and the Bank.

4. The Namibian National Payment System

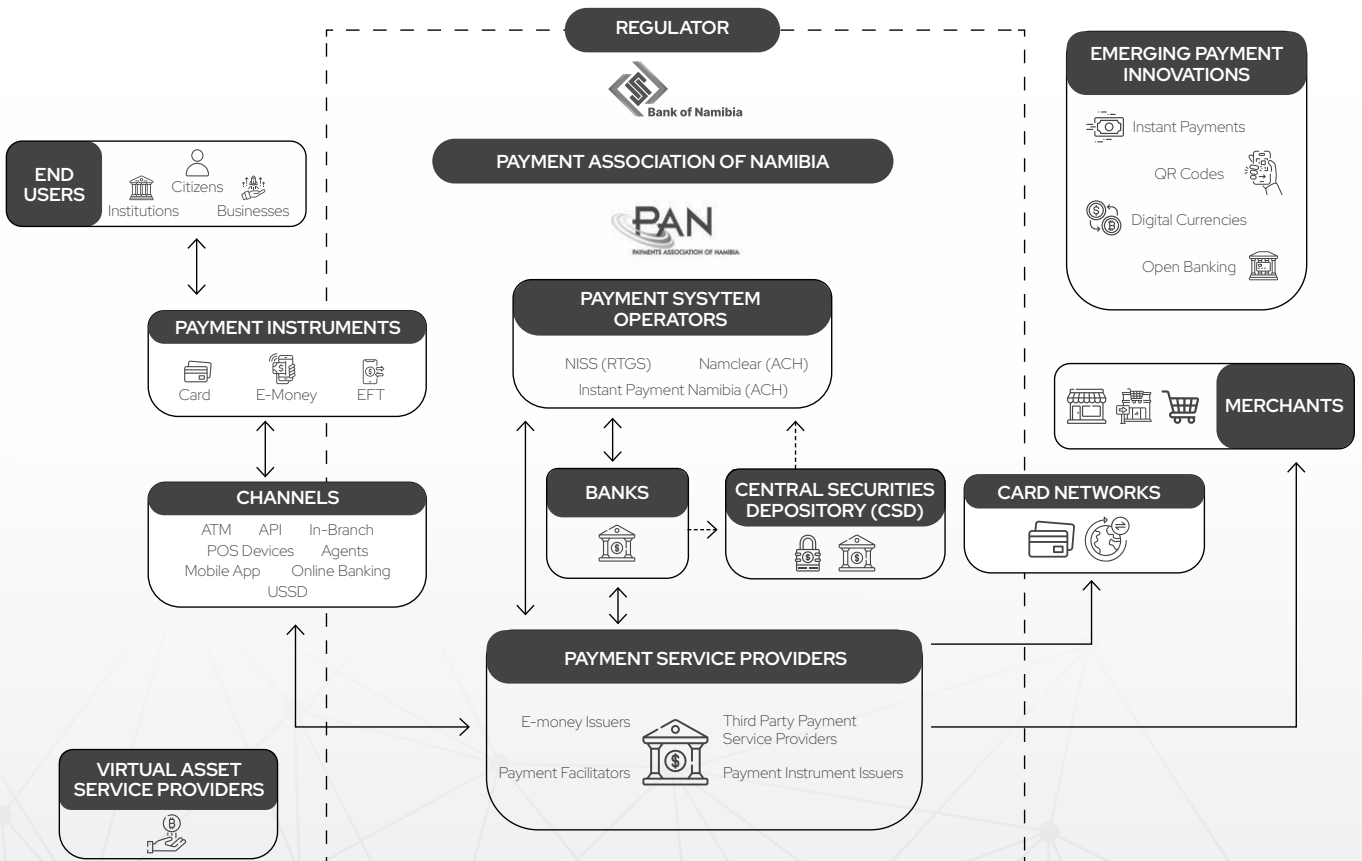
4.1 Structures and Stakeholders of the Namibian NPS

Namibia's NPS comprises of the payment, clearing, and settlement systems, together with the rules, standards, arrangements, legal frameworks, technologies, instruments, and institutions that enable the processing and transfer of funds and securities within the economy. The NPS brings together a broad range of stakeholders, including the Bank as the regulator and overseer, PAN as the payment association, banking and non-bank financial institutions, payment system operators, technology providers, and end users. Collectively, these participants support a secure, efficient, and inclusive payments ecosystem that underpins economic participation and financial activity.

At the core of the NPS is the Namibia Interbank Settlement System (NISS), which provides real-time gross settlement services for high-value and time-critical payments, ensuring finality of settlement in central bank money. Retail payment transactions, including EFT and card payments, are switched and cleared through the Automated Clearing House (ACH), Namclear. The instant payment switch operated by Instant Payment Namibia will further enhance interoperability across e-money issuers and support the expansion of instant digital payments. Overall, these infrastructures and institutional arrangements form an integrated and resilient NPS that supports efficiency, innovation, and public confidence, and provides a strong foundation for the continued evolution of digital payments in Namibia. PAN plays a coordinating role by:

- ➔ Promoting collaboration
- ➔ Standardisation
- ➔ Alignment among participants.

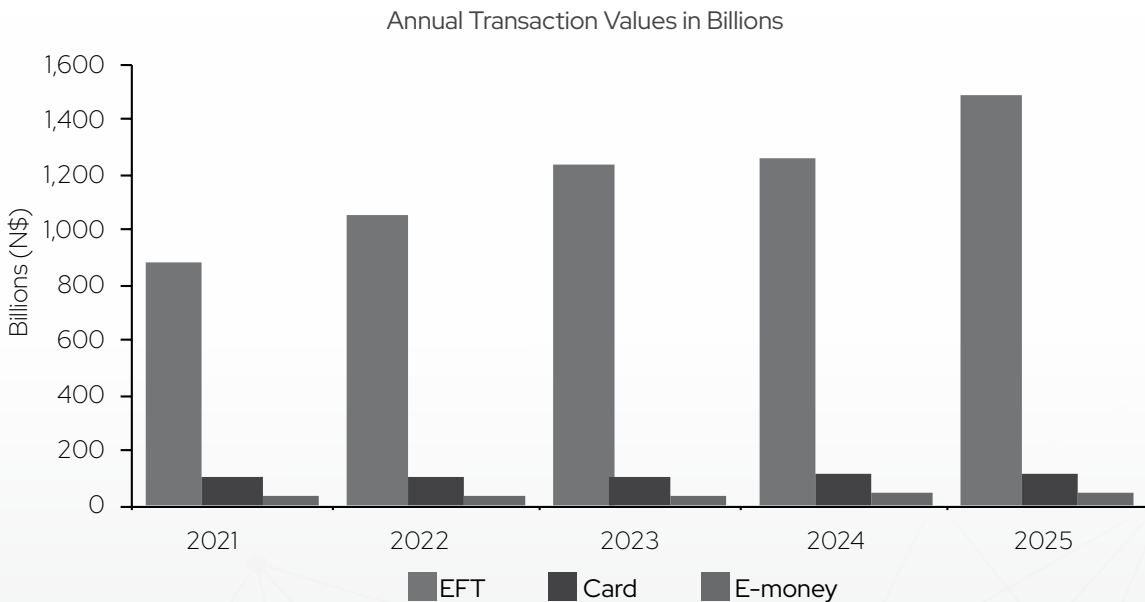
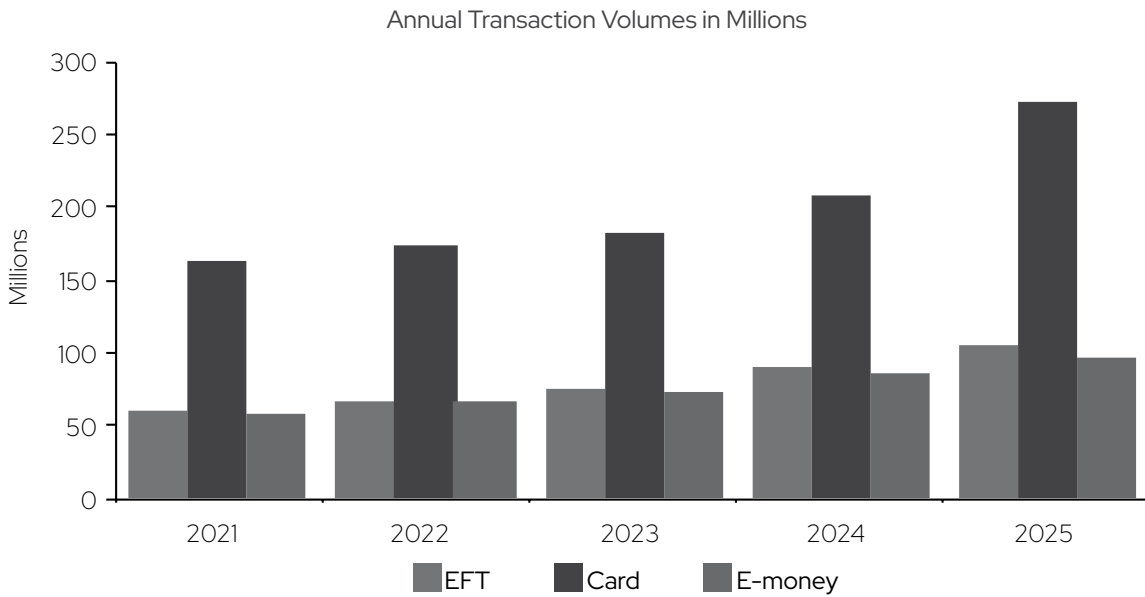
Figure 1: The Namibian NPS Ecosystem



4.2 Payment Instruments: Types, Volumes and Values, Key Trends

Over the past five years, Namibia's payments landscape has undergone a significant transformation. Continued growth in the volume and value of digital payments signals a shift toward digital transactions, but also growing public confidence in modern payment methods. This momentum confirms the central role of digital payments as a driver of inclusive and sustainable economic development. As illustrated in Figure 2, the steady upward trajectory of payment activity over the review period reflects the deepening integration of digital payments into everyday economic life. Looking ahead, this growth is set to accelerate further, fuelled by expanding interoperability, continued digitalisation across sectors, and the progressive rollout of instant payment capabilities, positioning Namibia's payment ecosystem for its next phase of innovation and expansion.

Figure 2: NPS Payment Trends



5. Regional and Global Payments Evolution

Namibia's NPS is evolving within a dynamic and fast-changing regional and global payments environment. The NPS Vision 2030 is shaped by powerful payment megatrends that are redefining how payment systems are designed, delivered, and governed. Driven by rapid technological progress, shifting user expectations and coordinated international reform initiatives, the below forces are transforming the payments landscape and providing essential perspective for the strategic direction of Namibia's payments ecosystem.



Shift Toward Smart, Data-Driven Regulation:

Regulatory authorities are increasingly adopting technology-enabled, risk-based supervisory models (SupTech and RegTech) to strengthen oversight, enhance compliance, and support innovation without compromising stability.



Advanced Artificial Intelligence (AI), Quantum & Supercomputing:

Rapid advances in agentic artificial intelligence, quantum computing, and supercomputing will transform economies in the coming years, requiring payment systems to adapt accordingly. These technologies offer powerful opportunities to enhance efficiency, fraud prevention, risk analytics, liquidity management, and overall system performance, while also transforming user experience and enabling new, more inclusive payment services. At the same time, they introduce profound implications for cybersecurity, which is a critical foundation for a resilient digital ecosystem. Harnessing these capabilities responsibly, underpinned by strong governance, robust safeguards, and forward-looking cyber-resilience strategies, will be critical to preserving trust, stability, and public confidence in the NPS.



Regional and Continental Integration: Global and regional initiatives are accelerating improvements in cross-border payments, making them faster, transparent, and affordable. These efforts are strengthening regional integration and unlocking new trade and investment opportunities.



Digital Public Infrastructure (DPI): Countries are increasingly deploying national digital public infrastructure, including digital identity, instant payment systems, and data-sharing frameworks as foundational enablers of financial inclusion, innovation, and digital economic growth.



Advancing Sustainable Business Continuity in the Payments Ecosystem:

The growing demand for continuous, real-time payment services requires strengthened and sustainable continuity frameworks. This includes the proactive evaluation of infrastructure and operational arrangements to safeguard uninterrupted operations, reinforce system resilience, and maintain a robust NPS.



Emergence of New Forms of Digital Money:

Central bank digital currencies (CBDCs), stablecoins, and other digital value instruments are reshaping the concept of money itself, with profound implications for monetary policy, financial stability, and payment system design.

6. Strategic Overview

Grounded in national priorities, informed by developments in the domestic payments environment, and aligned with regional and global payments evolution, the Strategic Themes form the guiding architecture of the NPS Vision 2030. They place user needs at the centre of the payments ecosystem, reinforce safety, trust, and operational resilience, promote efficiency and innovation, and strengthen governance and collaboration across stakeholders.

Together, these themes provide an integrated framework for advancing digital payments and deepening Namibia’s participation in regional and international payment systems. The Strategic Themes outlined below articulate the core policy and operational priorities that will shape the coordinated delivery of the NPS Vision 2030 in the years ahead.

Mandate



To ensure the safe, secure, efficient and effective operation of the NPS.

Vision



To foster an inclusive, resilient, and innovative payments ecosystem that enables shared prosperity and positions Namibia as a leader in digital payments.

Strategic Themes

User-Centricity



Users are placed at the centre of the digital payments ecosystem, with measurable user impact embedded as a core design principle across payment infrastructure, regulatory frameworks, and oversight mechanisms. Through human-centred design, behavioural insights, and data-driven monitoring, the NPS will deliver demonstrable improvements in trust, security, accessibility, and overall user experience. By institutionalising user impact assessments, leveraging anonymised ecosystem data, and aligning public education and financial literacy initiatives with clear behavioural objectives, the NPS will promote safe, informed, and inclusive digital payment adoption.

Our Values

- Inclusive
- Trusted
- Efficient
- Striving for Excellence
- Innovative
- Future-ready

Trust and Resilience



Building a resilient and secure NPS, this theme focuses on strengthening payment systems through a coordinated, system-wide approach to resilience, security, and operational integrity. The NPS will adopt a more integrated and coordinated resilience model that addresses fraud, cyber threats, operational disruptions, and systemic interdependencies across the ecosystem. Through enhanced risk standards, structured sector-wide information sharing, and continuous regulatory refinement, the NPS will strengthen its capacity to prevent, detect, and respond to emerging threats.

Strategic Foresight and Innovation



Building readiness for emerging payment technologies, the theme focuses on embedding a structured strategic foresight and innovation within the NPS to ensure long-term relevance, competitiveness, and resilience in an evolving technological landscape. This theme promotes the active exploration of opportunities presented by innovations such as digital platforms, artificial intelligence, advanced computing technologies, and evolving forms of digital money. These efforts will support the responsible integration of innovation while maintaining system integrity, financial stability, and public trust.

Digital Enablement



Driving widespread adoption and effective use of digital payments, this theme focuses on advancing the NPS through the development of an open, integrated, and innovation-driven digital payments ecosystem. This theme focuses on strengthening digital rails, standards, and connectivity mechanisms that enable seamless participation by the industry. Through the operationalisation of interoperable NAMQR Code, Open Banking and Open Finance Standards, instant payment capabilities, and cross-border payment linkages, the NPS will enhance ecosystem integration, competition, and scalable digital service delivery.

Knowledge Communities



A strong and future-ready payments ecosystem depends on skilled resources, coordinated institutions, and effective collaboration. This theme advances the systematic strengthening of institutional capability across the payments landscape by enhancing technical proficiency, deepening policy and research capacity, and embedding a culture of innovation throughout the sector. Through structured capacity development programmes, strengthened coordination mechanisms, and active participation in regional and international forums, the payments ecosystem will reinforce institutional competence and collaborative effectiveness.

7. Implementation and Monitoring

The NPS Vision 2030 is conceived as a living framework to guide the continued development and modernisation of Namibia's payments ecosystem. Implementation will be driven through coordinated action by the Bank, PAN, and NPS industry participants, in accordance with the Strategic Themes, objectives, and programmes of work articulated in this document. An industry-coordinated Action Plan will be developed to operationalise the NPS Vision 2030. The Action Plan will clearly articulate priority initiatives, sequencing across the strategic horizon, defined milestones, and assigned accountabilities. This Action Plan will serve as a supplementary document to the NPS Vision 2030, providing a structured roadmap for effective execution, coordination, and ongoing monitoring. In recognition of the

- Dynamic policy
- Economic environment
- Social environment
- Technological environment

in which the payments system operates, implementation of the Strategy is subject to bi-annual reviews. These reviews assess progress against agreed actions and milestones, identify emerging risks and implementation challenges, and inform any necessary adjustments to priorities, sequencing, or delivery approaches. The bi-annual review process supports effective and responsive implementation, while ensuring continued alignment with Namibia's broader development objectives and consistency with regional and global payment system development.



A coordinated, industry-led Action Plan will operationalise the NPS Vision 2030, outlining priority initiatives, timelines and accountabilities will be supported through ongoing collaboration across stakeholders and guided by bi-annual reviews to ensure responsiveness to evolving policy, economic, social and technological developments, while maintaining alignment with national and regional objectives.

Annexure: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Table 1 below provides an overview of the planned 2030 strategic outcomes, together with associated success indicators and indicative strategic initiatives, which may be refined through the bi-annual review process.

Table 1: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Strategic Theme	Goals	Key Strategic Initiatives	Key Success Indicators
 <p>User-Centricity</p>	<p>Embed user-centred design and behavioural intelligence into the NPS to drive trusted, secure, and inclusive digital payment adoption.</p>	<p>Develop and implement a National Digital Payment Literacy and Fraud Awareness Strategy.</p>	<p>Sustained growth in active digital payment usage across user segments, supported by enhanced trust, safety, and confidence in the adoption and use of digital payment services.</p> <p>Sustained reduction in digital payment fraud incidences and security-related complaints, reflecting strengthened user protection and system integrity.</p>
		<p>Conduct a Consumer Payments Choice and Behaviour Survey to generate data-driven behavioural insights that inform and guide the implementation of NPS modernisation programmes.</p>	
		<p>Promote the adoption and usage of digital payments.</p>	
 <p>Trust and Resilience</p>	<p>Strengthen system-wide fraud prevention, cybersecurity, and operational resilience to safeguard the integrity and continuity of the NPS.</p>	<p>Develop and operationalise a National Payments Fraud and Cybersecurity Strategy to strengthen trust, enhance threat awareness, and institutionalise coordinated fraud and cybersecurity response mechanisms, including initiatives such as convening a Fraud and Cybersecurity Symposium.</p>	<p>Sustained year-on-year reduction in payment fraud incidents and cybersecurity breaches within the NPS, supported by strengthened sector-wide collaboration, the establishment of coordinated platforms for data and information sharing, and the implementation of effective fraud-mitigation and cybersecurity controls.</p>
		<p>Enhance the resilience, efficiency, and interoperability of payment infrastructure to ensure a secure, reliable, and high-availability payment infrastructure.</p>	
	<p>Adopt best/appropriate data standards to enhance interoperability, speed, and accuracy to improve end-to-end straight-through processing of payments.</p>		<p>Continuous modernisation and optimisation of clearing and settlement systems to enhance efficiency, reinforce resilience, and support future-ready payment operations.</p>

Annexure: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Continued

Table 1: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Strategic Theme	Goals	Key Strategic Initiatives	Key Success Indicators
	To enable a digitally integrated payments ecosystem through modern infrastructure, inclusive participation, and innovative solutions.	Digital Payments Acceleration Programme: To enable a modern, interoperable digital payments ecosystem that improves customer experience and drives economic connectivity.	Deepened digital payment adoption, evidenced by sustained year-on-year growth in digital payment usage.
		Operationalisation of NAMQR Code Standards.	
		Operationalisation of the Open Banking / Finance Standards.	
		Adoption and sustained growth of instant payments.	
 Digital Enablement	Embed Digital Public Infrastructure integration within the NPS.	Implementation of the National Digital Public Infrastructure initiatives, such as supporting digital identity integration within the NPS to enable secure and efficient e-KYC, strengthen compliance, and modernise inclusive digital onboarding.	Successful implementation and operational integration of DPI capabilities within the NPS.
		Enable secure, interoperable API-driven integration across the national digital ecosystem in Namibia.	
	Cross-border payments	Implement and integrate approved cross-border payment platforms to enable seamless, interoperable cross-border transactions that support the efficient movement of trade.	Improved speed, transparency, and cost-effectiveness of cross-border payments across regional corridors.
		Implement cross-border fast payment interlinkages.	
		Advance the continuous modernisation of clearing and settlement systems to strengthen business continuity and operational resilience for cross-border transactions.	

Annexure: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Continued

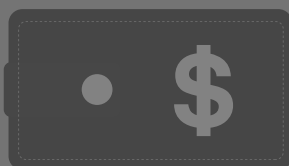
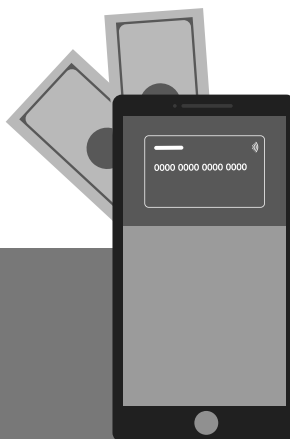
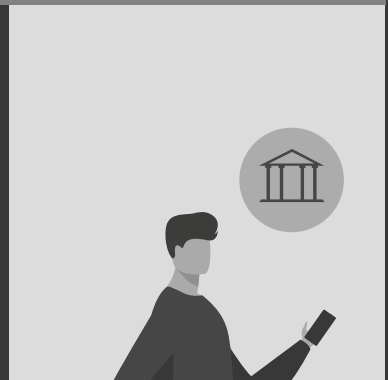
Table 1: Strategic Themes, Goals, Strategic Initiatives and Success Indicators

Strategic Theme	Goals	Key Strategic Initiatives	Key Success Indicators
 <p>Strategic Foresight and Innovation</p>	<p>Proactive policy readiness and regulatory response for emerging payment technologies that preserve stability while enabling innovation</p>	<p>Undertake a structured assessment to evaluate the risks, opportunities, and systemic implications of artificial intelligence, including agentic AI and tokenisation within payment systems.</p>	<p>Active exploration of emerging payment technologies within the NPS, supported by the establishment of appropriate frameworks and guidance for their responsible adoption, as evidenced by:</p> <ul style="list-style-type: none">  Timely publication of formal strategic or policy positions.  Completion of impact assessments where appropriate.  Participation in relevant regional or global pilot and sandbox initiatives.
		<p>Explore opportunities and implications presented by quantum computing for cybersecurity and system resilience within the NPS, including strategies to strengthen long-term technological preparedness.</p>	
		<p>Establish a clear strategic position on emerging forms of digital money, including stablecoins.</p>	
 <p>Knowledge Communities</p>	<p>Advance future-fit, smart regulation that fosters innovation to maintain stability and integrity in the NPS.</p>	<p>Implementation of the National Digital Public Infrastructure initiatives, such as supporting digital identity integration within the NPS to enable secure and efficient e-KYC, strengthen compliance, and modernise inclusive digital onboarding.</p>	<p>Successful implementation and operational integration of DPI capabilities within the NPS.</p>
		<p>Enable secure, interoperable API-driven integration across the national digital ecosystem in Namibia.</p>	
 <p>Knowledge Communities</p>	<p>Payments Industry Skills Enablement</p>	<p>Formalise structured training, certification, and knowledge-sharing programmes to build sustainable sector-wide expertise, including collaboration with Namibian universities to develop a comprehensive banking and payments curriculum.</p>	<p>Catalyse sustainable growth of the payments sector through industry-wide training and capacity development.</p>
		<p>Increased engagement at regional and global forums for collaboration, learning, and partnerships.</p>	
	<p>Foster Co-opetition</p>	<p>Balanced collaboration and competition across the payments ecosystem, measured through joint industry initiatives, interoperability coverage, market competition indicators, and cost-to-serve efficiencies.</p>	<p>Promote a collaborative and competitive payments ecosystem that drives innovation, interoperability, and efficiency</p>



Bank of Namibia

DIGITAL FINANCIAL LITERACY MANUAL



Financial Literacy Initiative

Table of Content

Module 1

Money in a Digital World

Welcome to Money in the Digital Age	08
How Money Has Changed Over Time	09
Understanding Physical Money vs. Digital Money	12
Financial Literacy vs. Digital Financial Literacy	16

Module 2

Using Digital Money Tools on Your Phone

Welcome to Digital Money Tools and Mobile Channels	20
Understanding Mobile Phones for Money Services	21
Your SIM Card and Mobile Account	24
Understanding USSD Services	25
Using Mobile Banking Apps and E-Wallets	28
Doing Common Money Tasks	30
Fixing Common Problems and Getting Help	34

Module 3

UNDERSTANDING AND USING THE INSTANT PAYMENT SYSTEM (IPS)

Welcome to the Instant Payment System (IPS)	40
What is the Instant Payment System (IPS)?	40
Speed and Convenience: Why IPS is Great	42
IPS Can Save You Money	44
IPS is Safe and Trustworthy	46
IPS Helps Everyone Access Money Services	46
How to Send Money Using IPS	47
How to Receive Money Using IPS	49

Module 4

KEEPING YOUR DIGITAL MONEY SAFE

Introduction to Digital Financial Risks and Security	54
Understanding Digital Financial Dangers	54
Keeping Your PINs and Passwords Safe	57
Safe Ways to Make Payments	60
Spotting and Avoiding Scams	61
Protecting Your Personal Information and Devices	63
How to Check and Verify Information (Verification Strategies)	64

Module 5

WHAT TO DO WHEN THINGS GO WRONG

Introduction to Incident Response and Recovery	70
How to Know if There is a Problem (Recognizing Security Incidents)	70
What to Do Right Away if There is a Problem (Immediate Response Actions)	71
Getting Back on Track After a Problem (Recovery and Follow-Up)	72

Module 6

SMART MONEY MANAGEMENT IN A DIGITAL ERA

Introduction to Digital Money Management	76
Planning Your Money with Digital Tools (Digital Budgeting and Expense Tracking)	76
Saving Your Money with Digital Tools (Digital Savings Strategies)	79
Conclusion of Smart Money Management in a Digital Era	81

Module 7

MANAGING YOUR DEBTS IN THE DIGITAL AGE

Introduction to Digital Debt Management	84
Keeping Track of Your Debts (Understanding Digital Debt Management)	84
Ways to Pay Off Your Debts (Debt Repayment Strategies)	86
Avoiding Money Traps (Avoiding Digital Debt Traps)	86
Setting Your and Planning (Financial Goal Setting and Planning)	87
Making Your Money Plans (Creating Financial Plans)	88
Changing Your Money Plans Over Time (Adapting Plans Over Time)	89

Module 8

BECOMING A DIGITAL FINANCE CHAMPION

Introduction to Digital Finance Leadership	94
Helping Your Community Learn (Community Education and Support)	94
What to Do When Something Goes Wrong (Reporting and Response Systems)	95

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Digital banking isn't just about moving money faster. It's about moving people forward with access, convenience, and control in the palm of their hands.





INTRODUCTION

Namibia's financial sector is changing. Across the country, new digital technologies are making it easier for people to send money, receive payments, save, and manage their finances. These developments form part of Namibia's broader vision under the Namibia Financial Sector Transformation Strategy (2025–2035), which aims to build a more inclusive, modern, and accessible financial system for all Namibians.

A key priority of the strategy is digital financial inclusion. This means ensuring that every Namibian, whether living in towns, villages, or rural communities, has the knowledge, confidence, and opportunity to safely use digital financial services.

However, access to digital financial services alone is not enough. People must also understand how these tools work and how to use them responsibly. This is where digital financial literacy becomes important.

This guide has been developed to support that goal. It is designed for all Namibians, including students, workers, entrepreneurs, pensioners, and anyone who is new to digital financial services. The guide explains how digital money works and how it can help you manage your finances more safely and effectively.

Throughout this booklet, you will learn in simple and practical terms:

- how money is changing in the digital age
- how to use digital payment tools such as mobile money and instant payments
- how to keep your money safe from fraud and scams
- how to manage your spending, savings, and debts using digital tools
- how to support others in your community to use digital financial services confidently

The examples used in this guide reflect everyday life in Namibia, paying for groceries, sending money to family, running a small business, or managing household finances.

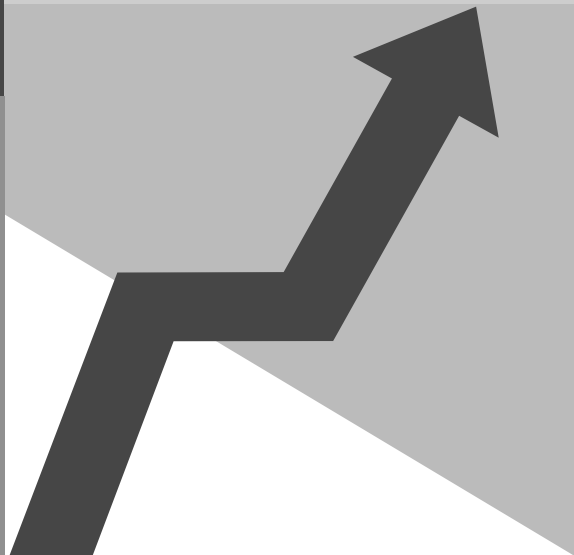
By building the knowledge and confidence to use digital financial services, every Namibian can take part in a financial system that is more inclusive, more innovative, and better able to support economic opportunity for all.

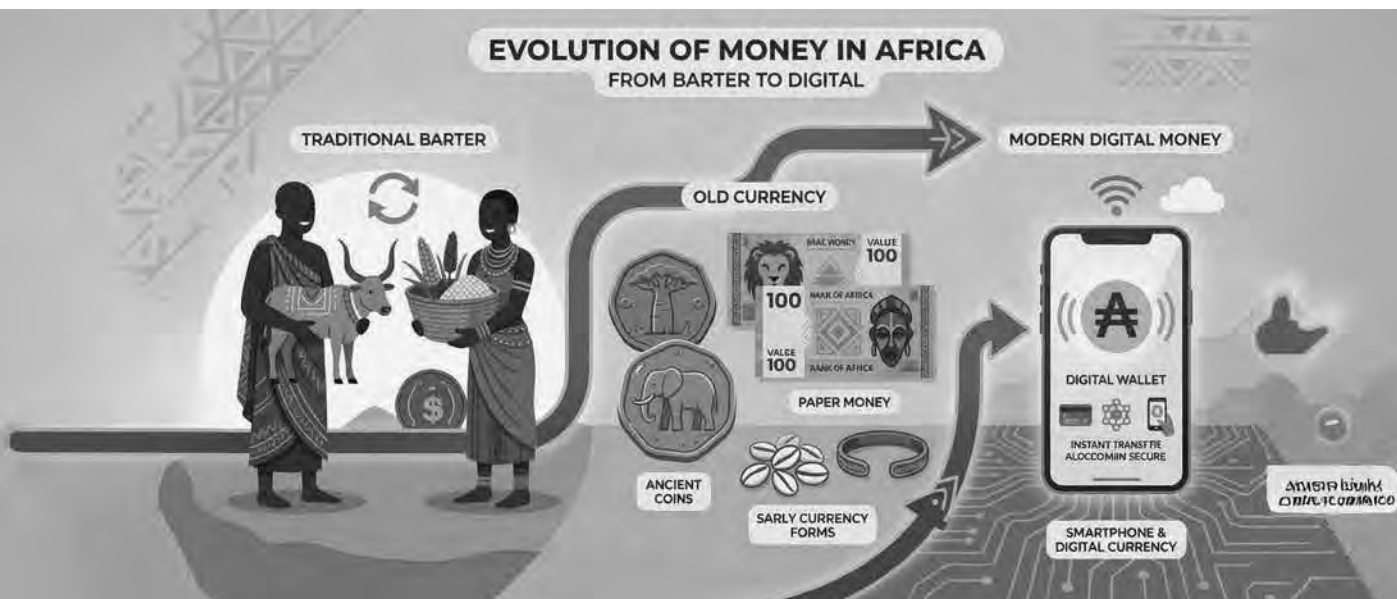
This booklet is one step in that journey.

MODULE 01

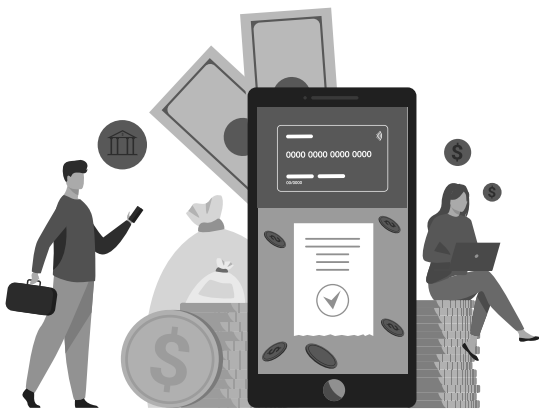


MONEY IN A DIGITAL WORLD





Welcome to Money in the Digital Age



Money has always been a part of our lives. It helps us buy things, save for the future, and plan for our families. Over many years, money has changed a lot. It started with trading goods, then came coins, paper money, and now, digital money.

Today, we are seeing another big change. Digital money services are changing how we think about and use money. It is important for everyone to understand these new ways. This helps you take part fully in today's economy.

Digital money is not just a new way to do old things. It changes how money works and how you get financial services. For many people in Namibia, especially in villages and places far from towns, digital money is a chance to use formal banking services for the first time.

This part of the guide will help you understand how money has changed. We will look at the difference between physical money (like cash) and digital money. You will learn why understanding digital money is important for your financial well-being and for taking part in the economy.



WHAT THIS MEANS FOR YOU

You will learn about the new ways money is used today. You will understand how digital money can help you. This knowledge will help you manage your money better and join the digital economy.

How Money Has Changed Over Time



Old Ways of Trading

Long ago, before money, people used to barter. This means they traded things they had for things they needed. For example, a farmer might trade maize for tools. A person who makes pots might trade them for a cow.



WHAT THIS MEANS FOR YOU

Imagine you have chickens and need sugar. With bartering, you had to find someone who had sugar and wanted chickens. This was often difficult.

Bartering worked for simple trades, but it had problems. It was hard to find someone who wanted exactly what you had and had exactly what you needed at the same time. This made trading slow and difficult. Also, it was hard to save things like food, as they would spoil.

As communities grew, people started using commodity money. These were items that everyone agreed had value and could be traded easily. Things like cattle, grain, valuable metals, or shells were used. These items were better than simple bartering because they kept their value and were accepted by many.



WHAT THIS MEANS FOR YOU

Commodity money made trading easier. You could trade a cow for many things, not just one specific item.

But commodity money also had its limits. It was hard to carry large amounts of cattle or grain. It was also difficult to give exact change. And some items could get lost or spoil over time.



Diagram: A simple timeline showing: Barter (two people exchanging goods)

Coins and Paper Money Appear

Later, people started using coins. These were often made from valuable metals like gold and silver. Coins were easy to carry, lasted a long time, and everyone accepted them. This made trading much easier.



WHAT THIS MEANS FOR YOU

Coins were a big step forward. They were small and easy to count, unlike a cow or a bag of grain



Governments started making coins with special marks. These marks showed that the coins were real and had the right value. This helped people trust the money even more.



Much later, paper money was invented. At first, paper money was like a receipt for gold or silver kept in a safe place. You could exchange the paper for real gold or silver.



WHAT THIS MEANS FOR YOU

Imagine carrying a lot of heavy coins. Paper money made it easier to buy big things without carrying a heavy load.



Over time, paper money changed. Today, our paper money is called fiat currency. This means its value comes from the government saying it is legal to use, and because people trust and accept it. It is not backed by gold or silver anymore.



WHAT THIS MEANS FOR YOU

We trust our government and our fellow Namibians to accept the Namibian Dollar. This trust makes our money work. Visual Suggestion:



“
Digital banking began when banking went mobile.”

Banks and Financial Institutions Grow

As money became more complex, special places called banks started to appear. Banks helped people keep their money safe. They also helped send money between people far apart and offered loans to help businesses grow.



WHAT THIS MEANS FOR YOU

Banks made it easier to save money and get help when you needed to borrow for something important, like starting a small business.

Banks also brought new ways to use money, like bank deposits (money you put in the bank) and cheques. These made handling money more efficient. They helped more people get access to financial services, though often these services were mostly for richer people in towns.

Electronic and Digital Money Arrives

Now, we have electronic money and digital money. This is the newest way money has changed. It uses computers and phones to move money around.

At first, this meant sending money between banks using computers. Then came credit cards and debit cards. These cards let you pay for things without carrying cash. They made payments quicker and safer.



WHAT THIS MEANS FOR YOU

Paying with a card at a shop means you don't need to carry a lot of cash. It's fast and convenient.

The internet and mobile phones brought even bigger changes. You could do online banking from your computer. Then, mobile banking came to your phone. This made banking easier for everyone, especially those in remote areas who couldn't easily get to a bank.



WHAT THIS MEANS FOR YOU

You can check your money or send money to family using your phone, even if you are far from a bank.

Old Way (Cash)	New Way (Digital Money)
Carry physical notes and coins	Money stored on your phone or in a bank account
Pay in person	Pay from anywhere with your phone
Can be lost or stolen easily	Safer, as it's protected by passwords



Understanding Physical Money vs. Digital Money

What is Physical Money?

Physical money is the cash you can touch and hold, like coins and paper notes. It has been useful for a very long time. Knowing its good and bad points helps us understand digital money better.

Good things about Physical Money:

- You can touch it: You can feel and see your cash. This makes it easy to understand and use. Many people feel safe when they can see their money.
- Instant payment: When you pay with cash, the payment happens right away. There is no waiting. This is good for small payments or when you need to pay quickly.
- Private: When you pay with cash, there is usually no record of it. This can be good if you want to keep your spending private.
- Accepted everywhere: In Namibia, cash is accepted almost everywhere. You don't need special technology to use it.
- No technology needed: You don't need a phone, electricity, or special skills to use cash. Everyone can use it.



WHAT THIS MEANS FOR YOU

Cash is simple and always works, even when there is no network or power.

Cash is simple and always works, but it has its own risks!"



Problems with Physical Money

Even though cash is useful, it has some big problems that digital money can help fix.

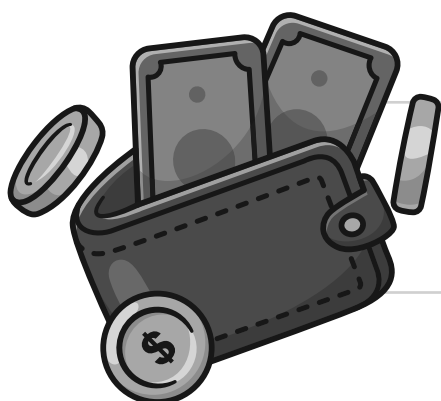
Problems with Physical Money:

- **Can be lost or stolen:** If your cash is lost or stolen, it is usually gone forever. This is a big worry if you carry a lot of money.
- **Hard to carry large amounts:** Moving a lot of cash over long distances is expensive and risky. It takes time and effort.
- **Needs safe storage:** You need a safe place to keep your cash. Large amounts need very secure places. Even small amounts need protection from theft or damage.
- **Hard to make exact change:** Cash comes in fixed amounts. Sometimes it is hard to get or give the exact change you need.
- **Can be fake:** Some people make fake money. It can be hard to tell real money from fake money. If you get fake money, you lose your own money.
- **No records:** Cash payments usually don't leave a record. This makes it hard to track your spending, manage your budget, or prove you paid for something.



WHAT THIS MEANS FOR YOU

Carrying a lot of cash can be dangerous. It can also be hard to keep track of where your money goes. Visual Suggestion:



Warning:

Be careful! Carrying too much cash can make you a target for thieves.



What is Digital Money?

Digital money is money that only exists on computers and phones. It is stored and moved using electronic systems. Understanding digital money helps us see why it is becoming so important today.

Good things about Digital Money:

- **Stored electronically:** Your digital money is kept in electronic accounts, like with your bank or a mobile money service. This means you don't need to worry about it being physically stolen or lost.
- **Moves quickly:** Digital money can be sent very fast, often in seconds or minutes. It doesn't matter how far away the person is.
- **Automatic records:** Digital money systems keep a record of every payment. This helps you see where your money goes. It is useful for budgeting and solving problems if they come up.
- **Smart features:** Digital money can be set up to do things automatically. For example, you can set up regular payments or automatic savings. This helps you manage your money better.
- **Works with other services:** Digital money can easily connect with other financial services. This includes savings accounts, loans, or insurance. This makes managing your money more complete and easy.
- **Easy to reach:** You can use digital money with your mobile phone. This makes financial services available to many people who could not use traditional banks before. This is very helpful for people in rural areas.



WHAT THIS MEANS FOR YOU

Digital money is safer from theft than cash. It is also very fast and keeps track of your payments for you.

Why Digital Money is Better

Digital money has many good points compared to physical cash. These benefits are especially important for how we live and grow today.

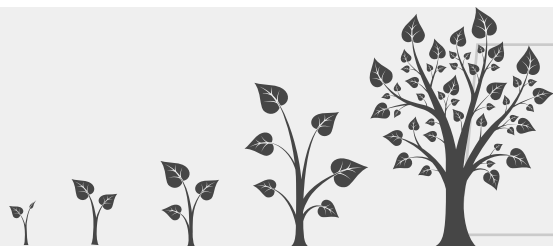
Advantages of Digital Money:

- **More secure:** While there are new risks, digital money is safer from physical theft. Most digital systems have security like passwords and tracking to protect your money.



WHAT THIS MEANS FOR YOU

Practice with your hands: The best way to learn is by doing. Try using real digital money services in a safe way. It's okay to make mistakes when you are learning. What this means for you: Practice sending money to a trusted family member or buying airtime for yourself. Start with small amounts. Learn from others: Talk to friends, family, or community members who already use digital money. They can share their experiences and give you helpful advice. What this means for you: Ask your neighbor how they pay their electricity bill using their phone. They can show you step-by-step. Keep learning: Digital money services are always changing. New services and ways to stay safe come out all the time. Keep learning and adapting. What this means for you: Stay curious! Ask questions about new services you hear about. Community support: It's easier to learn when your community supports you. Work together with others. Share what you learn. This helps everyone in your community become better with digital money. What this means for you: Join a community group that talks about digital money. You can learn together and help each other.



Learning is like planting a seed. With practice and patience, it will grow into a strong tree!

Feature	Physical Money (Cash)	Digital Money (Phone)
Safety from theft	Low (can be stolen)	High (protected by PINs/passwords)
Speed of transfer	Instant (in person)	Instant (anywhere)
Cost of transfer	No direct cost (but travel costs)	Often lower fees
Record keeping	Manual	Automatic
Access in rural areas	Requires physical bank/agent	Accessible via phone



Digital money helps more Namibians take part in the economy, especially those in remote areas.



Financial Literacy vs. Digital Financial Literacy

What is Traditional Financial Literacy?

Financial literacy means having the knowledge, skills, and confidence to make good choices about your money. It helps you manage your money well. Traditional financial literacy focuses on understanding basic money ideas and how to handle physical cash and old-style banking services.

What Traditional Financial Literacy Teaches You:

- **Budgeting and Managing Money:** How to keep track of money coming in and going out. How to make a spending plan (budget). How to manage your cash flow. This includes planning for regular bills, saving money, and not overspending.
- **Saving and Investing:** Learning different ways to save money and grow your wealth over time. Understanding how interest works. Knowing about risks and rewards of investing. Understanding why it's good to start saving early.
- **Credit and Debt:** How loans (credit) work. How to use credit wisely. How to manage money you owe (debt). This includes knowing about interest rates, loan terms, and what happens if you cannot pay back a loan.
- **Insurance and Risk:** Understanding different types of insurance. How insurance protects you from financial problems. Other ways to handle unexpected events or money worries.
- **Financial Planning:** How to set money goals. How to make plans to reach those goals. How to change your plans if things in your life change. This includes understanding that money today is worth more than money tomorrow (time value of money) and planning for the long term.



WHAT THIS MEANS FOR YOU

Traditional financial literacy helps you make smart choices with your cash and with banks. It gives you a strong foundation for managing your money.



Knowing how to manage your cash is the first step to being good with money!

Why We Need Digital Financial Literacy Now

Traditional financial literacy is still important. But with more and more digital money services, we need new skills. This is called Digital Financial Literacy. It means knowing how to use digital money services safely and well.

Why Digital Financial Literacy is Important:

- **Technology is everywhere:** Digital money uses phones and computers. You need to know how to use these tools. You need to understand how to use apps and fix small problems.
- **New dangers:** Digital money brings new risks. These include online scams, identity theft, and technical problems. You need to know about these dangers and how to protect yourself.
- **More chances for you:** Digital money opens new doors. You can get loans, save money, start businesses, and join the bigger economy. Learning how digital systems work helps you use these chances.
- **Services are changing:** More and more money services are moving online. If you don't have digital money skills, you might miss out on basic services.
- **Your rights are different:** Digital money has different rules and ways to protect you. You need to know your rights and what to do if there is a problem.



WHAT THIS MEANS FOR YOU

Learning about digital money helps you stay safe and use new services. It helps you take part in today's world.

What Digital Financial Literacy Includes

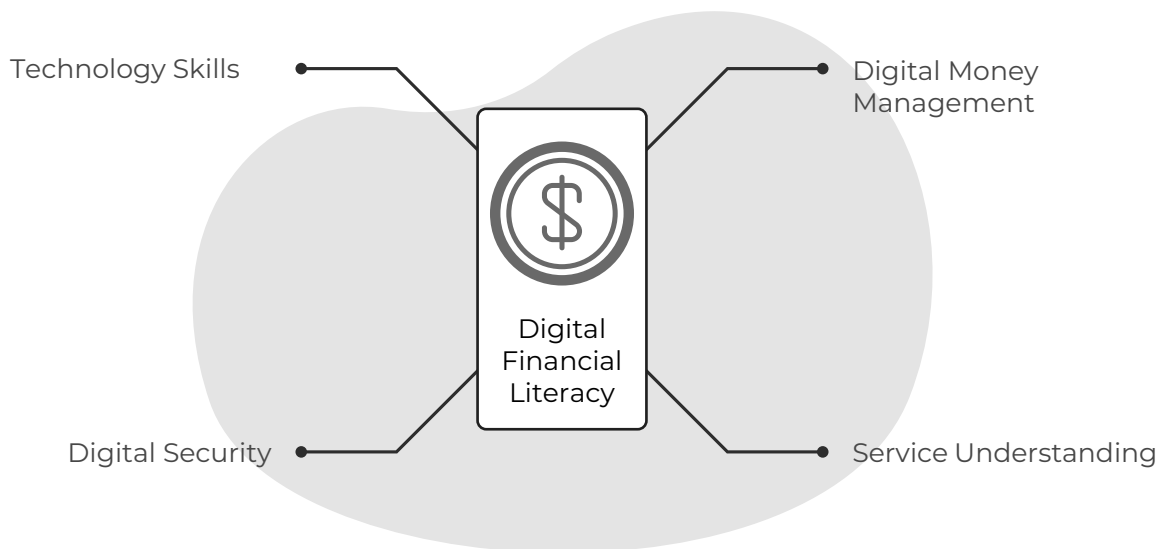
Digital financial literacy covers several important areas. These skills are key to using digital money services well.

Key Parts of Digital Financial Literacy:

1. **Technology Skills:** This means knowing how to use your mobile phone. How to use apps and understand how digital systems work. It includes knowing about different phones and how to fix common phone problems.
2. **Digital Security:** This is about keeping your personal information safe. How to make strong passwords. How to spot and avoid scams. What to do if something goes wrong. It means knowing about online dangers and how to protect yourself. *What this means for you: You will learn how to keep your money safe from thieves who try to trick you online.*
3. **Understanding Services:** Knowing about different digital money services. How they work, what they cost, and how to choose the right one for your needs. This includes understanding the rules and fees. *What this means for you: You will know which mobile money service is best for sending money to your grandchildren for school supplies.*
4. **Managing Digital Money:** How to handle your money when it's digital. How digital

payments work. How to track your digital spending. How to use both digital and physical money together. *What this means for you: You can easily see how much you spent on groceries last week using your phone.*

5. **Solving Problems:** Knowing what to do if you have a problem with a digital money service. How to contact customer service. How to complain if needed. What rules protect you. *What this means for you: If a payment goes wrong, you will know exactly who to call and what to say.*
6. **Always Learning:** Digital money services are always changing. You need to keep learning about new services and how to stay safe. This helps you adapt to new technologies. *What this means for you: You will always be ready for new ways to use your money safely and smartly.*



Building Your Digital Financial Literacy

How to Build Your Skills:

- **Start with the basics:** If you are new to digital money, begin with simple ideas. Learn how your phone works. Understand basic safety rules. Then, slowly try simple digital money services.
- **Practice with your hands:** The best way to learn is by doing. Try using real digital money services in a safe way. It's okay to make mistakes when you are learning. *What this means for you: Practice sending money to a trusted family member or buying airtime for yourself. Start with small amounts.*

- **Learn from others:** Talk to friends, family, or community members who already use digital money. They can share their experiences and give you helpful advice. *What this means for you: Ask your neighbor how they pay their electricity bill using their phone. They can show you step-by-step.*
- **Keep learning:** Digital money services are always changing. New services and ways to stay safe come out all the time. Keep learning and adapting. *What this means for you: Stay curious! Ask questions about new services you hear about.*
- **Community support:** It's easier to learn when your community supports you. Work together with others
- **Share what you learn.** This helps everyone in your community become better with digital money. *What this means for you: Join a community group that talks about digital money. You can learn together and help each other.*



MODULE 02



USING DIGITAL MONEY TOOLS ON YOUR PHONE





Welcome to Digital Money Tools and Mobile Channels

Mobile phones have changed how people use money all over the world. In Namibia, you can use your mobile phone to do banking, pay for things, send money, and manage your finances. This part of the guide will help you learn how to use these tools with confidence.

It is important to know how to use digital money tools. They can save you time and money. They can also help you get services that might not be in your area. But to use them safely, you need to know how they work and what dangers to avoid.

This module will teach you practical skills. You will learn about different types of mobile phones. You will learn how to use special codes called USSD. You will also learn how to do common things like checking your money balance or sending money. By the end, you will feel confident using mobile money services every day.



WHAT THIS MEANS FOR YOU

You will learn how to use your phone for money matters. You will save time and money by using these services. You will feel more confident and safe when using digital money.



Understanding Mobile Phones for Money Services



Different Types of Phones and What They Can Do

Mobile phones come in different types. Each type has different ways to use digital money services. Knowing these differences helps you choose the right phone for your needs.

Feature Phones

Feature phones are basic mobile phones. They can make calls and send text messages. They can also use simple internet services. Most feature phones use special codes called USSD to access mobile money services.



WHAT THIS MEANS FOR YOU

Feature phones are usually cheaper than smartphones. Their battery lasts longer. Many people in Namibia use them.

You can do most mobile money services on a feature phone. You can check your money balance, send money, or pay bills using USSD codes. The main differences are smaller screens and less internet use compared to smartphones.



Your basic phone can do many important money tasks!

Smartphones

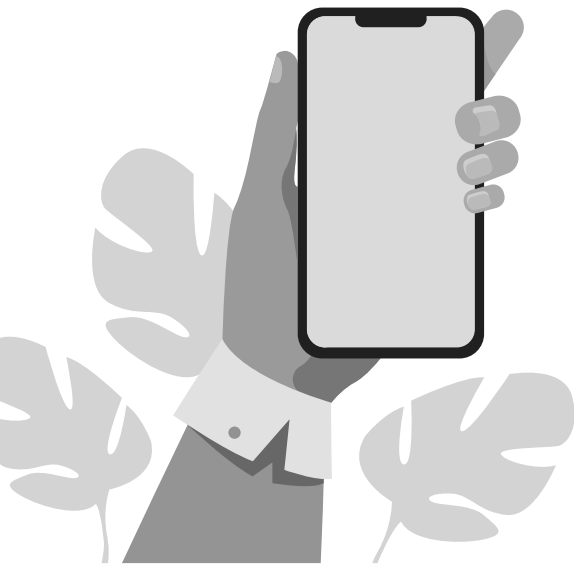
Smartphones are more advanced phones. They can run many applications (apps). They can access the internet fully. They can also take photos and do many things a computer can do.



WHAT THIS MEANS FOR YOU

Smartphones make mobile money services easier to use. They have bigger screens and better internet. They can also store your transaction history.

Smartphones can use mobile money services through both USSD codes and special mobile apps. However, smartphones are usually more expensive. They need to be charged more often. They can also be more complex for people who are not used to advanced technology.



Feature Phone	Smartphone
Basic calls and texts	Many apps, full internet
Uses USSD codes	Uses USSD codes and apps
Cheaper, long battery life	More expensive, shorter battery life
Simpler to use	More complex, many features

Hybrid Devices

Some phones are in between feature phones and smartphones. They have some advanced features but are still simple and affordable. These phones might use basic apps and internet but are mostly used like traditional phones.

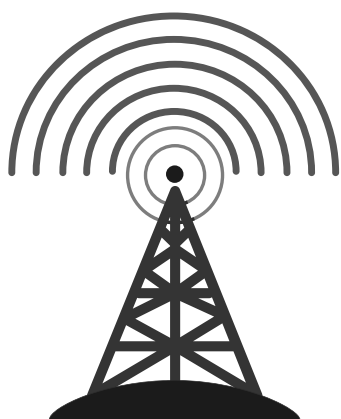


WHAT THIS MEANS FOR YOU

These phones offer a good balance if you want some smart features without the full cost or complexity of a smartphone.



Hybrid phone



Mobile Network Technologies and Coverage

Knowing about mobile networks helps you understand which services you can use and where. It also helps you use them well.

Types of Mobile Networks

- **2G Networks:** These are older networks. They are good for calls, text messages, and basic internet. Most mobile money services work on 2G networks, especially using USSD codes. This means you can use these services even in many rural areas of Namibia.
- **3G and 4G Networks:** These are newer networks. They offer faster internet speeds. They are better for smartphone apps, faster payments, and things like real-time messages. 3G and 4G coverage is growing in Namibia, but it might not be everywhere, especially in very remote areas. *What this means for you: If you have a smartphone, these networks make your apps work faster. But always check if you have good signal where you are.*

Network Coverage Matters

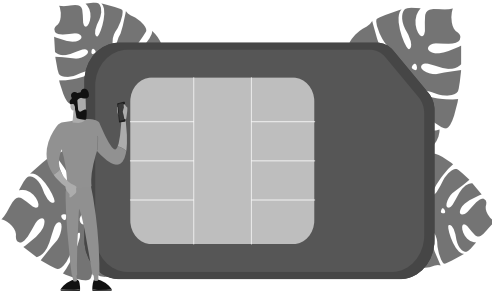
Mobile money services need phone network coverage to work. Knowing the coverage in your area helps you plan when and where you can use these services. Most mobile money services work on any available network. But some advanced features might need a stronger signal or faster network.



WHAT THIS MEANS FOR YOU

Before you try to send money, make sure your phone has a good signal. This helps prevent problems.

Your SIM Card and Mobile Account



Your SIM card is very important for using mobile money services. It tells the phone network who you are. It also holds important information for your account.

SIM Card Registration

In Namibia, you must register your SIM card. You need to use your official identification documents. This registration is needed to use mobile money services. It also helps protect you from fraud. Make sure your SIM card is properly registered and that your details are up-to-date.



WHAT THIS MEANS FOR YOU

If your SIM card is not registered, you cannot use mobile money. Keep your registration details current.

SIM Card Registration

Your SIM card has important information that can be used to get into your mobile money accounts. Keep your SIM card safe. If you lose your phone or it gets stolen, tell your mobile network provider right away. They can block your lost SIM card and give you a new one. This protects your money.



WHAT THIS MEANS FOR YOU

Treat your SIM card like cash. Don't let anyone else use it. If it's lost, report it immediately.

Using More Than One SIM Card

Some people use more than one SIM card. They might use different cards for different things or from different providers. If you use many SIM cards, know which services are linked to each card. Keep track of your different accounts and PINs.



WHAT THIS MEANS FOR YOU

If you have multiple SIMs, make sure you know which one is for your mobile money. Don't get confused!

Taking Care of Your SIM Card

SIM cards can get damaged by water, bending, or other problems. Handle your SIM card carefully. Keep it in a safe place when you are not using it. If your SIM card gets damaged, ask your mobile network provider for a new one.



WHAT THIS MEANS FOR YOU

A damaged SIM card means you cannot use your mobile money. Take good care of it.



Understanding USSD Services

USSD stands for Unstructured Supplementary Service Data. It is a way for your phone to talk to the service provider's computer. USSD is the main way to use mobile money services on both basic phones and smartphones in Namibia.

How USSD Works

When you dial a USSD code, like *140#, your phone sends a message. This message goes to your mobile network provider. Then, it goes to the right service provider, like your bank or mobile money company.

The service provider then sends a message back to your phone. This message appears on your screen, usually as a text message. You can then reply to these messages to choose options or enter information.



WHAT THIS MEANS FOR YOU

You can have a back-and-forth conversation with the service. You choose what you want to do, like checking your balance or sending money.

USSD works very quickly. You usually get a reply in a few seconds. You keep replying until you finish what you want to do or stop the service.

Good Things about USSD

- **Works on all phones:** USSD works on all types of mobile phones, even the basic ones.
- **No internet needed:** You don't need internet or special apps. This makes it easy for people with simple phones or limited internet access.
- **Safe to use:** USSD sessions are secure. They work even when your phone signal is not very strong.



WHAT THIS MEANS FOR YOU

You can use USSD services even if you are in a rural area with no internet, as long as you have a phone signal.

How USSD Codes Look

USSD codes usually start with a star (*) and end with a hash (#). In between, there are numbers that tell the service what you want to do. For example, *140#` might be for checking your account balance.

Common USSD Codes for Money Services

Different mobile money providers have their own USSD codes. But they often follow similar patterns, which makes them easier to remember.

- **Checking Your Balance:** Most providers have simple codes to check how much money you have. These are usually short codes like *140# or *132#`. Checking your balance is often free or very cheap. It's a good way to keep an eye on your money.
- **Sending Money:** Codes for sending money are usually a bit longer. You will need to say who you are sending money to and how much. For example, a code might start with *140# and then ask you for more details. *What this means for you: You can send money to your family in another town for school fees.*
- **Buying Airtime:** Many mobile money services let you buy airtime for yourself or others. You will usually need to enter the phone number and the amount of airtime. *What this means for you: You can buy airtime for your phone directly from your mobile money account.*
- **Paying Bills:** Some services let you pay bills using USSD codes. You will need to enter the type of bill, the account number, and the amount. *What this means for you: You might be able to pay your electricity bill using USSD.*
- **Managing Your PIN:** Most services have codes to change your PIN (Personal Identification Number). Your PIN is like a secret password for your money. These codes will ask for extra steps to make sure it's really you. *What this means for you: You can change your secret PIN if you think someone else knows it.*

How to Use USSD Menus

USSD services use menus to help you choose what you want to do. You go step-by-step to finish your task.

Steps to Navigate USSD Menus:

1. **Main Menu:** When you dial a USSD code, you will see a main menu. This menu lists all the services you can choose. Each choice has a number next to it. You simply type the number for the service you want and press send.
- **Sub-Menus:** Some services have more choices inside them. These are called sub-menus. You navigate them the same way: choose the number for what you want to do. *What this means for you: After choosing "Send Money", you might see "1. To Registered User" or "2. To Unregistered User".*
- **Entering Information:** Sometimes, you need to type in details. This could be a phone number, an amount of money, or an account number. Always type carefully and check your numbers twice before you press send. *What this means for you: If you are sending N\$100, make sure you type `100` and not `10` or `1000`.*
- **Confirming Your Action:** Most money tasks will ask you to confirm. This means the screen will show you all the details of your payment. It will ask you if everything is correct. Always read this carefully before you say yes. *What this means for you: Double-check the person's name and the amount of money before you confirm. This stops mistakes.*
- **Fixing Mistakes:** If you make a mistake, you can usually go back to the previous menu. Or you can start again by dialing the main USSD code. Some services also let you cancel a payment before it is finished. *What this means for you: Don't panic if you make a mistake. You can usually fix it or start over.*

Keeping Your USSD Safe

Using USSD services safely is very important. You need to follow some rules to protect your money and personal information.

Safety Rules for USSD:

- **Protect Your PIN:** Your PIN (Personal Identification Number) is your secret code. Never tell your PIN to anyone. Do not type your PIN if other people can see your phone screen. If you think someone knows your PIN, change it right away using your service provider's menu.
- **Finish Your Session:** Always finish your USSD session quickly. Don't leave it open on your phone. If you need to stop, make sure you properly exit or cancel the session. This stops others from using your phone to access your money. *What this means for you: After sending money, make sure the USSD session closes completely.*
- **Check Before You Confirm:** Always check all the details of your payment very carefully before you confirm. Look at the person's phone number, the amount of money, and any fees. Do this before you press send. *What this means for you: Imagine you are sending money to your mother. Make sure her number is correct and the amount is what you intended.*
- **Use Trusted Networks:** Only use USSD services on your own trusted mobile network. Do not use these services on public phones or phones that many people share. Others might

be able to see your information. What this means for you: Always use your own phone for money transactions. Don't use a friend's phone or a public phone.

- **Check Your Money Often:** Look at your account balance and past payments regularly using USSD codes. This helps you see quickly if someone has used your money without your permission. You can then act fast. *What this means for you: Check your balance every week. If you see something strange, report it immediately.*



Never share your PIN with anyone, not even family or a mobile money agent!



Using Mobile Banking Apps and E-Wallets

What are Mobile Banking Apps?

Mobile banking apps are special programs you put on your smartphone. They let you do banking tasks easily with a friendly screen. These apps usually offer more features and are easier to use than USSD services. But you need a smartphone and internet to use them.



WHAT THIS MEANS FOR YOU

If you have a smartphone, banking apps can make managing your money very simple and quick. **How to Get and Set Up an App:** You usually download banking apps from your phone's app store. Or you can get them directly from your bank's website. You will need to follow steps to prove who you are and link the app to your bank account. This often means showing your ID and setting up a secret code. **What Apps Can Do:** Banking apps let you check your money balance, see your past payments, send money, pay bills, and manage your account. Many apps also have tools to help you budget or save money. **Easy to Use:** Mobile banking apps are made to be easy to use. They have pictures, buttons, and menus that are simpler to understand than just text messages from USSD. **Offline Use:** Some banking apps can save some information on your phone. This means you can see your balance or past payments even without internet. But to send money or make payments, you will need internet.



Always download banking apps from official app stores or your bank's website to stay safe!

What are E-Wallets?

E-wallets are like digital purses on your phone. They store your money electronically. You can use them to pay for things and send money with your mobile phone. E-wallets are often easier to set up than regular bank accounts. They can be used by people who might not qualify for traditional banking.



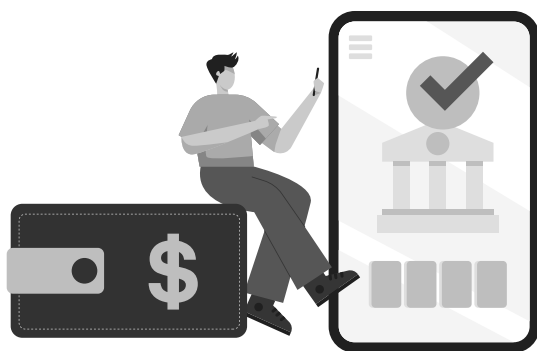
WHAT THIS MEANS FOR YOU

An e-wallet lets you keep money on your phone and use it for everyday payments, even if you don't have a bank account. **How to Set Up an E-Wallet:** To set up an e-wallet, you usually need to give some basic identification. You also link it to your mobile phone number. Some e-wallets might need to be linked to a bank account. Others can be filled with cash through mobile money agents. **How to Put Money into Your E-Wallet:** You can put money into your e-wallet in many ways. This includes sending money from your bank, depositing cash with an agent, or receiving money from other mobile money accounts. **Knowing your options helps you choose the easiest way.** **What You Can Do with an E-Wallet:** E-wallets let you send money to other people, pay at shops, pay bills, and take out cash. There are limits on how much money you can send or spend, and fees can be different for each service. **Keeping Your E-Wallet Safe:** E-wallets have many safety features. These include PINs, passwords, using your fingerprint, and watching for strange payments. Understanding and using these safety features is very important to protect your e-wallet.

How Different Services Work Together

Many mobile money services are made to work with each other. This means you can move money between different accounts. You can also use many services to meet your money needs.

- **Bank to E-Wallet:** Many banks let you send money from your bank account to your e-wallet, and back again. This gives you more ways to use and get your money.
- **Between Different Providers:** Some mobile money services let you send money between different companies. For example, from MTC Money to E-Bank. This can be handy, but sometimes the fees might be higher. *What this means for you: You can send money to a friend even if they use a different mobile money service than you*
- **Shops Accepting Payments:** Many shops now accept payments from different mobile money services. This lets you choose the easiest way to pay at the shop. *What this means for you: You can pay for your goods at the local shop using your preferred mobile money service.*
- **Shared Agents:** Some mobile money companies share their agents. This means you can do things for different services at the same agent location. This is very helpful, especially in places where there are not many agents. *What this means for you: You might be able to deposit cash into your e-wallet and withdraw cash from your bank account at the same agent.*



Doing Common Money Tasks

Checking Your Money Balance

Checking how much money you have is one of the most important things to do. It helps you manage your mobile money services well.

How to Check Your Balance:

- Most mobile money services offer many ways to check your balance. You can use USSD codes, mobile apps, send a text message, or ask an agent. Choose the way that is easiest and cheapest for you. *What this means for you: You might be able to deposit cash into your e-wallet and withdraw cash from your bank account at the same agent.*
- When you check your balance, you will see how much money you have. You might also see any payments that are still being processed. This helps you manage your money and avoid spending more than you have.
- How often you check your balance depends on how much you use your account. Many people find it helpful to check daily or before making a big payment.
- Some services can send you alerts. These messages tell you if your money goes below a certain amount or if a big payment happens. These alerts help you keep an eye on your account and spot any strange payments.



WHAT THIS MEANS FOR YOU

Regularly checking your balance helps you know exactly how much money you have. This helps you avoid problems and keeps your money safe.



Make it a habit to check your balance often. It's like checking your pockets for cash!

Sending Money

Sending money is one of the most common and useful things you can do with mobile money services. You can send money to family, friends, or business partners quickly and easily.

Types of Money Transfers:

Mobile money services let you send money in different ways. You can send money to another person using the same service. You can send money to other mobile money services. You can also send money to bank accounts.

How to Send Money (Step-by-Step):

- 1. Choose 'Send Money':** Find the option to send money in your app or USSD menu.
- 2. Enter Recipient Details:** You will need the correct information for the person you are sending money to. This is usually their phone number for mobile transfers, or their account number for bank transfers. Always double-check this information! Sending money to the wrong number is a common mistake.
- 3. Enter Amount:** Type in how much money you want to send.
- 4. Review Details:** The system will show you all the details of the payment, including any fees. Read this carefully.
- 5. Confirm with PIN:** Enter your secret PIN to confirm the payment. This is your final approval.



WHAT THIS MEANS FOR YOU

You can send money to your children for school fees or to your parents for their needs, even if they are far away. **Important Things to Know About Sending Money:** **Recipient Information:** Make sure you have the correct phone number or account number. A wrong number means your money goes to the wrong person. **Transfer Limits:** Most services have limits on how much money you can send at one time or in one day. Know these limits, especially if you need to send a large amount. **Transfer Fees:** There are usually fees for sending money. These fees can change depending on the amount you send and the service you use. Understand the fees so you can choose the cheapest way.

Making Payments

Mobile money services let you pay for many things. You can buy goods, pay bills, and even pay government fees.

Paying at Shops (Merchant Payments)

Many businesses now accept payments using mobile money. To pay, you usually give your phone number or scan a code. Then you enter the amount and confirm with your PIN.



WHAT THIS MEANS FOR YOU

You can pay for your groceries at the local shop using your phone. No need for cash!

Paying Bills

Mobile money services often let you pay your bills. This includes electricity bills, water bills, or school fees. You usually enter the account number for the bill and the amount. Then you confirm the payment.



WHAT THIS MEANS FOR YOU

You can pay your child's school fees from your phone, saving you a trip to the bank or school.

Government Payments

Some mobile money services let you pay government fees or fines. This can save you time and travel money. You don't have to go to a government office in person.

**WHAT THIS MEANS FOR YOU**

You might be able to pay for your vehicle license or other government services easily from your phone. Always Get Confirmation: When you make any payment, always ask for and save the payment confirmation. This is your proof of payment. It can help if there is ever a problem or dispute.

Cash Deposits and Withdrawals

Even though mobile money is digital, you will sometimes need to change it to physical cash, or change cash into digital money. You do this through agents.

What are Agents?

Agents are businesses that are allowed to help you put cash into your mobile money account (deposit) or take cash out (withdraw). These can be small shops, pharmacies, or even petrol stations in your community.

**WHAT THIS MEANS FOR YOU**

Agents are like small mobile money banks in your neighborhood. They make it easy to get cash or put cash into your phone.

How to Deposit Cash

1. **Go to an Agent:** Visit a mobile money agent.
2. **Give Your Details:** Tell the agent your phone number and how much cash you want to put in.
3. **Give Cash:** Hand your cash to the agent.
4. **Confirm:** The agent will process it. You will get a message on your phone confirming the deposit. Always count your cash and check the message before you leave the agent!

**WHAT THIS MEANS FOR YOU**

You can turn your physical cash into digital money on your phone. This makes it safer and easier to send to family.

Agent Fees

Agents usually charge a small fee for deposits and withdrawals. These fees might be separate from the fees charged by your mobile money service. Always ask about the total cost before you do a transaction.



WHAT THIS MEANS FOR YOU

Know the fees so you are not surprised. Sometimes it is cheaper to withdraw a larger amount at once.

Agent Security

Choose agents you trust. Be aware of your surroundings when you are depositing or withdrawing cash. Do not show large amounts of cash. Be careful in quiet or unsafe places.



WHAT THIS MEANS FOR YOU

Always go to a busy, well-lit agent location. If you feel unsafe, don't do the transaction there.



Fixing Common Problems and Getting Help

Sometimes, things can go wrong when you use mobile money. Knowing how to fix these problems or get help is important. It helps you use mobile money services with confidence.

When Payments Don't Go Through (Transaction Failures)

Payments can fail for many reasons. Knowing why helps you fix the problem.

Why Payments Fail:

- **Not enough money:** You might not have enough money in your account to cover the payment and fees.
- **Network problems:** Your phone signal might be weak, or the network might be busy.

- **Wrong details:** You might have typed the wrong phone number or account number.
- **Service down:** Sometimes the mobile money service itself might be having problems.



WHAT THIS MEANS FOR YOU

If a payment fails, don't worry. There is usually a simple reason, and you can often fix it.

Error Messages: Mobile money services usually send you a message if a payment fails. This message will tell you why. Learn to understand these messages so you know what to do.

Check Your Money: If a payment fails, always check your account balance. Sometimes the money might have been taken out, or it might be held for a short time before coming back to you.

Try Again? Some failed payments can be fixed by just trying again. Others need help from customer service. Know when to try again and when to ask for help.

Keep Records: If a payment fails, write down the error message, the date, time, and any reference numbers. This helps if you need to ask for help later.

Phone Signal and Network Problems

Mobile money services need a good phone signal to work. If your signal is bad, you might have problems.

What Causes Network Problems:

- **Weak signal:** If your signal is weak, payments might fail or be slow. Try moving to a place with better signal. Or wait until the signal improves.
- **Busy network:** Sometimes, many people are using the network at once. This can make services slow. Try again when fewer people are using their phones.
- **Service is down:** Very rarely, the mobile money service might stop working for a short time. This is usually fixed quickly.

Problems Accessing Your Account

Sometimes you might have trouble getting into your mobile money account. This can happen if you forget your PIN or if your account gets locked.

Forgotten PIN:

If you forget your PIN (Personal Identification Number), most services have a way to reset it. You might need to answer some secret questions, show your ID, or visit an agent.



WHAT THIS MEANS FOR YOU

Don't panic if you forget your PIN. There is always a way to get it back, but it might take some time and effort. **Locked Account:** Your account might get locked if you type your PIN wrong too many times. Or if the service thinks someone else is trying to use your account. To unlock it, you usually need to call customer service or visit a service center with your ID. **What this means for you:** Be careful when typing your PIN. If your account gets locked, you will need to contact your service provider to unlock it. **SIM Card Problems:** If your SIM card is lost, stolen, or broken, you might not be able to use your mobile money. Tell your mobile network provider right away. They can block your old SIM and give you a new one. **What this means for you:** Your SIM card is linked to your mobile money. Protect it like you protect your phone. **Lost or Broken Phone:** If your phone is lost, stolen, or broken, you can usually still get to your mobile money. You can put your SIM card into another phone. You might need to set up some things again or install the apps. **What this means for you:** Losing your phone doesn't mean losing your money. Your money is safe in your account, not just on your phone.

Getting Help and Support:

Knowing where to get help is very important. It helps you use mobile money services with confidence.

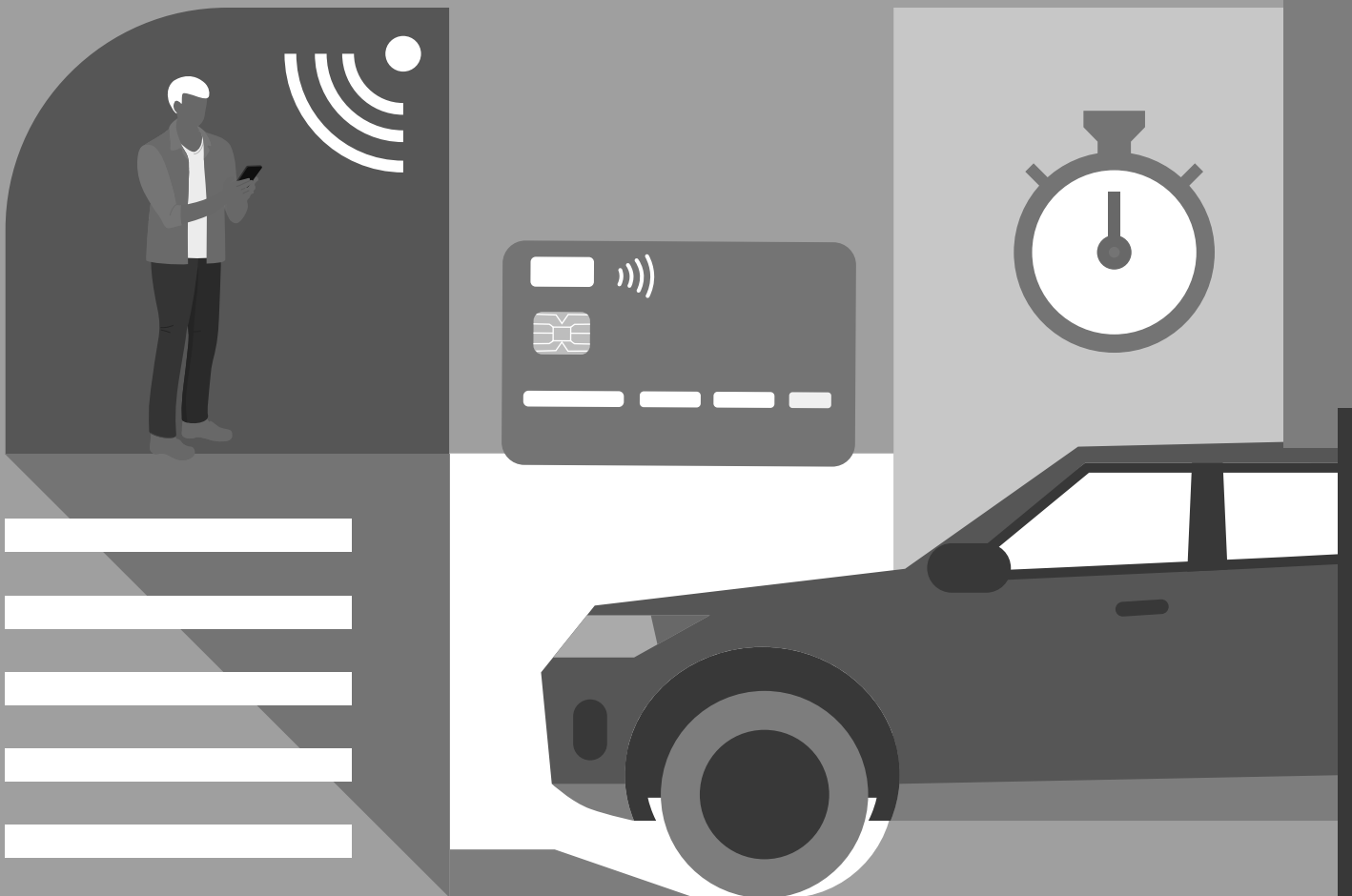
Customer Service:

Most mobile money providers have customer service. You can call them, send a text, email, or visit them in person. Learn how to contact your service provider. Know what information you need to give them when you ask for help.

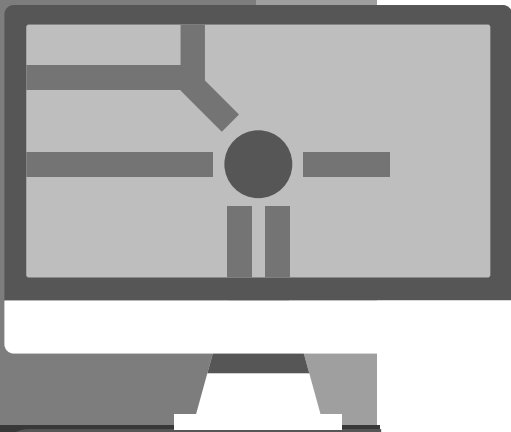




MODULE 03



UNDERSTANDING AND USING THE INSTANT PAYMENT SYSTEM (IPS)





Welcome to the Instant Payment System (IPS)

The Instant Payment System (IPS) is a new and exciting way to send and receive money. It makes payments faster, easier, and available to more people. IPS lets you send money right away between different banks and financial companies. It does not matter which bank you use or which bank the person you are sending money to uses.

Learning about IPS and how to use it well can greatly improve how you manage your money. It can help you with your business and take part in today's economy. Whether you need to pay for things, send money to family, get paid for your work, or manage your daily money, IPS is a fast, safe, and easy solution.

This part of the guide will help you understand how IPS works. You will learn about its benefits and how to use it safely every day. You will also learn how to use IPS to reach your money goals and make your life better. IPS is made to include everyone and be easy to use.



WHAT THIS MEANS FOR YOU

You will learn how to send and receive money instantly. IPS can help you manage your money better and grow your business. You will feel more confident using this fast and safe payment system. Visual Suggestion: Icon: Two mobile phones with an arrow between them, showing instant money transfer.



What is the Instant Payment System (IPS)?

Understanding Payments That Happen Right Away

The Instant Payment System is a way for money to move between different banks and financial companies in real-time. This means payments happen immediately. Unlike old payment systems that could take hours or days, IPS processes payments in seconds. It works 24 hours a day, 7 days a week.

- **Payments Happen Now:** When you send money with IPS, the payment is processed right away. The person you send money to gets it within seconds. This means no more waiting for money to arrive. It makes managing your money and doing business much faster.

- **Works Everywhere:** A very important part of IPS is that it works between different banks and mobile money services. This means you can send money from your bank account to someone else's bank account, even if they use a different bank. Or from your mobile money account to someone's bank account. *What this means for you: You don't need to worry if your family uses a different bank or mobile money service. IPS connects them all.*
- **Always Available:** IPS works all the time, every day and night, including weekends and holidays. This is very helpful for urgent payments or for people who work at times when banks are closed. *What this means for you: You can send money to pay for something important even on a Sunday evening.*

How IPS is Different from Other Ways to Pay

Understanding how IPS compares to other ways you pay helps you choose the best option for different needs.

IPS vs. Cash

Cash payments are instant, but you need to be there in person. Carrying cash can also be risky. IPS gives you the same instant payment, but you can do it from anywhere. It also reduces the risk of carrying a lot of money.



WHAT THIS MEANS FOR YOU

You can send money instantly to your family without having to travel or carry cash, making it safer.

IPS vs. Old Bank Transfers

Old bank transfers can take hours or even days to go through. They might not work between different banks. IPS sends money instantly and works between all banks and financial companies that use it.



WHAT THIS MEANS FOR YOU

No more waiting days for money to arrive. With IPS, it's there in seconds.

IPS vs. Mobile Money (Same Network)

Many mobile money systems only work if both people use the same company (like MTC to MTC). IPS lets you send money between different mobile money companies and even between mobile money and bank accounts.



WHAT THIS MEANS FOR YOU

You can send money to anyone, no matter which mobile money service or bank they use.

IPS vs. Cheques

Cheques need to be physically delivered and can take many days to clear. IPS removes the need for paper. It gives you instant proof that your payment has gone through.



WHAT THIS MEANS FOR YOU

No more waiting for cheques to clear. Payments are instant and confirmed right away.

IPS vs. International Transfers (for Namibia)

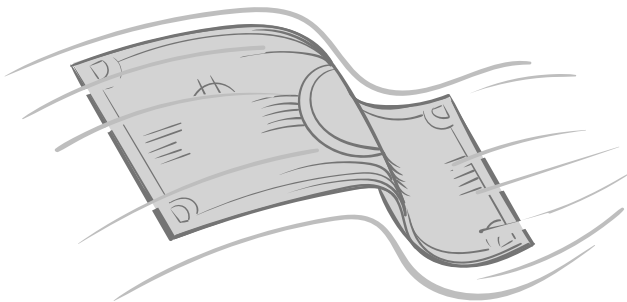
For sending money within Namibia, IPS is usually faster and cheaper than services used for sending money to other countries. It is also just as safe and reliable.



WHAT THIS MEANS FOR YOU

Sending money to family in another town is quicker and costs less with IPS than using services meant for overseas payments.

Payment Method	Speed	Works Between Different Banks/ Services?	Need to Carry Cash?
Cash	Instant (in person)	No (physical exchange)	Yes
Old Bank Transfer	Hours/Days	Sometimes no	No
Mobile Money (Same)	Instant	No (same network only)	No
IPS	Instant	Yes	No



Speed and Convenience: Why IPS is Great

The biggest benefits of IPS are how fast and easy it is to use for sending and receiving money.

Payments Happen Right Away

IPS payments are settled instantly. This means you don't have to wait. You can finish your money tasks exactly when you need to. This is very helpful for urgent payments, business deals, or when time is very important.



WHAT THIS MEANS FOR YOU

If you need to pay for something quickly, like medicine, IPS makes sure the money arrives without delay.

Always Available, Day and Night

Unlike banks that close, IPS works all the time. You can send and receive money any hour of the day or night, even on weekends and holidays. This is great for urgent payments or for people whose work hours don't match bank hours.



WHAT THIS MEANS FOR YOU

You can send money to family in an emergency, or pay for goods after shops close. You manage your money when it suits you.

Access from Anywhere

IPS lets you send and receive money without going to a bank or an agent. This saves you time and money on transport. It is especially good for people in rural areas who might not have easy access to banks.



WHAT THIS MEANS FOR YOU

You don't need to travel far to send or receive money. You can do it from your home or farm.

Many Ways to Use It

You can use IPS in many ways. This includes mobile banking apps, USSD codes, internet banking, and through agents. This means you can use IPS no matter what kind of phone you have or how you prefer to do your banking.

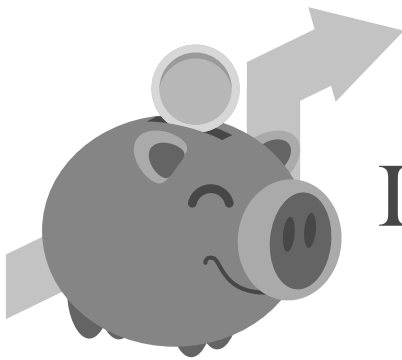


WHAT THIS MEANS FOR YOU

Whether you have a basic phone or a smartphone, you can use IPS. You choose the way that is easiest for you.



IPS makes your money move as fast as a text message!



IPS Can Save You Money

IPS often costs less than other ways of sending money. This means more money stays in your pocket.



Lower Fees

IPS payments usually have lower fees than old money transfer services. This is especially true for bigger amounts of money. These lower fees can save you a lot if you send money often.



WHAT THIS MEANS FOR YOU

You pay less to send money to your family or for your business. This helps your money go further.



Save on Travel

Because you can use IPS from anywhere, you don't need to travel to banks or agents for many money tasks. This saves you money on transport and also saves your valuable time.



WHAT THIS MEANS FOR YOU

You don't have to spend money on taxi fares or bus tickets to go to town just to send money.



No Middleman Costs

IPS sends money directly from one account to another. This means there are no extra companies in the middle charging fees. This makes the total cost of moving money lower.



WHAT THIS MEANS FOR YOU

Your money goes straight to where it needs to be, without extra charges from other services.



Clear Prices

The fees for IPS are usually clear and easy to understand. You will know how much a payment will cost before you send it. This helps you plan your money and budget better.



WHAT THIS MEANS FOR YOU

No hidden fees! You always know what you are paying. Visual Suggestion: Icon: A piggy bank with money falling into it, representing savings



Always check the fees before sending money to make sure you are getting the best deal!"



IPS is Safe and Trustworthy

IPS has many safety features to protect you and your money. This helps you feel confident when using it.

How IPS Keeps You Safe:

- **Watched by the Central Bank:** IPS is overseen by the Central Bank of Namibia. This means it follows strict rules for safety, reliability, and protecting you as a customer. This makes the system very trustworthy.
- **Secret Codes and Protection:** IPS uses strong secret codes (encryption) and safety rules to protect your payment information. This stops people who are not allowed from seeing your money details. These safety measures are always updated to fight new dangers. *What this means for you: Your money transactions are kept private and safe from hackers.*
- **Watching for Suspicious Activity:** IPS has smart systems that watch for strange or suspicious payments. These systems help to find and stop fraud. This keeps the payment system honest and safe for everyone. *What this means for you: If someone tries to use your money without permission, IPS can often spot it quickly.*
- **Help for Problems:** If something goes wrong with a payment, IPS has ways to help you solve the problem. This means if you have an issue, you have a way to get help and fix it. This builds trust in the system. *What this means for you: If a payment doesn't go through correctly, there is a process to get your money back or fix the mistake.*



IPS Helps Everyone Access Money Services

IPS helps more people in Namibia get access to money services. This is called financial inclusion.

How IPS Helps Include Everyone:

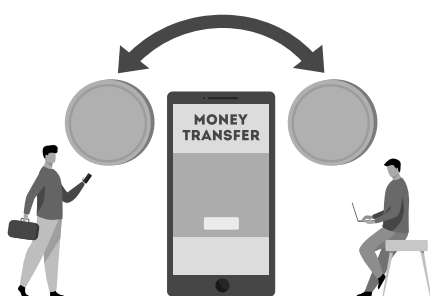
- **Works with Many Services:** IPS lets you send money between different banks and mobile money services. This removes barriers. It means you can choose the service that works best for you, without being stuck with just one.
- **Easy to Reach:** IPS is made to be used in many ways and on different phones, even basic mobile phones. This means people with different types of phones can use instant payment services. *What this means for you: Whether you have a simple phone or a smartphone, you can use IPS to manage your money.*
- **Good for Rural Areas:** : IPS is very helpful for people in rural areas. These areas might not have many banks. Because you can use IPS from your phone and through agents, it brings

money services closer to people in remote places. *What this means for you: You don't need to travel far to a big town to send or receive money. You can do it from your village.*

- **Supports Small Payments:** IPS can handle payments of all sizes, even very small amounts. Small payments might not be worth doing with other methods because of fees. This makes IPS useful for everyday shopping and small businesses. *What this means for you: You can use IPS to pay for a small item at the market or receive payment for your craft work.*



IPS is helping to bring modern money services to every corner of Namibia!



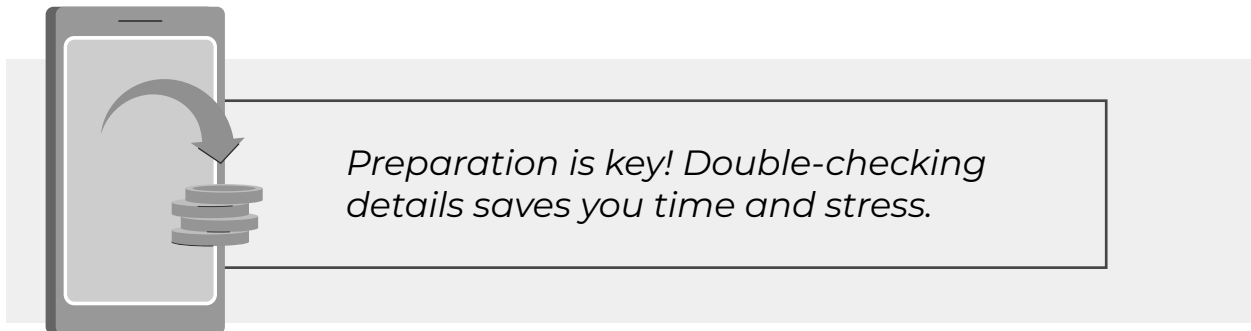
How to Send Money Using IPS

Sending money with IPS is easy once you know the steps. Here's how to prepare and what to do.

Getting Ready to Send Money

Before you send money using IPS, it's good to prepare. This helps make sure your payment goes smoothly.

- **Know the Receiver's Details** You will need the correct information for the person you are sending money to. This usually includes their full name (exactly as it is on their account) and their bank account number or mobile phone number. Always double-check this information! If you send money to the wrong person, it can be very hard to get back.
- **Check Your Own Money:** Make sure you have enough money in your account to cover the amount you want to send, plus any small fees. Check your balance before you start the transfer. *What this means for you: Don't try to send N\$500 if you only have N\$450 in your account. Check first!*
- **Understand Limits:** Most services have limits on how much money you can send at one time, per day, or per month. Know these limits. If you need to send a large amount, you might need to send it in smaller parts over time. *What this means for you: If you need to send a large amount for a business payment, you might need to plan it over a few days.*
- **Know the Fees:** Find out what fees you will pay for your transfer. These fees can be from your bank or mobile money service, and sometimes from IPS itself. Knowing the fees helps you plan your budget. *What this means for you: Always check the cost so you know the total amount that will leave your account.*



Step-by-Step Process to Send Money

The exact steps might be a little different depending on your bank or mobile money service. But the general process is usually the same.

- 1 Access the IPS Service:**

Open your mobile banking app, or dial the special USSD code for your service. If you are at an agent, tell them you want to use IPS.

You will need to log in or confirm who you are. This might mean entering your PIN or password.
- 2 Choose to Send Money:**

Look for an option like “Send Money,” “Instant Transfer,” or “IPS.” Select this option.
- 3 Enter Receiver’s Information:**

Type in the details of the person you are sending money to. This includes their name and their account number or phone number. Some systems let you save details for people you send money to often.
- 4 Say How Much to Send:**

Enter the amount of money you want to send. The system will usually show you the amount, any fees, and the total amount that will be taken from your account.
- 5 Review All Details:**

Read everything carefully! Check the receiver’s name, the amount, and the fees. Make sure everything is correct before you go to the next step.
- 6 Confirm the Payment:**

Enter your PIN, password, or other secret code to confirm the payment. Once you confirm, the money will be sent immediately.
- 7 Save Your Proof:**

Keep the message or receipt that confirms your payment. This is your proof that you sent the money. It will have a special reference number that is important if you have any questions later.



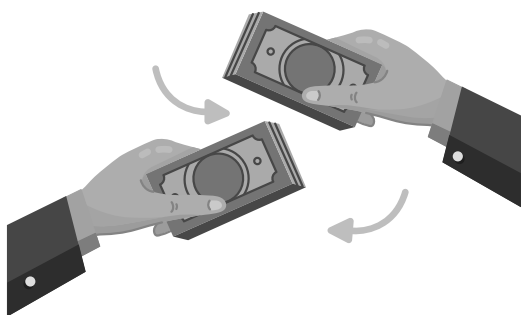
WHAT THIS MEANS FOR YOU

Following these steps carefully will help you send money quickly and safely to anyone in Namibia.



Tell your family and friends your correct details to avoid delays when they send you money!

How to Receive Money Using IPS



Receiving money through IPS is usually simpler than sending it. But it is still good to prepare properly. This helps make sure you get your money without problems.

Getting Ready to Receive Money

- **Give Correct Account Information:** Make sure the person sending you money has your correct details. This includes your full name (exactly as it is on your account) and your correct bank account number or mobile phone number.
- **Your Account Must Be Active:** Make sure your account is in good standing and can receive money. Some accounts might have rules that stop money from coming in. If you are not sure, ask your bank or mobile money service provider. *What this means for you: If you haven't used your account in a long time, check with your service provider to make sure it's still active.*
- **Set Up Notifications:** Make sure your phone is set up to tell you when money arrives. These messages help you know right away when you have received money. *What this means for you: You will get a text message on your phone as soon as the money from your family arrives.*
- **Keep Your Account Secure:** Make sure your account is safe. Your PINs and passwords should be up-to-date and strong. Good security helps protect the money you receive from anyone who is not allowed to access it. *What this means for you: Always use a strong PIN for your mobile money account. This keeps your money safe.*

Checking and Confirming Your IPS Payments

Making sure your IPS payments are checked and confirmed properly helps them go through safely and correctly.

- **Check Before You Send:** Before you confirm any payment, always check the details. Is the person's name correct? Is the amount of money right? Do you understand all the fees? Take your time to double-check everything. IPS payments happen instantly, so it can be very hard to get your money back if you make a mistake.
- **Payment Confirmation:** After you confirm a payment, you should get a message right away. This message tells you that the payment has gone through. It will usually include a special reference number, the amount you sent, and who you sent it to. *What this means for you: This message is your proof of payment.*
- **Keep it safe! Receiver Gets a Message:** The person you sent money to should also get a message right away. This message tells them they have received money. It usually includes your name, the amount, and the same reference number. *What this means for you: Your family member will know immediately that the money has arrived.*
- **Follow Up (Optional):** Sometimes, it's a good idea to call or text the person you sent money to. Ask them if they received it as expected. This helps make sure everything went well and you can fix any problems quickly. *What this means for you: A quick call can give you peace of mind that your money reached its destination.*

What to Do if There Are Problems with IPS Payments

Even though IPS is very reliable, sometimes problems can happen. Knowing what to do can help you solve them.

- **Payment Fails:** If your payment does not go through, look at the error message. It will tell you why it failed. Common reasons are not enough money, network problems, or wrong details. Fix the problem before you try to send the money again.
- **Confirmation is Slow:** IPS payments are instant, but sometimes the confirmation message can be a bit slow. This can happen if the network is busy. If you don't get a message right away, wait a few minutes before thinking the payment failed. *What this means for you: Don't send the money again if you don't get a message immediately. Wait a little bit.*
- **Sent to the Wrong Person:** If you accidentally send money to the wrong person, contact your bank or mobile money service provider immediately. IPS payments are hard to reverse, but acting quickly might help solve the problem. *What this means for you: Call customer service as soon as you realize your mistake. Every minute counts!*
- **Problem with a Payment:** If you think a payment was made incorrectly, or without your permission, contact your bank or mobile money service provider right away. Tell them the problem so they can help you. *What this means for you: If you see a payment you didn't make, report it immediately to protect your money.*

What to Do if You Have a Problem or Dispute

Knowing how to report problems and solve disputes is important. It helps protect your money when you use IPS.

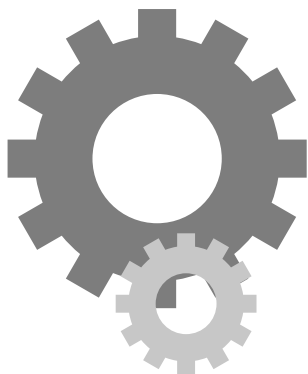
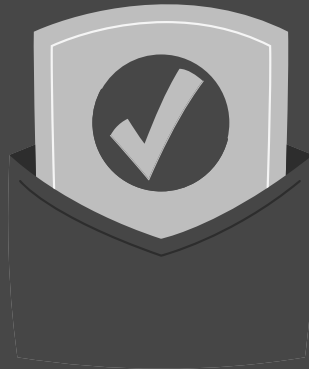
- **Report Immediately:** If you think there is fraud, a payment you didn't make, or any other problem, tell your bank or mobile money service provider right away. Reporting quickly can help stop you from losing money. It also makes it easier to fix the problem.
- **Keep Records:** Keep good records of any problems. This includes the payment reference numbers, any error messages, and notes about when you talked to customer service. These records are very important if you need to solve a dispute. *What this means for you: Write down the date, time, and name of the person you spoke to at customer service.*
- **How to Escalate:** If your problem is not solved by the first person you talk to, ask how to take it to a higher level. This is called escalation. You might need to talk to a manager or a special department. *What this means for you: If customer service can't help, ask to speak to a supervisor.*
- **Regulatory Help:** The Bank of Namibia and other official bodies are there to protect you. If you cannot solve a problem with your service provider, you can contact these regulators for help. *What this means for you: If you feel your problem is not being handled fairly, you can seek help from the Bank of Namibia.*



You have rights as a customer! Don't be afraid to ask for help if you have a problem.



MODULE 04



KEEPING YOUR DIGITAL MONEY SAFE



Introduction to Digital Financial Risks and Security



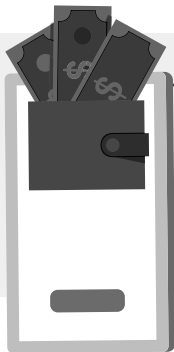
Using digital money brings many good things, like speed and ease. But it also comes with new risks. Just like you keep your cash safe, you need to keep your digital money safe too. This part of the guide will teach you how to protect yourself from these new dangers.

We will talk about common risks like scams, fraud, and identity theft. You will learn how to spot these dangers and what to do to keep your money and personal information safe. Understanding these risks is the first step to using digital money with confidence.



WHAT THIS MEANS FOR YOU

You will learn how to protect your money from bad people who try to steal it online. You will feel more secure and confident when using your phone for money.



Preparation is key! Double-checking details saves you time and stress.



Understanding Digital Financial Dangers

As we use more digital money services, it's important to know about the dangers. These dangers can affect your money, your personal information, and your accounts. Knowing about them helps you protect yourself.

Types of Digital Money Dangers

There are different ways bad people try to steal your money or information. Knowing these helps you spot them.

1. Identity Theft

Identity theft happens when someone takes your personal information without your permission. They then use it to get into your accounts or open new accounts in your name. This could be your ID document, your phone number, or other personal details.



WHAT THIS MEANS FOR YOU

Someone might use your ID to open a mobile money account or get a loan in your name. You could be held responsible for their actions. How it happens: Thieves can steal your physical documents. They can also trick you into giving them your information. Once they have your details, they can use your existing accounts or create new ones.

2. Account Takeover

Account takeover happens when someone gets into your existing digital money account without your permission. This can happen if they get your PIN or password. Or if they get access to your mobile phone. They might also find weaknesses in the systems you use.



WHAT THIS MEANS FOR YOU

If someone takes over your account, they can send your money away. They can use your account for bad things. You could lose your money and your good name. Visual Suggestion: Icon: A lock being broken or a hand reaching into a phone screen.

3. Transaction Fraud

Transaction fraud is when bad payments are made using digital money services. This could be someone using your account to send money without your permission. Or a shop charging you the wrong amount. Or a fake business taking your money for things they don't deliver.



WHAT THIS MEANS FOR YOU

You could lose money from your account. It can be hard to get it back because digital payments happen very fast.

4. Phishing and Social Engineering

Phishing is when someone tries to trick you into giving them your secret information. They pretend to be a real bank or a trusted person. They might send you fake messages, make fake phone calls, or create fake websites.

Social engineering is when they use tricks to make you do something that puts your money at risk. They play on your feelings or trust.



WHAT THIS MEANS FOR YOU

You might get a message that looks like it's from your bank, asking for your PIN. If you give it, they will steal your money. These tricks can be very clever.

How Digital Dangers Change and Grow

Bad people are always finding new ways to steal money. They study how digital money works and how people use it. This helps them find new weaknesses. This means keeping your money safe is an ongoing job, not just a one-time thing.

- **Technology Changes:** As digital money services get better, the ways bad people try to attack them also change. New technologies bring new ways for both good services and bad scams. Staying informed about new technologies helps you understand new risks.
- **Life Events and Scams:** Things happening in the world, like money problems or new government programs, can create chances for scammers. They might try to trick people who are worried or confused about new services. *What this means for you: Be extra careful during times of change or when new money programs are announced. Scammers often use these times to trick people.*
- **How People Behave:** Bad people also study how we use our phones and money. They look for common mistakes people make. Understanding these mistakes helps you avoid doing things that make you an easy target for fraud. *What this means for you: Don't fall for common tricks. Learn from the mistakes of others to keep yourself safe.*

How Vulnerable Are You?

Understanding how likely you are to be affected by digital dangers helps you know where to focus your efforts. It helps you protect yourself where it matters most.

- **Your Phone and Technology:** Your phone and how good it is can affect your safety. Older phones might have fewer safety features. Newer smartphones might offer more protection, but they can also be more complex to use.
- **How You Use Digital Money:** How often you use digital money also matters. If you use it a lot, you might see more dangers, but you also learn more about staying safe. If you use it rarely, you might not know the safety rules as well. *What this means for you: Practice using digital money safely, even for small things, to build your confidence and awareness.*
- **Your Life Situation:** Your personal situation can also make you more or less vulnerable. For example, if you are struggling with money, you might be more likely to fall for scams that promise quick money. If you have limited education, complex scams might be harder to spot. *What this means for you: Be aware of your own situation. If you feel pressured or confused, always ask a trusted person for help before making a decision.*



Keeping Your PINs and Passwords Safe

Your PIN (Personal Identification Number) and password are like secret keys. They protect your digital money accounts. Making them strong is the first step to keeping your money safe from people who are not allowed to access it.

Making Strong PINs and Passwords

For Your PIN (Secret Number)

PINs are usually numbers. Even with numbers, you can make your PIN strong. Do not use easy-to-guess numbers like your birthday, your phone number, or simple patterns like `1234` or `1111`.

Instead, choose numbers that mean something to you but are not obvious to others. For example, you could use the date of a special event that only you know about. Or numbers from a favorite song or story.



WHAT THIS MEANS FOR YOU

If your birthday is 15 January, don't use `1501`. Maybe use the year your first child was born, if it's not widely known.

For Your Password (Secret Word/Phrase)

If a service asks for a password (not just numbers), make it strong. A strong password is hard for others to guess but easy for you to remember. It should mix big letters, small letters, numbers, and special symbols (like `!`, `@`, `#`).

A good way to make a strong password is to use a memorable phrase or sentence. Take the first letter of each word in your sentence. Then add some numbers and special symbols.

Example:

- Sentence: "My first goat was called Billy and he loved to eat grass!"
- Password: `MfGwcB&hLtEg!1`



WHAT THIS MEANS FOR YOU

You can create a very strong password that you won't forget, by thinking of something personal to you.

Use Different PINs and Passwords

It is very important to use a different PIN or password for each of your accounts. If you use the same one for everything, and a thief finds one, they can get into all your accounts.



WHAT THIS MEANS FOR YOU

If someone steals your mobile money PIN, they cannot also get into your bank account if you use a different PIN for your bank.

It can be hard to remember many different codes. You can create a system to help you. For example, you can use a basic PIN and then add something small that reminds you of each service.

- Diagram: Multiple lock icons, each with a different key symbol.
- Call-out Box (Warning): "Never use the same PIN or password for all your money accounts!"

Managing Your PINs and Passwords

Managing your PINs and passwords well is important. It helps keep your money safe and makes sure you can always get into your accounts.

- **Remembering Your Codes:** Find ways to remember your secret codes without writing them down where others can see. You can make up stories or link your codes to things you know well. For example, if your PIN is `2580`, you might think of a special date or a pattern on your phone keypad.
- **Storing Codes Safely (If You Must Write Them):** If you absolutely must write down your codes, store them in a very safe place. Keep them separate from your phone or other important documents. Never label them clearly as "passwords" or "PINs." What this means for you: You could write a hint that only you understand, like "Mama's special date" instead of your actual PIN.
- **Change Your Codes Often:** Change your PINs and passwords regularly. Do this especially if you think someone might know them. Most digital money services make it easy to change your codes. What this means for you: Make a plan to change your important PINs every six months or once a year. This helps keep your accounts safe for a long time.
- **What to Do if Your Code is Stolen:** If you think someone has your PIN or password, change it immediately. Then, watch your accounts very closely for any strange activity. Acting fast can stop thieves from taking your money. What this means for you: If you get a suspicious message, change your PIN right away and check your balance.

Multi-Factor Authentication: Extra Layers of Safety

Multi-factor authentication (MFA) adds more layers of safety to your accounts. It means you need more than just a PIN or password to get in.

What is Multi-Factor Authentication?

MFA asks you for two or more ways to prove it's you before you can get into your account. This could be:

- Something you know: Like your PIN or password.
- Something you have: Like your mobile phone (to receive a code).
- Something you are: Like your fingerprint or face scan.

Digital money services are using MFA more and more because it makes your accounts much safer. Understanding how it works helps you use it well.



WHAT THIS MEANS FOR YOU

Even if a thief gets your PIN, they still can't get into your account without your phone or your fingerprint. This makes your money much harder to steal.

SMS Verification (Code by Text Message)

Many digital money services send a special code to your phone by text message. You need to type this code into the app or USSD menu to finish a payment or log in. This is called SMS verification.

This adds safety because only you have your phone. So, even if someone knows your password, they can't get the code from your phone.



WHAT THIS MEANS FOR YOU

When you get a text message with a code, it means the service is checking if it's really you. Never share this code with anyone!

Biometric Authentication (Fingerprint or Face Scan)

Some smartphones and digital money services let you use your fingerprint or face to log in. This is called biometric authentication. It's a very easy and safe way to prove it's you because your fingerprint or face is unique.



WHAT THIS MEANS FOR YOU

You can quickly and safely access your money just by touching your phone or looking at it. No need to remember long passwords.

Device Registration

Many digital money services remember your phone or device. If you try to log in from a new or unknown phone, they will ask for extra checks. This is called device registration.

This helps protect your account even if someone gets your PIN or password. They can't get in from their own phone without these extra checks.



WHAT THIS MEANS FOR YOU

If you get a new phone, you might need to do some extra steps to set up your mobile money apps again. This is for your safety.



Preparation is key! Double-checking details saves you time and stress.



Safe Ways to Make Payments

Using digital money safely means following good practices every time you make a payment. This helps protect your money from mistakes and fraud.

Checking Before You Pay (Pre-Transaction Verification)

Before you confirm any payment, it is very important to check everything carefully. This is your last chance to stop a mistake.

- **Check All Details:** Always check that the person you are paying is correct. Make sure the amount of money is right. Understand any fees that will be charged. Take your time to double-check these details.
- **Digital Payments are Fast:** Remember, digital payments happen instantly. Once you confirm, the money is usually gone right away. It can be very difficult to get it back if you make a mistake. What this means for you: Treat every digital payment confirmation like signing an important document. Be sure before you press send.

Checking Before You Pay (Pre-Transaction Verification)

After you make a digital payment, it's important to confirm it and keep a record. This helps you track your money and solve any problems that might come up.

Getting Your Payment Confirmation

After you finish a payment, you should get a message right away. This message confirms that your payment has gone through. It will usually show you the amount you paid, who you paid, and a special reference number.

The Person You Paid Gets a Message Too

The person or business you sent money to should also get a message immediately. This message tells them they have received the money. It usually includes your name, the amount, and the same reference number.

Following Up (Optional)

Sometimes, especially for important payments, it's a good idea to call or text the person you paid. Ask them if they received the money as expected. This helps make sure everything went well and you can fix any problems quickly.



Spotting and Avoiding Scams

Learning about common scams helps you see and avoid bad people who try to steal your money through digital services.

Common Digital Financial Scams

Here are some common tricks that scammers use:

1. Advance Fee Scams (Pay First to Get More Later)

Advance fee scams are when someone promises you a lot of money, a prize, or a benefit. But first, they say you must pay a small fee or tax. They might say you won a lottery, inherited money, or can get a loan. But you have to pay them first to get it.



WHAT THIS MEANS FOR YOU

You can quickly and safely access your money just by touching your phone or looking at it. No need to remember long passwords.

2. Phishing Scams (Fake Messages and Websites)

Phishing scams use fake messages, websites, or phone calls. They pretend to be from your bank or a trusted company. Their goal is to trick you into giving them your account details or making payments you didn't mean to.



WHAT THIS MEANS FOR YOU

You might get a text or email that looks real, saying your account is blocked. It asks you to click a link and enter your PIN. If you do, they will steal your information.

These fake messages might say your account is in danger, or you need to check your details. They often have links to fake websites that look just like your bank's website. But they are designed to steal your information.

3. Romance Scams (Fake Love)

Romance scams are when criminals pretend to fall in love with you online. After they build trust, they ask you for money. They might say it's for an emergency or a chance to be together.



WHAT THIS MEANS FOR YOU

These scammers play with your feelings. They make you believe they love you, then they steal your money. They often use digital money because it's fast and hard to trace.

They build a relationship over a long time before asking for money. This makes their requests seem real. They often target people who use digital money because it's easy to send money quickly and over long distances.

4. Investment Scams (Too Good to Be True)

Investment scams promise you very high returns on your money with little or no risk. They might talk about cryptocurrency or foreign exchange. They make it sound like you will get rich quickly.



WHAT THIS MEANS FOR YOU

You put your money into their fake scheme, and they disappear with it. Real investments always have some risk.

These scams often target people who want to improve their money situation. They are very tempting when times are hard. The scammers use digital money to collect your investment and then vanish.

5. Emergency Scams (Fake Family Crisis)

Emergency scams are when criminals pretend to be a family member or friend. They say they are in urgent need of money because of an accident, arrest, or medical problem. They try to make you feel worried so you send money quickly.



WHAT THIS MEANS FOR YOU

They use your love for your family against you. They create pressure so you send money without checking if the story is true.

These scammers often use information they find about you online to make their stories sound real. They ask for money through digital services because it allows for quick transfers that are hard to get back.

Red Flags: How to Spot a Scam

Learning to see warning signs helps you spot scams before you become a victim. Trust your gut feeling if something feels wrong.

1. Urgency and Pressure

Warning Sign: Scammers often try to make you feel rushed. They say you must act immediately or you will miss a great chance. They might say an offer will disappear if you don't respond quickly.

2. Asking for Secret Information

Warning Sign: Real banks or mobile money services will never ask you for your PIN, password, or other secret information through phone calls, text messages, or emails that you did not ask for. Be very suspicious if anyone asks for these details.

3. Offers That Are Too Good to Be True

Warning Sign: Be careful of offers that promise you a lot of money with no risk. Or offers that seem too good to be true. Real investments always have some risk. Real services have fair costs.

4. Unusual Ways to Pay

Warning Sign: Be suspicious if someone asks you to send money in strange ways. Or to people you don't know. Or to places that don't make sense for the payment. Real businesses use normal ways to get paid.

5. Bad Communication

Warning Sign: Many scams come from people who don't speak your language well. Or they use computer programs to write messages. Look for bad grammar, strange words, or messages that don't seem personal. Even if the message looks good, it doesn't mean it's real.



Protecting Your Personal Information and Devices

Keeping your personal information and your phone safe is very important. This is how you protect your digital money from thieves.

Keeping Your Personal Information Private

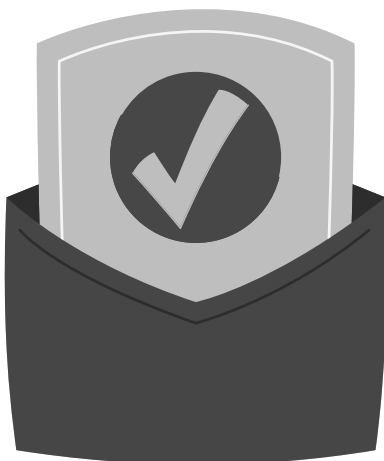
Your personal information is valuable. It includes your name, ID number, phone number, and bank details. Bad people can use this information to steal your money or identity.

- **Be Careful What You Share:** Only share your personal information with trusted people or official services. Never share it with strangers online or over the phone.
- **Official Sources Only:** If you need to give personal information to your bank or mobile money service, always use their official app, website, or visit them in person. Never click on links in suspicious messages. What this means for you: If your bank asks you to update your details, go to the bank branch or use their official app directly.
- **Destroy Old Documents:** When you throw away old bank statements or documents with your personal details, tear them up first. This stops thieves from finding your information in the rubbish. What this means for you: Don't just throw away old papers with your name and account number. Shred them or burn them.

Keeping Your Phone Safe

Your mobile phone is your main tool for digital money. Keeping it safe is key to protecting your money.

- **Lock Your Phone:** Always lock your phone with a PIN, pattern, or fingerprint. This stops others from using your phone if you lose it or if it is stolen.
- **Use Strong Passwords/PINs for Apps:** Make sure your mobile money apps also have strong PINs or passwords. This is an extra layer of protection. What this means for you: Even if someone unlocks your phone, they still can't get into your mobile money app without its separate PIN.
- **Be Careful with Public Wi-Fi:** Public Wi-Fi (like at a cafe) can sometimes be unsafe. Avoid doing money transactions when connected to public Wi-Fi. Use your mobile data instead. What this means for you: It's safer to check your balance using your own phone data than using free Wi-Fi at the market. **Download Apps Carefully:** Only download mobile money apps from official app stores (like Google Play Store or Apple App Store). Be careful of fake apps that look real but are designed to steal your information. What this means for you: Always check the name of the app and who made it before you download it.
- **Update Your Phone and Apps:** Keep your phone's software and all your apps updated. Updates often include important security fixes that protect you from new dangers. What this means for you: When your phone tells you there's an update, install it. It helps keep your phone and money safe.



How to Check and Verify Information (Verification Strategies)

Before you do anything with your money, it is very important to check if the request or offer is real. This helps you avoid scams and mistakes.

1. Check on Your Own (Independent Verification)

Don't just trust what you are told. Always check requests and offers using your own trusted sources. Don't just believe what the person asking for money tells you.

2. Take Your Time and Ask for Advice

Don't rush big money decisions. Take your time to think about important money choices. Talk to trusted friends, family members, or people you trust for advice before you do anything.

3. Look for Information (Documentation and Research)

Check the facts. Before you give money or personal information, look up the organization or person. Check for official websites, business registrations, or reviews from other customers. This helps you confirm if they are real.

4. Try with Small Amounts First (Small-Scale Testing)

Start small. If you are thinking about using a new money service or opportunity, try it with a very small amount of money first. This helps you see if it works and if it is real, without risking a lot.

Checking Details Before You Pay

Doing careful checks before you make any payment helps stop mistakes and fraud.

1. Check Who You Are Paying (Recipient Verification)

- Always check the person or business you are sending money to. Make sure their name and account details are correct before you send money.
- For people you know: If your child asks for money, call them on their usual phone number to make sure it is really them asking. Don't just trust a text message.
- For businesses: Check if the business is real. Look for their official website or ask other people if they know the business. Be extra careful with new or unknown businesses.



WHAT THIS MEANS FOR YOU

A quick phone call can save you from sending money to a scammer pretending to be your family member.

2. Check the Amount and Reason for Payment (Amount and Purpose Verification)

Double-check the amount of money. Make sure it is the exact amount you want to send. Also, make sure you understand why you are sending the money and that it matches what you agreed to. For businesses: Check if the business is real. Look for their official website or ask other people if they know the business. Be extra careful with new or unknown businesses.

3. Check the Service You Are Using (Service Provider Verification)

Make sure you are using a real and trusted money service. Check the website address (URL) if you are online. Make sure you download apps only from official app stores.

4. Keep Your Internet and Phone Safe (Network and Device Security)

Only make payments on safe internet connections and safe phones. Avoid using public Wi-Fi (like at a shop or bus stop) for money payments. These connections can be easily spied on.

Staying Safe While You Pay (During-Transaction Security)

Being careful while you are making a payment helps protect you from dangers and mistakes that can happen in real-time.

1. Keep Your Payment Private

Find a private place to make payments. Don't make payments where others can see your phone screen, hear you talking, or see you typing your PIN. Be aware of who is around you. People if they know the business. Be extra careful with new or unknown businesses.

2. Pay Attention

Focus only on your payment. Don't do other things that can distract you, like driving or talking to many people, while making a money transaction. Distractions can lead to mistakes or security problems.

3. Prevent Errors

Double-check everything before you confirm. This includes who you are paying, the amount, and any fees. Most digital money services will show you a summary screen with all these details before you confirm.

4. Manage Your Session

Finish your payment quickly and log out. Don't leave your money app open on your phone, especially if you are in a public place or using a phone that others also use.

What to Do After You Pay (Post-Transaction Verification)

Checking things after you make a payment helps make sure everything went well. It also helps you find any problems early.

1. Immediate Confirmation

Check your confirmation message. After every payment, look for the message that confirms it. Check your account balance and your transaction history. Most digital money services send you a message right away.

2. Confirm with the Person You Paid

Follow up with the person you sent money to. Ask them if they received the money as expected. This helps make sure the payment was successful and gives peace of mind to both of you.

3. Monitor Your Account

Check your account regularly. Look at your balance and your payment history often. This helps you spot any payments you didn't make or any mistakes.

4. Keep Good Records

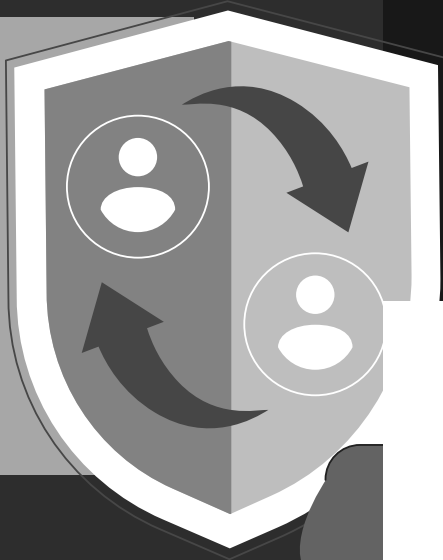
Keep all your payment records organized. This includes confirmation messages, receipts, and any messages you exchanged with your service provider. These records are very useful for budgeting, for taxes, and if you have a problem.

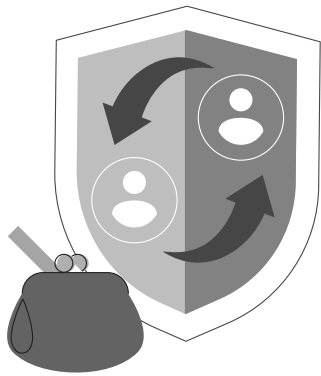


MODULE 05



WHAT TO DO WHEN THINGS GO WRONG

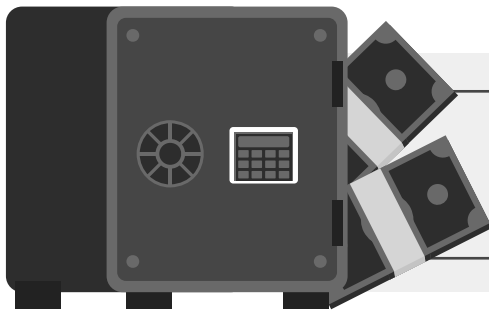




Introduction to Incident Response and Recovery

Even with all the safety steps, sometimes problems can happen with your digital money. This part of the guide will teach you what to do if you face a problem, like a scam or a lost phone. Knowing what to do quickly can help protect your money and stop bigger problems.

We will talk about how to spot a problem, who to tell, and what steps to take to fix it. The goal is to help you feel strong and in control, even when things go wrong. You will learn how to get help and recover your money or information.



Acting quickly when there's a problem can save your money!"



WHAT THIS MEANS FOR YOU

You will know exactly what to do if you think your money is not safe. You will feel confident that you can handle problems and get help.



How to Know if There is a Problem (Recognizing Security Incidents)

Spotting a problem quickly is very important. It helps you stop bigger losses and start fixing things.

1. Payments You Didn't Make (Unauthorized Transactions)

Check your accounts often. Look for any payments or transfers you did not make or do not recognize. This could be money sent to someone you don't know, payments for things you didn't buy, or money taken out from places you didn't visit.

2. Problems Getting into Your Account (Account Access Issues)

Be alert if you can't log in. If you try to log into your account with your correct PIN or password but it doesn't work, or if you get messages about password changes you didn't make, it could mean someone else is trying to get into your account.

3. Suspicious Messages (Suspicious Communications)

Be careful of unexpected messages. If you get a message that says it's from your bank or mobile money service, but it asks for your secret information or tells you to do something quickly, be suspicious. Real service providers usually don't ask for secret details in messages you didn't expect.

4. Lost Phone or Documents (Device or Document Loss)

If you lose your phone or important documents, it's a problem. If you lose your mobile phone, your ID documents, or anything else that has your personal or money information, think of it as a security problem. Even if you don't see any immediate issues.



What to Do Right Away if There is a Problem (Immediate Response Actions)

If you think there is a security problem with your digital money, acting quickly is very important. This can help stop more money from being lost and helps you fix the problem.

1. Secure Your Accounts

Change your secret codes immediately. If you think someone knows your PINs, passwords, or other secret codes, change them right away. Most digital money services make it easy to change these codes in their apps or by calling customer service.

2. Check Your Payments (Transaction Monitoring)

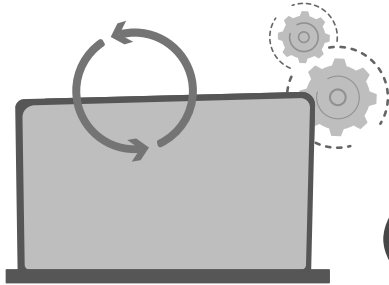
Look at all your money accounts. Check for any payments you did not make or do not recognize. Write down all the details of any suspicious payments: how much, when it happened, who it was sent to, and any reference numbers.

3. Tell Your Service Provider

Contact your bank or mobile money service right away. Tell them about the problem. Most service providers have special phone numbers for security issues. They can act quickly to protect your accounts.

4. Keep Records of the Problem (Documentation)

Write down everything about the problem. This includes what happened, when you found out, any proof you have (like messages or screenshots), and what you have done so far. These records are very important if you need to get your money back or solve a dispute.



Getting Back on Track After a Problem (Recovery and Follow-Up)

After a security problem, it is important to follow up and make sure everything is fixed. This helps you recover and stay safe in the future.

1. Solving Problems and Getting Your Money Back (Dispute Resolution)

Work with your service provider. Your bank or mobile money service has ways to help you if there was a payment you didn't allow. They can help you get your stolen money back.

2. Keep Watching Your Accounts (Credit and Account Monitoring)

Keep checking all your money accounts. Look for any new strange payments. Sometimes thieves try to use your information again later. This helps you catch any new problems quickly.

3. Learn and Improve Your Safety (System Updates)

Think about what happened and learn from it. Change your safety habits based on what you learned from the problem. This might mean changing how you keep your passwords, or how you check payments.

4. Share with Your Community (Community Awareness)

Tell others about what happened to you. Share your story with your family, friends, and people in your community. You don't have to share all the private details, but tell them about the scam or problem. This helps others avoid the same mistakes.

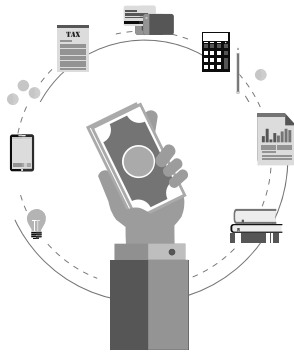


MODULE 06



SMART MONEY MANAGEMENT IN A DIGITAL ERA





Introduction to Digital Money Management

Using digital money is not just about sending and receiving payments. It is also about managing your money smartly. This part of the guide will teach you how to use digital tools to plan your money, save, and make good financial choices.

We will explore how digital services can help you keep track of your spending, set money goals, and even save for the future. Learning these skills will help you take control of your money and build a better financial life for yourself and your family.

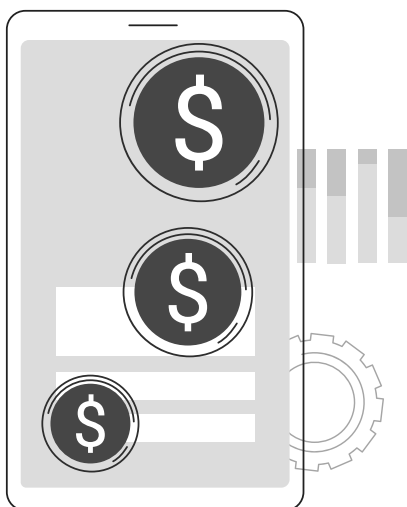


WHAT THIS MEANS FOR YOU

You will learn how to use your phone to manage your money better. You will feel more confident about your financial future.



Smart money management helps your money grow and keeps you prepared for the future!"



Planning Your Money with Digital Tools (Digital Budgeting and Expense Tracking)

Digital budgeting means using technology to plan, track, and manage your money. It helps you keep track of what you earn and what you spend. Digital tools give you clearer and faster information than writing things down on paper.

What is Digital Budgeting?

Digital budgeting uses your phone or computer to help you manage your money. It makes it easier to stick to your money goals.



WHAT THIS MEANS FOR YOU

You can see exactly where your money goes without needing to write everything down. It helps you make better choices about your spending.

1. Seeing Your Money in Real-Time

Digital budgeting tools can show you your spending and how much money you have right now. This is called real-time tracking.

This is very helpful if your income or expenses change often. You can adjust your spending based on how much money you have right now, not on old information.

2. Sorting Your Spending Automatically (Automated Categorization)

Many digital budgeting tools can sort your payments into groups automatically. For example, they can put all your shop payments into a 'Groceries' group or all your taxi payments into a 'Transport' group.

3. Looking Back at Your Spending (Historical Analysis)

Digital tools can keep a record of your money over a long time. This helps you see patterns and changes in your spending. You can see how much you spent last month, or last year.

4. Connecting All Your Money (Integration with Financial Services)

Many digital budgeting tools can connect to your bank accounts, mobile money services, and other money accounts. This means they can automatically get your payment information.

Making a Good Digital Budget

A good digital budget is one that is real, flexible, and helps you reach your money goals. To make one, you need to understand your income (money coming in) and your expenses (money going out). Then you can decide how to use your money wisely.

1. Know Your Income (Money Coming In)

Start by listing all the money you get. This includes your salary, money from your business, money from selling crops, or money sent by family. Include both regular money and money that comes in sometimes.

Think about times when you might get less money, like during certain seasons. Plan for these times so your budget still works all year.

2. Understand Your Spending (Fixed vs. Variable Expenses)

Fixed expenses are costs that stay mostly the same every month. Examples are rent or loan payments.

Variable expenses are costs that can change. Examples are money for food or entertainment. You can adjust these if you need to.

Knowing the difference helps you see where you can change your spending if needed.



WHAT THIS MEANS FOR YOU

You must always pay your fixed expenses first. Then you can look at your variable expenses to see where you can save money, like buying cheaper food or going out less.

Type of Expense	What it is	Examples for You	Can You Change It?
Fixed Expenses	Costs that stay the same each month	Rent, loan payments, school fees	Hard to change quickly
Variable Expenses	Costs that can change each month	Food, transport, airtime, clothes	You can change these more easily

3. Decide Where Your Money Goes (Priority-Based Allocation)

Spend your money based on what is most important. First, cover essential needs like food, a place to live, and healthcare. After that, save money and pay off debts. Then, you can spend on things like entertainment.

Checking and Changing Your Budget

A good budget is not set in stone. It needs to be checked often and changed when your life or money situation changes. This helps your budget always work for you.

1. Look at How You Are Doing (Regular Performance Review)

Check your budget regularly. Look at how much money you actually earned and spent. Compare this to what you planned in your budget. Digital tools can show you clear reports and pictures to help you see this easily.

Try to understand why things are different from your plan. This helps you make better plans for the future.

2. See Patterns in Your Money (Trend Analysis)

Digital tools can show you how your income and spending change over time. You can see patterns, like if you spend more on transport in certain months or if your business earns more during holidays.

3. Track Your Money Goals (Goal Progress Tracking)

Keep an eye on how close you are to reaching your money goals. Digital tools can show you how much more you need to save for school fees or a new business. They can also show if you are on track to reach your goals.

4. Change Your Budget When Needed (Adaptive Budgeting)

Be ready to change your budget when your life changes. This could be if you get a new job, have a new expense, or your priorities change. Digital tools make it easy to change your budget quickly.

It's good to have a plan for common changes, like if your income goes down or you have a big unexpected cost. This helps you react quickly.



Saving Your Money with Digital Tools (Digital Savings Strategies)

Digital money services give you many ways to save. Each way has its own benefits. Knowing these options helps you choose the best way to save for your goals.

Different Ways to Save Digitally

1. Mobile Money Savings

Many mobile money services let you put money aside in a separate savings part of your account. This money is usually easy to get when you need it.

2. Digital Bank Savings Accounts

Some banks let you open and manage savings accounts completely on your phone or computer. These accounts often pay you interest, meaning your money grows a little bit over time.

3. Saving for Specific Goals (Goal-Based Savings Tools)

Some digital services have special tools to help you save for a specific goal. This could be for your child's education, starting a business, or buying something big. These tools often show you how close you are to your goal.

4. Automatic Savings Programs

Some digital services can automatically move small amounts of money from your spending account to your savings account regularly. This is called automated savings.

Building Good Saving Habits

Saving money regularly helps you reach your financial goals. Here are some ways to build good saving habits using digital tools.

1. Pay Yourself First

Make saving a priority. Before you spend money on anything else, put some aside for your savings. Digital tools can help you do this automatically by sending money to your savings account regularly.

2. Saving Small Amounts (Micro-Saving Strategies)

Micro-saving means saving very small amounts of money often, instead of trying to save a lot at once. Digital tools can make this easy. For example, some apps can round up your purchases to the nearest dollar and save the change.

3. Join Savings Challenges

You can join or create savings challenges. These are fun ways to save money, often with a goal or a timeline. Digital tools can help you track your progress and keep you motivated.

4. Build an Emergency Fund

Use digital tools to build a special savings account called an emergency fund. This money is for unexpected problems, like if you get sick or lose your job. Start with small amounts and slowly build it up to cover several months of your basic needs.

Making Your Savings Grow Bigger

Digital money services can help your savings grow. This can happen through interest, investments, and other ways.

1. Accounts That Pay You Interest (Interest-Earning Accounts)

Look for digital savings accounts that pay you interest. This means the bank or service pays you a small amount of money for keeping your savings with them. This helps your money grow over time.

2. Investing Your Money (Investment Platforms)

Some digital services offer investment platforms. These allow you to put your money into things like shares in companies or other investments. Investments can offer higher returns than savings accounts, but they also come with higher risks.

3. Savings Rewards (Savings Incentive Programs)

Some services offer special programs that give you bonuses or rewards for saving money. This could be for keeping a certain amount in your account or for reaching a savings goal.

4. Money Growing on Money (Compound Growth Strategies)

Compound growth means your money earns interest, and then that interest also starts earning interest. It's like your money is having babies that also grow up and have babies! This can make your savings grow much faster over a long time.

Conclusion of Smart Money Management in a Digital Era



Managing your money smartly in the digital age means mixing old money wisdom with new digital tools. The key is to understand how digital tools can help you reach your money goals. Always remember the basic rules: live within your means, save regularly, and make smart choices.

Digital services give you powerful ways to track, plan, and manage your money. But these tools only work well if you use them with good habits. First, build good money habits. Then, use digital tools to make those habits even better and easier.

Remember, technology is just a tool. The goal is not to use the fanciest digital tools, but to reach your money goals using the tools that work best for you. Building wealth and being financially secure takes time, patience, and consistency. Digital tools can help you stay on track and make better decisions, but they cannot do the work for you.

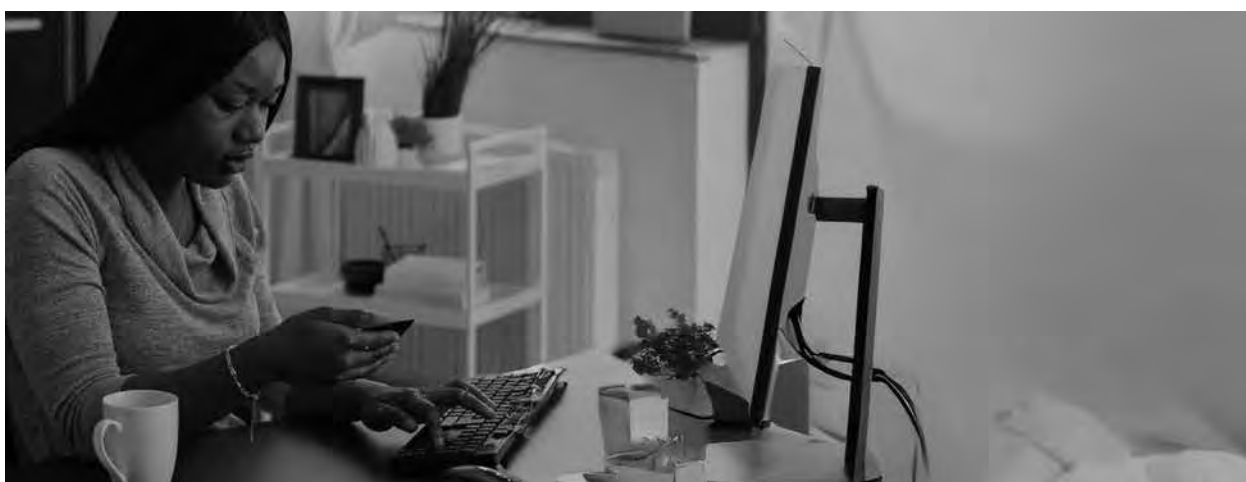
As you keep learning about digital money management, stay curious about new tools. But also be careful of promises that sound too good to be true. The best money plans are usually simple, easy to keep up with, and help you reach your long-term goals.

The skills you have learned in this part of the guide give you a strong base for managing money well in the digital age. As you use these ideas in your own life, you will find new ways that digital tools can help you succeed with your money and reach your goals more easily.



WHAT THIS MEANS FOR YOU

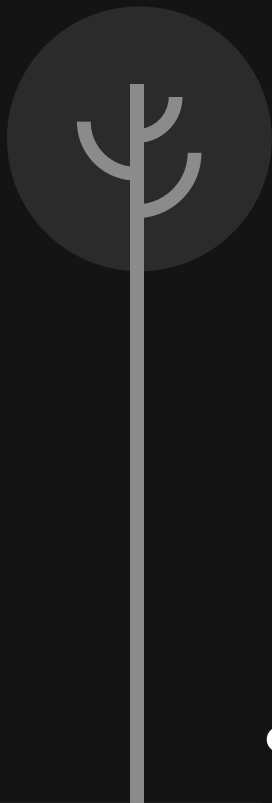
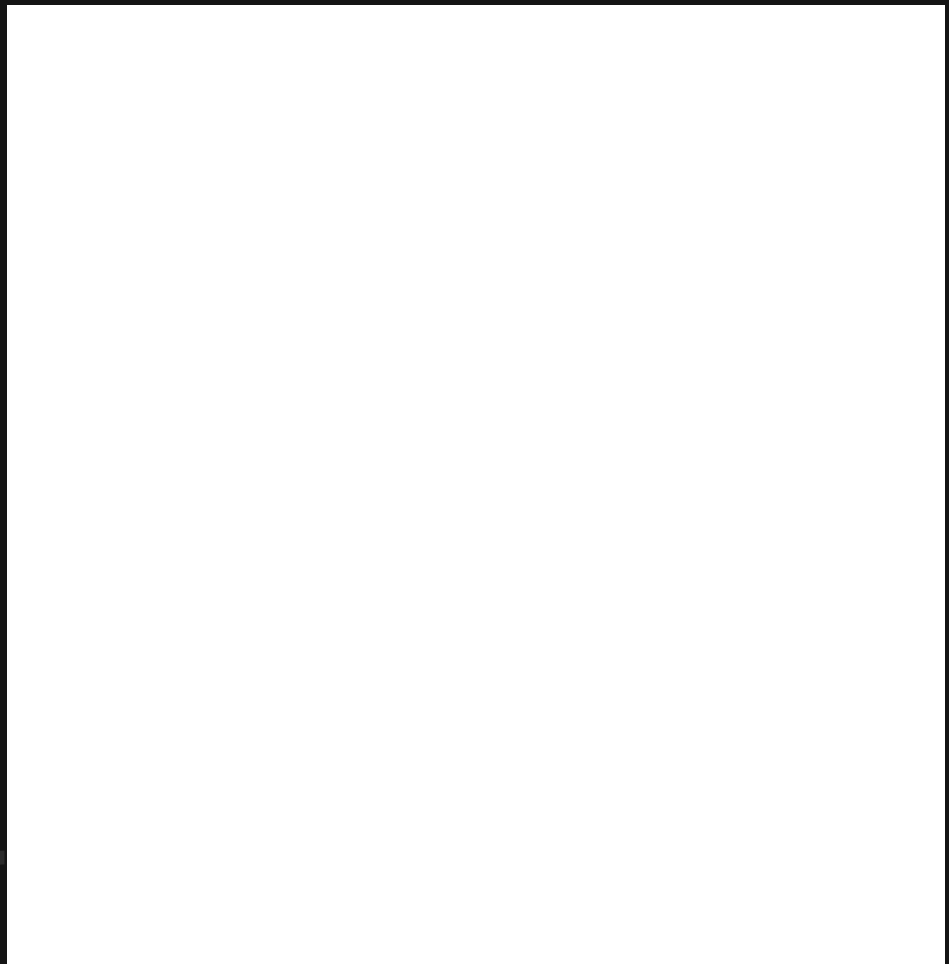
You have the knowledge to use digital tools to manage your money wisely. You can build a secure financial future by combining good habits with smart technology.



MODULE 07



MANAGING YOUR DEBTS IN THE DIGITAL AGE





Introduction to Digital Debt Management

Digital money services can help you manage your debts better. But they can also make it easy to get into new kinds of debt. This part of the guide will teach you how to handle your debts wisely.

We will look at how to keep track of your debts, how to pay them off, and how to avoid getting into too much debt. The goal is to help you use digital tools to become debt-free and stay financially healthy.



WHAT THIS MEANS FOR YOU

You will learn how to use your phone to keep track of all your debts. You will find ways to pay off your debts faster and smarter.



Managing debt well helps you gain freedom and peace of mind!



Keeping Track of Your Debts (Understanding Digital Debt Management)

Digital tools can help you manage your debts better. But it's also easy to get into new kinds of debt with digital services. So, it's important to manage your debts carefully.

1. Tracking All Your Debts (Digital Debt Tracking)

Use digital tools to keep a list of all the money you owe. This includes how much you owe, the interest rate (how much extra you pay for borrowing), when payments are due, and how long you have left to pay.

Make sure to include all types of debt: loans from banks, money borrowed from friends or family, mobile money credit, and any other money you need to pay back.

2. Paying Your Debts Automatically (Payment Automation)

Digital services can help you set up automatic payments for your debts. This means your payments are made on time without you having to remember. Automatic payments help you avoid late fees and keep a good relationship with your lenders.

3. Understanding Interest Rates (Interest Rate Management)

Interest rate is the extra money you pay when you borrow money, or the extra money you earn when you save. Digital tools can help you compare interest rates on different debts.

Some digital services might offer you a way to combine many debts into one new loan with a lower interest rate. This is called refinancing or debt consolidation. Check if this helps you pay less overall.

Comparison Table: A simple table comparing two debts: one with high interest (e.g., mobile money loan) and one with lower interest (e.g., bank loan), showing which one to pay first.

Debt Type	Interest Rate	Action
Mobile Money Loan	High (e.g., 20%)	Pay this first!
Bank Loan	Lower (e.g., 10%)	Pay this after the high-interest debt

4. Checking Your Credit (Credit Monitoring)

Credit is how lenders (like banks) see how good you are at paying back money. Digital services can help you check your credit history and credit score. This helps you understand how likely you are to get a loan in the future.

Check your credit regularly. This helps you find any errors or bad activities that could affect your ability to borrow money.



Ways to Pay Off Your Debts (Debt Repayment Strategies)

Paying off debt needs a good plan and steady effort. Digital tools can help you use different plans to pay back your debts and reach your goal of being debt-free.

1. The Debt Avalanche Method

With this method, you pay the smallest amount required on all your debts. Then, you use any extra money you have to pay off the debt that has the highest interest rate first.

2. The Debt Snowball Method

With this method, you pay the smallest amount required on all your debts. Then, you use any extra money you have to pay off the smallest debt balance first.

Choose the method that works best for you. Some people like saving money with the avalanche method, while others like the motivation from the snowball method.

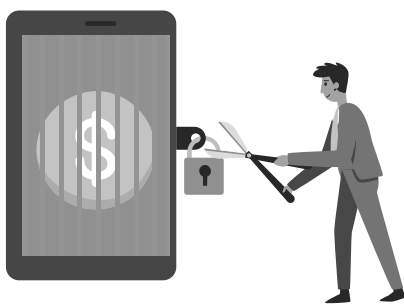
3. Combining Your Debts (Consolidation Strategies)

You can sometimes combine many debts into one new loan. This new loan might have a lower interest rate or easier payment terms. This is called debt consolidation.

Always check carefully to make sure that combining your debts will truly help you. Make sure it doesn't just make things more convenient without actually improving your financial situation.

4. Paying Extra When You Can (Extra Payment Strategies)

Even small extra payments on your debts can make a big difference. Digital tools can help you see how much faster you can pay off your debts and how much money you can save on interest by paying a little extra.



Avoiding Money Traps (Avoiding Digital Debt Traps)

Digital money services can make it easy to borrow money. But they can also make it easy to get into too much debt. Knowing how to avoid these traps is very important for your money health.

1. Be Careful with Easy Loans (Easy Credit Risks)

Digital services often offer quick and easy loans. This can be helpful in emergencies. But it can also make you borrow money without thinking carefully.

It's a good idea to wait a little before taking a new loan. This helps you make a careful decision, not a quick one.

2. Watch Out for Monthly Payments (Subscription and Recurring Charges)

Many digital services have monthly fees or payments that happen again and again. These can add up over time. Check these payments regularly.

3. Be Smart About 'Buy Now, Pay Later' (Buy Now, Pay Later Risks)

Some digital services let you buy now and pay later. This can make things seem cheaper than they really are. Understand all the rules and costs before you use these services.

Think of 'buy now, pay later' as a debt. Include it in your debt plan.

4. Manage Your Credit Limits (Credit Limit Management)

If you have access to credit (money you can borrow) through digital services, manage it carefully. Just because you can borrow money doesn't mean you should.

Some digital tools can send you alerts if you are close to your credit limit. Use these to help you stay in control.



Setting Your and Planning (Financial Goal Setting and Planning)

Digital tools can help you set clear money goals, track your progress, and stay motivated. This helps you make good plans to reach your financial dreams.

1. Using Digital Tools for Your Goals

Digital financial services offer smart tools to help you set, track, and reach your money goals. These tools can help you make clear plans and keep you excited about reaching your goals.



WHAT THIS MEANS FOR YOU

You can use your phone to help you clearly define what you want to achieve with your money. You will have a clear path to follow and stay motivated.

1. Making SMART Goals

Use the SMART goal framework to make your money goals clear and easy to follow. SMART stands for:

Specific: Your goal should be clear, not vague. (e.g., “Save N\$5,000” instead of “Save money”)

Measurable: You should be able to track your progress. (e.g., “N\$5,000” is measurable)

Achievable: Your goal should be possible to reach. (e.g., “Save N\$5,000 in 12 months” is achievable if you earn enough)

Relevant: Your goal should be important to you. (e.g., “Save for my child’s school fees” is relevant)

Time-bound: Your goal should have a deadline. (e.g., “by next year”)

2. Deciding Which Goals Come First (Goal Prioritization)

Use digital tools to decide which money goals are most important to you. Think about what is urgent, what is easy to do, and what matters most to you.

Think about both short-term goals (like saving for a new cooking pot) and long-term goals (like saving for a house). Be real about how many goals you can work on at the same time.

3. Seeing Your Progress (Progress Tracking)

Digital tools can show you how close you are to reaching your goals. They can show you pictures or graphs of your progress. This helps you stay motivated and see if you need to change your plan.

Check your progress regularly. This helps you see if your plan is working and make any changes you need.

4. Celebrating Your Wins (Milestone Celebration)

Use digital tools to set small celebrations for yourself when you reach a part of your bigger goal. Celebrating your progress helps you stay motivated and makes reaching your goal more enjoyable.



Making Your Money Plans (Creating Financial Plans)

Good money planning means putting all your goals, money, and strategies together into a clear roadmap. This helps you reach your financial success.

1. Guessing Your Future Money (Income and Expense Projection)

Use digital tools to guess how much money you will earn and spend in the future. This is based on what you earn and spend now, and any changes you expect.

2. Planning Your Savings and Investments (Savings and Investment Planning)

Make clear plans for how you will save and invest your money to reach your goals. Think about how long you have to save, how much risk you are comfortable with, and how much money you need to earn.

3. Planning for Unexpected Problems (Risk Management Planning)

Your money plan should include ways to protect yourself from unexpected problems. These problems could stop you from reaching your money goals.

Think about different kinds of risks. There are money risks, like losing your job or the economy getting bad. There are also personal risks, like getting sick or a family emergency.

4. Having a Backup Plan (Contingency Planning)

It is smart to have backup plans for when your original money plans don't work out as you expected. This helps you change your plans without giving up on your goals completely.



Changing Your Money Plans Over Time (Adapting Plans Over Time)

Your money plans need to change as your life changes. Digital tools can help you adjust your plans while still focusing on your main money goals.

1. Checking Your Plans Regularly (Regular Plan Reviews)

Look at your money plans often. See how you are doing and if you need to make any changes. Think about changes in your life, the economy, and new opportunities.

2. Letting Your Goals Change (Goal Evolution)

It's okay for your money goals to change as you learn more about what is important to you and what you can achieve. This is a natural part of life.

3. Making Your Strategies Better (Strategy Refinement)

Keep making your money strategies better based on what you learn and new information. This helps you get better at reaching your goals over time.

4. Adapting to Life Stages (Life Stage Adaptation)

Your money plans should change as you go through different stages of life. What works when you are young might not work when you have children or are getting ready to retire.

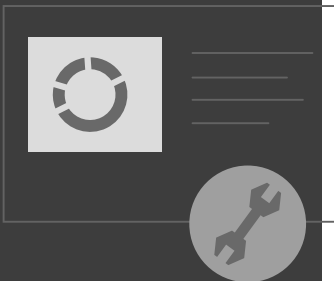




MODULE 08



BECOMING A DIGITAL FINANCE CHAMPION





Introduction to Digital Finance Leadership

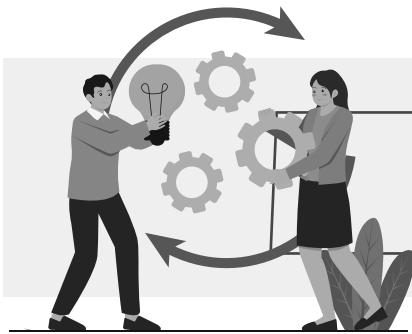
Now that you understand digital money and how to manage it safely, you can become a leader in your community. This part of the guide will show you how to share your knowledge and help others learn about digital finance.

Being a Digital Finance Champion means you can guide your friends, family, and neighbors. You can help them use digital money safely and smartly. This helps everyone in your community benefit from new ways of handling money.



WHAT THIS MEANS FOR YOU

You will be able to help others understand and use digital financial services. You will become a trusted source of information in your community.



Sharing your knowledge helps build a stronger, safer community for everyone!"



Helping Your Community Learn (Community Education and Support)

Good money planning means putting all your goals, money, and strategies together into a clear roadmap. This helps you reach your financial success.

1. Share What You Know (Information Sharing)

Talk to your family, friends, and neighbors. Tell them about the dangers of digital money and how to stay safe. Share tips on how to protect their money.

Always make sure the information you share is true and comes from trusted sources. Don't spread rumors or things that are not confirmed, as this can cause unnecessary fear.

2. Help Each Other (Peer Support Networks)

Create groups where people in your community can help each other with digital money questions and problems. These groups can give good help and stop people from feeling alone when they face problems.

3. Training Your Community (Community Training)

Help organize or join training sessions in your community about digital money safety. These sessions can teach people in a structured way and help everyone learn together.

4. Learning from Each Other (Intergenerational Learning)

Help different generations in your community learn from each other. Young people might be good with phones, but older people have more experience with money.



What to Do When Something Goes Wrong (Reporting and Response Systems)

Having a clear way to report problems helps everyone in the community stay safe from digital money dangers.

1. Reporting Problems (Incident Reporting)

Set up ways to report security problems or threats in your community. This could be an informal group where people share information, or a more formal way through community groups.

2. Working Together to Solve Problems (Resource Coordination)

Work together to gather help for security problems. This means finding people who know a lot about digital money, talking to financial service providers and the police, and making plans for what to do when problems happen.

3. Speaking Up for Your Community (Advocacy and Representation)

Work together with others to ask financial service providers and the government for better security and protection for customers. When many people speak together, it is more powerful than one person complaining.

4. Focusing on Stopping Problems Before They Start (Prevention Focus)

It is better to stop problems from happening than to fix them after they happen. Focus on teaching and preventing issues, not just reacting to them.

GLOSSARY OF FINANCIAL TERMS



Financial Literacy Initiative

ABOUT THE FINANCIAL LITERACY INITIATIVE

The Financial Literacy Initiative (FLI) is a national platform to enhance financial education for individuals and micro, small and medium sized enterprises. The FLI consists of more than 30 platform supporters from the Namibian public, private and civil society sector working in a coordinated effort to improve the financial capability of all Namibians.

Vision

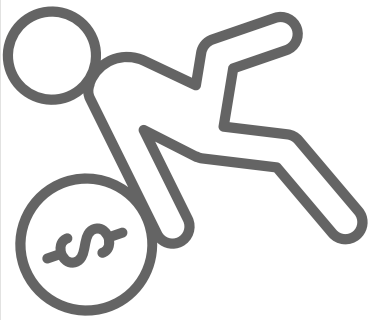
Improved quality of life and a narrowed economic divide achieved through financially capable, assertive and well-protected Namibians.

Why the financial glossary booklet?

A financial glossary booklet documents the key words and phrases which are regularly used in the financial industry and are explained to help consumers understand the financial language. This is the first version hence it may be reviewed and upgraded when there is a need.

FLI PLATFORM SUPPORTERS





After tax		An amount of money that a person is left with after they paid tax.
Annual		Every year.
Annuity		A regular amount paid out to somebody from an investment that is linked to a managed fund.
Annual percentage rate (APR)		A percentage to show the amount of interest and other fees a person pays each year to receive a loan. It allows you to evaluate the cost of the loan in terms of a percentages.
Annual percentage yield (APY)		The APY is the rate earned or paid in one year, taking into account the effect of compounding. The APY is calculated by taking one plus the periodic rate and raising it to the number of periods in a year. For example, a 1% per month rate has an APY of 12.68% (1.01^{12}).
Annual Fee		Any fee that is charged once per year by financial institutions on certain type of accounts, usually in order to offset operating expenses. It can be the amount that credit card companies charge for the use of a credit card.
Arrears		An overdue amount that has not been paid on a loan.
Asset		A resource that has an economic value and can be used to generate current or future income. For example, cash, stocks, bonds, house and personal possessions.
Automatic Teller Machine (ATM)		An electronic banking outlet/machine that allows customers to complete basic transactions without the aid of a branch representative or teller e.g. to make cash withdrawals, cash deposits, or check their account balances.




Balance		The amount of money in your banks account. The balance can be positive (credit) or negative (debit).
Balance brought forward		An amount shown on a person's last statement that is brought forward to the next statement, either to show money saved or money owed.
Balance sheet		A summary of an individual's or a company's assets (what one owns) and liabilities (debts) at a point in time.
Balance of payments		A statistical statement that summarizes all economic transactions made between entities in one country (economy) and the rest of the world over a defined period of time, such as a quarter or a year.
Bank		A company for-profit that is owned by its stockholders and provides saving and checking accounts and other financial services to its customers. It can also be referred to as a deposit taking organisation.
Bank account		A financial product at a commercial bank in your name which you use e.g. to deposit, withdraw and/or transfer money.
Bank failure		The closing of an insolvent bank by the regulator (Central Bank) due to its inability to meet their obligations to depositors and other creditors.
Basic bank account		A basic bank account is for individual earning low amount/income per month offered by commercial banks as determined by the central bank (in Namibia is N\$2525.00 or less). No proof of income is required and no monthly fees is charged.
Bank of Namibia (BON)		BoN is the central bank of the Republic of Namibia, established in 1990 by the Bank of Namibia Act, 1990 (Act 8 of 1990) to "serve as the State's principle instrument to control the money supply, the currency and the institutions of finance, and to perform all other functions ordinarily performed by a central bank.
Bonds		Loans to corporations, individuals or to the government for a certain period of time, called a term. You earn interest on your loan investment, and at the end of the term, your bond matures and can be repaid to you by the company.
Borrowing		It is receiving something of value e.g. money in exchange for an obligation to pay back something of usually grate value at a particular time in the future.

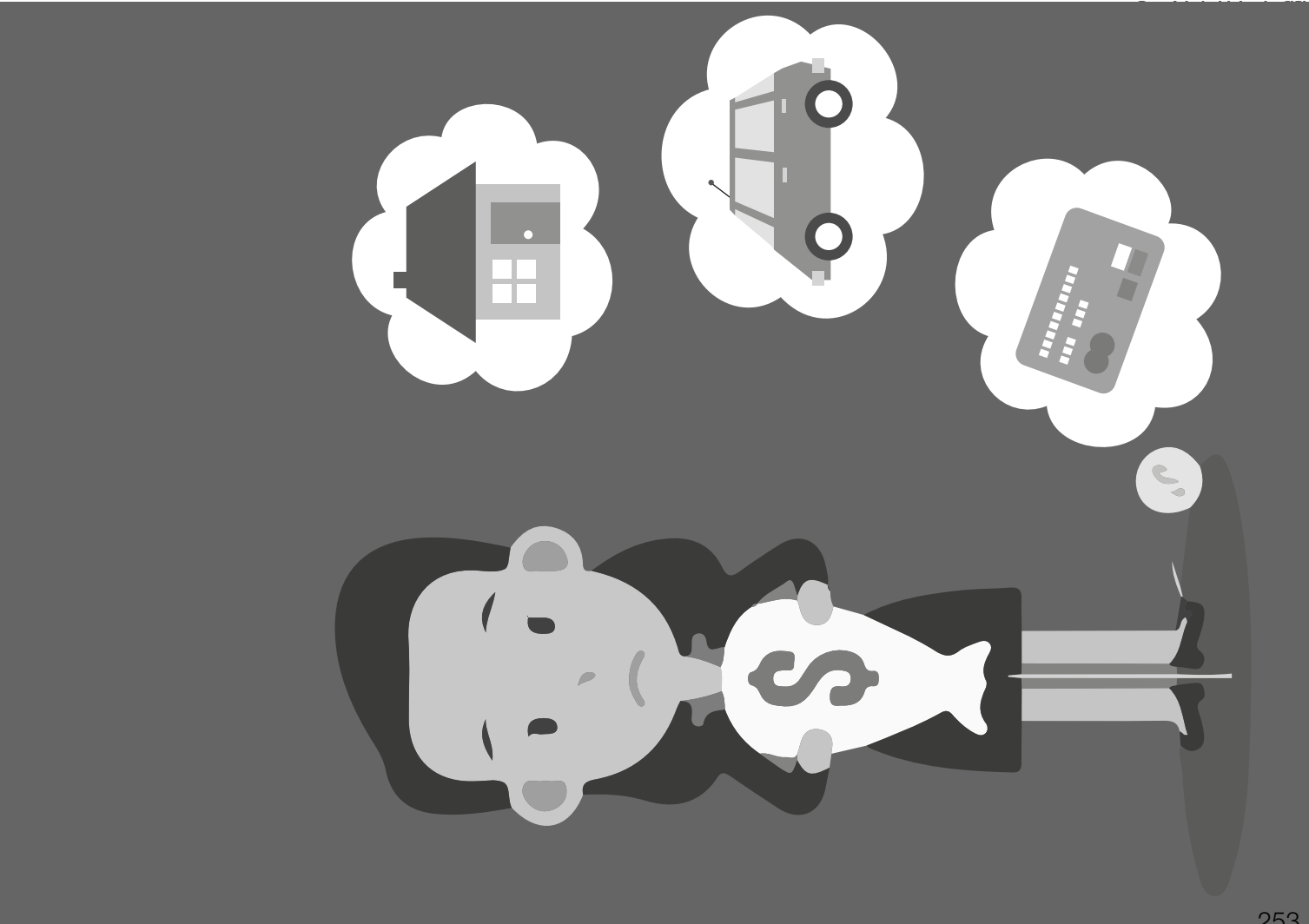


	Is a regulated professional who buys and sells financial instruments on behalf of a client and charges a fee for doing so. Clients can be individual investors or companies.
	A plan that shows how much you can spend against what you earn over a given time e.g. weekly, monthly, or yearly. It helps you guide on how much money you can allocate for different needs.
	An organization or enterprising entity engaged in commercial, industrial, or professional activities i.e. all the activities involved in developing and exchanging products for profit.
	A document that describes in detail how a new business is going to achieve its goals.
	A bank account in which you can invest money that earns a higher rate of interest than in an ordinary account, and from which you can take money when you need it.
	When interest is capitalized, the outstanding (unpaid) interest on your loan account is added to the principal balance. When this happens, you are essentially paying interest on top of interest.
	A resource with economic value that is expected to generate value over a period of time.
	In the balance of payments, the capital accounts record capital transfers and acquisition or disposal of non-produced, on-financial items such as patents. The financial account of the balance of payments consists of transactions in foreign financial assets and liabilities of the economy.
	An increase in the value of a capital asset from the point of purchase to the point of sale.
	Money in the form of notes or coins.
	The amount of cash or cash-equivalent which the company receives or gives out by the way of payment(s) to creditors.
	A short-term loan expected to be repaid before or on the borrower's next pay day. This is similar to Payday loan.
	Fees and interest that you must pay when you borrow money or buy on credit.



	An instrument which orders a bank to pay a particular amount of money from a person's account to another individual's or company's account in whose name the cheque has been made or issued. (CHEQUES ARE NOW OUT OF THE NAMIBIAN MARKET).
	Sometimes called current accounts, cheque accounts are transactional bank accounts that provide you with more functions than normal savings accounts.
	A property or other assets that a borrower might offer to a lending institution in order to secure a loan. If a borrower stops making the promised loan payments, the lender has the right to seize and sell the collateral.
	It is the interest that you earn on interest.
	It associates with spending far beyond than necessary.
	The basic economic entities of an economy. All the consumers (individuals or households) consume goods and services directly and indirectly to maximise satisfaction and utility.
	The study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.
	It is a process of informing customers about products and services; and their rights thereof so that they can make sound decisions when they want to use such products and services. This can be done in a formal or informal way.
	The act of safeguarding buyers of goods and services, and the public, against unfair practices in the marketplace. It is also an act of safeguarding the users of financial services and products against unfair practices in the financial industry. This is done by education consumers about their rights.
	A legally binding agreement between a borrower and a creditor.
	This is a time period after a consumer signs the agreement in which you are allowed to review the terms and conditions of the contract agreement. You have the right to cancel the agreement and obtain a full refund of the premium if you change your mind within that period.





Credit

Credit can have different meanings. Credit means buying goods and services now, but paying for them later, often by paying the money back in certain amounts over a defined period of time and by paying an interest rate (see also: Loan). Credit can also be a transaction on your bank account that shows money going into the account. Amount of money a creditor is willing to loan another person or company to purchase goods and services, based on the expectation that the money will be repaid as promised with interest.

Credit card

A payment card issued to users (cardholders) to enable the cardholder to pay for goods and services based on the cardholder's promise to the bank to pay them for the amounts with interests.

Credit history

This is your track record in repaying loans. A credit history helps a lender to determine whether a potential borrower has a history of repaying debts in a timely fashion.

Credit life insurance

A life insurance policy designed to pay off a borrower's debt if that borrower dies. The face value of a credit life insurance policy decreases proportionately with an outstanding loan amount as the loan is paid off over time until both reach zero value.

Credit limit

The maximum amount of credit a lender will extend to a borrower.

Credit report

A credit report contains details about how you manage all your credit, including your credit card, car loan, cell phone account etc.

Credit rating /score

A measure of creditworthiness based on an analysis of the consumer's financial history, often computed as a numerical score, using a scoring systems to analyse the consumer's credit. A creditor's evaluation of a person's willingness and ability to pay debts as judged by character, capacity, and capital; a mathematical model used by lenders to predict the likelihood that bills will be paid as promised.

Credit risk

The risk that the borrower may not repay the borrowed loan.

Credit Union

A financial institution owned by its members that provides savings and checking accounts and other services to its membership at low fees.













Creditworthiness

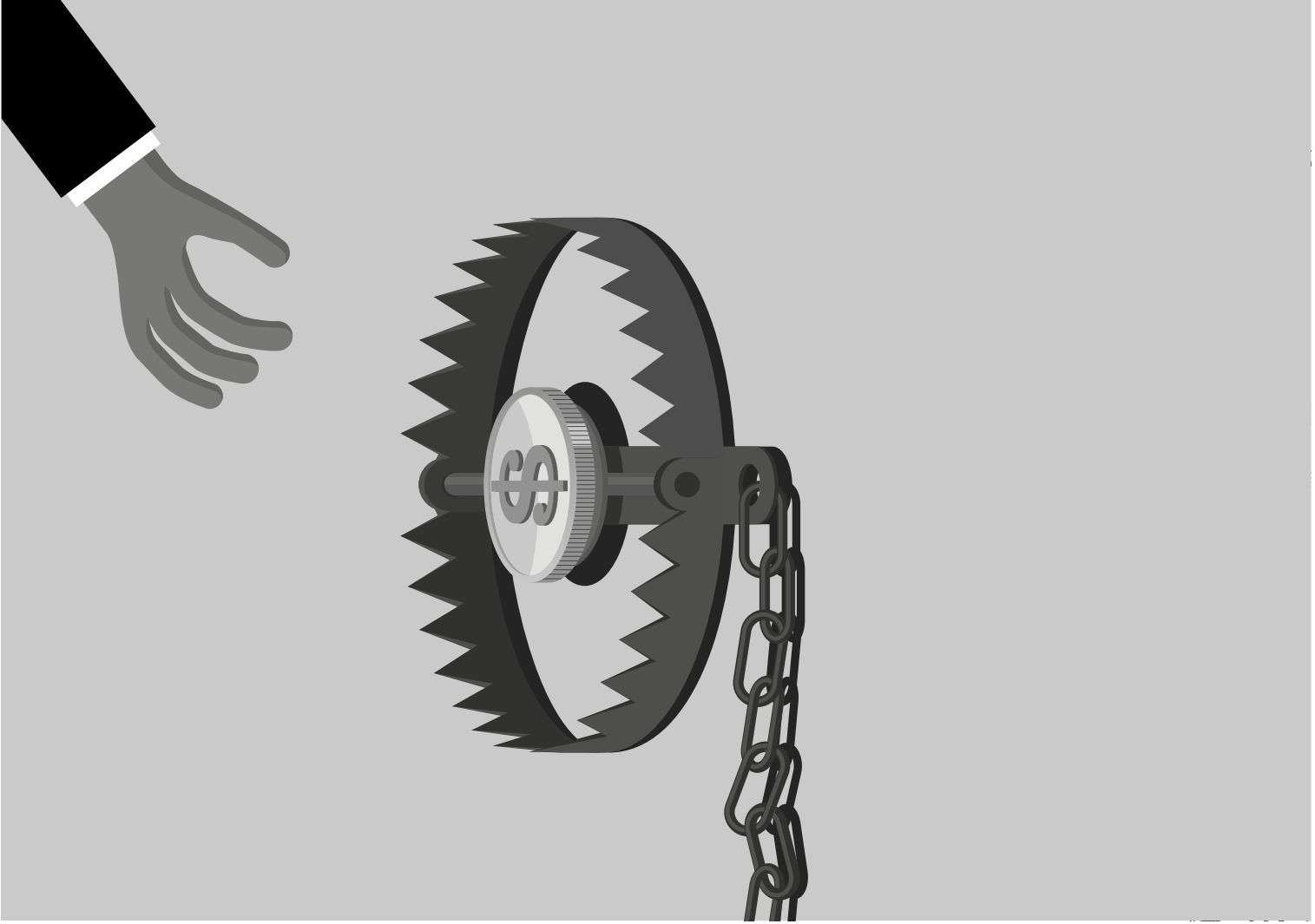
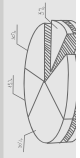
A measure of one's ability and willingness to repay a loan. The fact that somebody can be trusted to pay back money that is owed; or the fact that somebody is safe to lend money to.
















Cryptocurrency











A digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

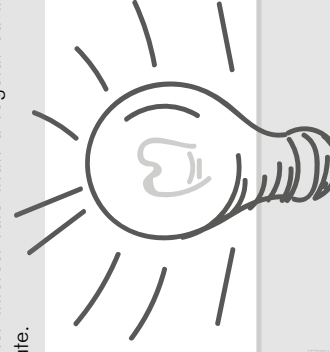


 <p>Currency peg</p>	<p>A policy in which a national government sets a specific fixed exchange rate for its currency to a foreign currency or a basket of currencies.</p>
 <p>Current account</p>	<p>The current account of the balance of payment records a country's trade balance, net income, direct payments and international transfers of funds. The trade balance is a difference between the country's exports and imports of goods.</p>
 <p>Debit card</p>	<p>A card that gives direct access to money in your bank account, e.g. by withdrawing it at an ATM, or swipe a card for direct payment at the point of sale machine.</p>
 <p>Debt</p>	<p>The entire amount of money that the borrower owes to the lenders.</p>
 <p>Debt consolidation</p>	<p>Is a process of combining all of your unsecured loans together by taking a new loan, pay the existing loans off, and then you will have a single repayment but with extended period.</p>
 <p>Debit order</p>	<p>A commitment between you and a third party to take an agreed amount of money out of your bank account every month to pay for a service or to repay a loan.</p>
 <p>Deflation</p>	<p>Refers to a general fall in prices of most goods and services of common use such as food, clothing, housing, recreation, transport etc. It is the opposite to inflation.</p>
 <p>Disability cover</p>	<p>It is an income protection measure to individuals who become disabled for a long period of time, and as a result can no longer work during that time period.</p>
 <p>Disposable income</p>	<p>The income / money available for spending or saving after paying statutory obligations.</p>
 <p>Diversification</p>	<p>When you spread the risk over a variety of savings and investment options. Further, diversification is the process of allocating capital in a way that reduces the exposure to anyone particular asset, such that the risk of loss is reduced or minimized.</p>
 <p>Dividend</p>	<p>An amount of money that a company pays to its shareholders from its profits.</p>
 <p>Depreciation</p>	<p>The reduction in the value of an asset with the passage of time, due to wear and tear.</p>
















Deposit		An amount of money put into a bank account or money that is left with someone or a company to secure the purchase of an item.
Deposit insurance		A guarantee that a depositor's money with a bank will be honoured in the event of bankruptcy.
Due diligence		A comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential.
Earned interest		The payment you receive for allowing a financial institution or corporation to use your money.
Emergency fund		A cash that is set aside to cater for unexpected expenses.
Employee benefits		Additional benefits, beyond basic salary, offered by employers (e.g., health insurance or pension plan).
Entrepreneurship		Refers to the process of creating a new enterprise and bearing any of its risks, with the view of making the profit.
Electronic banking		A way of banking that allows withdrawals, deposits and transfers to be completed and account information to be obtained electronically using facilities such as internet and ATMs.
EFT (Electronic Fund Transfer)		A way of moving funds from one bank account to another using an electronic method such as internet banking.
Equity		The difference between the value of the assets and the cost of the liabilities of an asset.
Expense		An expense is the cost of operations that a company incurs to generate revenue.
Expenditure		An amount of money spent on goods and services.
Exchange rate		A rate at which a person can change one country's currency for another.
Fees		Fees that are charged by a financial institution for managing your financial product and providing the financial services you use. Fees are charged yearly, monthly or per service you use (e.g. transferring or withdrawing).
Fixed expenses		Expenses that cost the same amount every time.










Financial advisor		A person who gives professional advice on matters related to finances in the market in exchange for a fee.
Financial capability		The ability to make sound financial decisions. Financial capable consumers are numerate and can budget and manage money effectively. They understand how to manage credit and debit.
Financial education		The process by which financial consumers/investors improve their understanding of financial products, concepts and risks, through information, instruction and/or objective advice that develops the skills and confidence to become more aware of (financial) risks and opportunities to make informed choices, to know where to go for help, and take other effective actions to improve their financial wellbeing.
Financial goal		Are the priorities and targets you set for how you want to spend and save your money.
Financial inclusion		The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections (i.e micro- and small enterprises) and low income groups, at affordable cost.
Financial intermediary		An entity that acts as a middleman between two parties (borrowers and lenders) in a financial transaction.
Financial literacy		A combination of awareness, knowledge, skills, attitude, and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.
Financial Literacy Initiative (FLI)		A national platform to enhance financial education for individuals and micro-small- and medium sized enterprises in Namibia. The FLI was initiated by the Ministry of Finance and several Platform Supporters.
Financial planning		Is the process of outlining how your money, investments and other assets can help you meet your financial goals.
Fixed deposit		Also called term deposit, it is a financial instrument offered by banks which gives investors a higher interest rate than a regular savings account until the maturity date.













	Funeral insurance	A basic type of insurance that is used to pay for funeral service, cemetery plot and headstone, casket, funeral procession and other miscellaneous costs.
	Guarantor	A person who agrees to pay off a loan on behalf of the borrower, if the borrower fails to pay.
	Grace period	A grace period is a set length of time after the due date during which payment may be made without penalty.
	Gratuity	Gratuity is a monetary benefit given by the employer to his employee at the time of retirement.
	Gross income	For households and individuals, gross income is the sum of all wages, salaries, profits, interest income, rent income, and other forms of earnings, before any deductions or taxes. It is opposed to net income, defined as the gross income minus taxes and other deductions.
	Health insurance	A type of insurance coverage that pays for medical and surgical expenses that are incurred by the insured, by reimbursing them for the costs incurred due to medical expenses.
	Hidden cost	Costs or expenses that are not normally included in the purchase price for the product e.g. maintenance for the machine.
	Hire purchase	An arrangement for buying expensive consumer goods, where the buyer makes an initial down payment and pays the balance plus interest in instalments.
	Identity theft	Identity theft is when someone steals your personal information and uses it without your permission i.e. someone uses your name, Social Security number, credit card number, and other personal information without your permission.
	Import duty	A tax imposed by a government on goods from other countries. Import duty is the actual amount of money paid on the imported product, and this value depends on the quantity imported.
	Impulsive spending	Is an unplanned decision to buy a product or service, made just before a purchase.
	Income	Any money an individual receives (either from salary, wages, gifts, profits, etc.). Income is the revenue a business earns from selling its goods and services.
	Income tax	Is the tax owed on the earnings of individuals' salaries or other earnings.

	Income Tax Return form	Is a form you submit to the Inland Revenue Department (IRD) on a yearly basis as a record of your gross income, allowable deductions, taxable income and tax.
	Inflation	Inflation is the long term rise in the prices of goods and services caused by the devaluation / weakness of currency.
	Instalment	It is a part of a payment which is paid regularly until the total amount borrowed is paid in full.
	Insurance	A way to manage your risk. Insurance is an arrangement with an insurance firm under which you pay them regular amounts of money and they agree to cover your costs if a certain unfortunate event occurs, for example a traffic accident, damage to property or illness.
	Insurance claim	A formal notification to the insurance company informing them that you have suffered a loss or damage. Up-on submission of the claim, the insurance company will pay you as agreed.
	Interest	Additional amount you will pay to a lending institution to borrow money. In terms of savings, interest is the additional amount you will earn for having your money in a bank account or other savings vehicle.
	Interest rate	It is the amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets. Interest rates are typically noted on an annual basis, known as the annual percentage rate (APR).
	Investor	Someone who allocates capital with the expectation of a financial return.
	Investment	An act of allocating resources, usually money, with the expectation of generating future income or profit. For example, investment in using money to start a business, or in assets, such as purchasing property to sell later at a higher price.
	Investment portfolio	A collection of a person's savings such as shares, bonds, property and cash. In fact, investment portfolio can be any possession that is purchased for the purpose of generating a return in the short or long term.
	Joint account	A bank account held by more than one person, usually by married couple or partners who owns the business with equal shares.
	Joint liability	An obligation of two or more partners to pay back a debt or be responsible for satisfying a liability. A joint liability allows parties to share the risks associated with taking on debt and to protect themselves in the event of lawsuits.

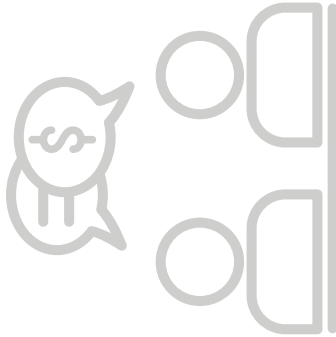






Joint Venture		As a business arrangement, wherein two or more independent companies come together to form a legally independent undertaking, for a stipulated period of time, to fulfil a specific purpose such as accomplishing a task, an activity or a project.
Lending rate		The rate of interest that you have to pay when you are repaying a loan.
Liability		Debt or future contractual obligations.
Life insurance		A contract between the insurer (insurance company) and policy owner (client) whereby the insurer agrees to pay a policy owner a lump sum upon the occurrence of the insured individual's death or other life event such as critical or terminal illness.
Liquidity		The ability to convert an investment into cash or money with little or no loss in value.
Loan		A loan is a financial transaction in which one party (the lender) agrees to give another party (the borrower) a certain amount of money with the expectation of total repayment.
Loan Term		The length of time you have to pay off a loan.
Long-term insurance		A protection against the loss of income that would result if insured passed away.
Long-term investment		These are non-cash investments owned by the company or individuals, with the intention to hold onto these assets for many years.



Loan to value ratio		A loan to value (LTV) ratio is calculated by dividing the amount borrowed by the value of the property, expressed as a percentage. For example, if you buy a house valued at N\$300,000 and make a N\$30,000 deposit, you will borrow N\$270,000. This results in an LTV ratio of 90 percent (i.e., 270,000/300,000)
Lump sum		A single payment made at a particular time, as opposed to a number of smaller payments or instalments. A pension plan can provide a cash lump sum at retirement as well as a regular income.
Macro-prudential oversight		Refers to financial regulations that aim to mitigate risk to the financial system as a whole.
Maturity		A fixed time period by which an obligation is met or the financial instrument will expire and the principal is repaid with interest.
Maximum withdrawal		A limit on the amount of money a person can withdraw from an ATM.
Mobile banking		It is a term used for banking transactions through a mobile device (e.g. payments, airtime transfer, account balance checks, transactions).
Money Market Account		An account that usually pays a higher rate of interest, and it usually requires a higher minimum balance to earn interest than a regular savings account does. You can make deposits and withdrawals.
Monetary transmission mechanism		It is a process by which asset prices and general economic conditions are affected as a result of monetary policy decisions. Such decisions are intended to influence the aggregate demand, interest rates, and amounts of money and credit etc.
Mortgages		A loan to help you buy a property on condition that the company giving you the loan has certain rights, including the right to sell the property if you do not pay back the loan.

 Mutual Fund	A professionally managed collection of money from a group of investors. A mutual fund manager invests your money in some combination of various stocks, bonds, and other products.
 NAMFISA	It is a public body established in terms of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001), and it is tasked with the responsibility of regulating and supervising non-banking financial institutions in Namibia.
 Needs	Essentials or basics necessary for maintaining physical life, including food, clothing, water, and shelter, sometimes called material well-being.
 Net income	It is the amount of income left after paying all other expenses.
 Outstanding instalment	A repayment that has not been made.
 Overdraft	A product that can be issued by your bank and permit you to spend more money than you actually have in your account. There is a charge for this service.
 Payday loan	Is a loan given by a micro-lender that has to be repaid back on or before the next pay day. It is similar to cash loan.
 Payroll deductions	Amounts subtracted from gross income that are withheld by an employer for items such as taxes and employee benefits.
 PAYE (Pay as you Earn)	It is the income tax that is deducted from your salary before you receive it.
 Penalty fee	A penalty on all types of credit for making a payment after its due date.
 Pension funds	A fund established to facilitate and organize the investment of the retirement funds of a group of individuals. It is a common asset pool.
 Premium	An amount a person must pay regularly for insurance or pension.
 Prime Rate	The benchmark rate at which private banks lend out to the consumer. It is the lowest rate of interest which it charges at a particular time and which is offered only to certain customers usually with good credit scores.















 Promissory Note	A legally binding document signed when you take out a student or parent loan. The promissory note (sometimes referred to as a "prom note") lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It will include information on how interest is calculated and what deferment and cancellation provisions are available to the borrower.
 Portfolio	A collection of different investments owned by an organisation or individual.
 Principal amount	The original amount invested or loaned, separate from revenue/returns.
 Real economy	Part of the economy which deals with the production, purchase and flow of goods and services within the economy, rather than the part consisting of financial services such as banks, stock markets and etc.
 Repayment terms	The act of paying back money previously borrowed from a lender. Repayment usually takes the form of periodic payments that normally include part principal plus interest in each payment.
 Repo Rate	Short for the Repurchase Rate - is the rate at which banks borrow money from the central bank (the central bank is responsible for the money supply).
 Repossession	The act of a lender taking back their property after a borrower has defaulted on payments.
 Retail credit	Credit granted by a retail firm to consumers for the purchase of goods or services.



	A retirement payment option that guarantees to pay you a particular amount every month throughout your retirement.
	Money you invest over a long period of time so that you will have money to live on when you are no longer working.
	The annual income or revenue from an investment expressed as a proportion (percentage) of the original investment (principal amount).
	The possibility of something bad happening. Risk includes the possibility of losing some or all of an original investment.
	This involves taking action or strategy to reduce an exposure to potential risks and reduce the likelihood that those risks will happen again.
	Money or assets that you put away to use later. For example, you may save regularly to buy a car or a house in the future. Saving provides ready cash for emergencies and short-term goals, and funds for investing.
	A bank account where your savings can be deposited and withdrawn. An interest rate is usually paid for the money deposited and fees are charged by the bank for specific account services.
	A well-defined strategy on how to save for a short or long term to reach your financial goal.
	Is a loan in which the borrower pledges some assets as a collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan. Example a car loan, home loan.
	A share is a unit of ownership in a company, mutual fund, financial asset, or trust that provides for an equal distribution in any profits, if any are declared, in the form of dividends. The two main types of shares are common shares and preferred shares.
	An insurance encompasses all types of insurance policies other than life insurance.
	Also known as marketable securities, are investments that can be easily converted into cash, normally have maturity terms in less than 3 years.
	It is the interest paid only on the "principal" or the amount originally borrowed, and not on the interest owed on the loan.



	A tax payable to legalise contractual agreements.
	A record summarizing all transactions that have occurred on your financial account (bank, insurance, retirement, etc.) and any fees charged or interest paid. Statements are sent to you monthly or yearly.
	A startup is a young company/companies founded by one or more entrepreneurs to develop a unique product or service and bring it to market.
	A facility where stockbrokers and traders can buy and sell securities, such as shares of stock and bonds and other financial instruments.
	Parts of a company, called shares. If the company does well, you might receive periodic dividends based on the number of shares you own. Dividends are part of a company's profits that it gives back to you, the shareholder.
	Is an unregulated savings pool where a group of individuals contribute an agreed-upon monthly amount.
	Is an instruction that you issue to your bank to make a series of future dated recurring payments.
	A sum of money granted by the state or a public body to help an industry or business keep the price of a commodity or service low, or affordable for the targeted clients.
	Is a compulsory contribution to government revenue, levied by the government on personal income and business profits, or added to the cost of some goods, services, and transactions.
	Is an illegal activity in which a person or entity deliberately avoids paying a true tax liability. This is a criminal activity and is punishable by law.
	A commercial document issued by a seller or a service provider, for a buyer or a customer, relating to a sale transaction or service provided. It indicates the products, quantities and agreed prices for products or services the seller has provided to the customer.
	The name given to movements of money such as deposits and withdrawals, or transferring money between bank accounts, businesses and individuals.



Travel insurance		An insurance product designed to cover the costs and reduce the risk associated with unexpected events during domestic or international travel.
Treasury Bills		They are short-term instruments issued at a discount by the government through the central bank.
Unit Trust		It is an investment product of a mutual trust where an unlimited number of investors invest their money into a single fund that is managed by professionals.
Unsecured loan		Is a loan that is issued and supported only by the borrower's credit-worthiness, rather than by any type of collateral.
Value Added Tax (VAT)		VAT is a type of consumption tax that is placed on a product or service whenever value is added and at sale of the product or service.
Vehicle insurance		A policy purchased by vehicle owners to mitigate costs associated with getting into a motor vehicle accident. Instead of paying out of the pocket for accidents, people pay annual premiums to a vehicle insurance company; the company then pays all or most of the costs associated with a motor vehicle accident or other vehicle damage.
Venture capital		Money provided by investors to start-up firms and small business with perceived long-term growth potential.
Wants		Is something one would like to have. It is not absolutely necessary but it would be something nice to have.
Withdrawal		To take money out of a bank account. This can be done using an ATM, EFT or by cheque.



TABLE OF CONTENTS

Index.....	2
About.....	4
Who are you?.....	5
Why Invest - A Background.....	6
What is an investment.....	7
What is not an investment?.....	8
Investing vs. Saving.....	8
Formal Investment.....	9
Informal Investment.....	9
Basic Terms.....	10
Questions you should ask yourself when taking an investment decision:.....	13
Inflation vs. saving and investing.....	14
Advantages of well-planned investments.....	15
Disadvantages of unplanned investments.....	15
Risk Return Tradeoff.....	16
FAQ ON INVESTMENTS.....	17
TYPES OF INVESTMENT.....	20
Savings plan.....	20
Fixed-deposit savings plan.....	20
Variable-deposit savings plan.....	20
Term Deposit Accounts (TDA).....	23
Call Account.....	25
Case Study.....	27

InvestWISE



THE **FLI**

A NATIONAL PLATFORM
to enhance FINANCIAL
education



Financial Literacy Initiative

Invest **WISE**

Money Market.....27
 Case Study.....29
 Treasury Bills.....30
 Bonds.....33
 Case Study.....37
 Balanced Portfolios.....38
 Collective Investment Schemes: Unit Trusts
 and Investment Funds.....40
 Real Estate/Property.....42
 Equity.....45
 Investing in your business.....48
 Pension Funds.....51
 Case Study.....55
 CONSUMER PROTECTION.....56
 Bank of Namibia (BoN).....56
 NAMFISA.....57
 Namibia Estate Agent Board.....58
 FLI PLATFORM PARTNERS.....59

ABOUT FLI



Financial Literacy Initiative

The Financial Literacy Initiative (FLI) was officially launched by the Ministry of Finance on 15 March 2012. It is a national platform comprising more than 30 partner institutions from the Namibian public, private and non-profit sectors. The FLI is dedicated towards educating the public on financial matters including consumer protection.



Be Wise!

“Be wise” is the main theme of the financial education campaign carried out by the Financial Literacy Initiative (FLI) Namibia. The campaign is directed to individuals as well as micro-, small- and medium sized enterprises to enable them to make informed decisions about managing their financial matters. “Be wise” works through a combination of different info-booklets, street theatre plays, radio and TV shows as well as a Facebook page.

“Invest Wise” aims to introduce the main concepts and terms associated with investing capital. The objective of this insert is to develop an understanding of the basic mechanics of different investments, and why it is important to utilize investment instruments to make the most of your savings. Together with “Spend, Budget, Save, Pay and Borrow Wise”, Invest Wise forms part of the “Be Wise” campaign.

WHO ARE YOU?

PERSON A



Starts saving at:
age 20

N\$ 1000.00 p/m
at 10% interest p/a

Stops monthly savings at age 30

PERSON B



Has other priorities
Will start saving at: age 30
N\$ 2000.00 p/m
at 10% interest p/a

WHEN BOTH TURN 40

PERSON A

± N\$ 520 000
with an input of
N\$ 120 000

PERSON B

± N\$ 400 000
with an input of
N\$ 240 000

5

WHY INVEST – A BACKGROUND

Investing, along with saving and paying off debt, is an important aspect of financial and wealth management of all people, society and the economy in general. Investing is the act of setting funds aside today in order that they grow, allowing for greater consumption or investment in the future.

Managing your money wisely is not easy. We agree, the term “investment” alone sounds complicated! But everyone can learn how to do it. Our Invest Wise tips will help you understand the basics of investment and show you how to make more of your savings without losing control. It is important to have your finances under control, because it makes you financially independent, gives you freedom of consumer choice, and it is empowering. Managing your money wisely creates opportunities for you and your family!



REASONS TO INVEST:

To generate additional income to ensure your future well-being.

To achieve your objectives such as buying a house, a car or starting a business.

To accumulate resources to pay for your children's education.

To accumulate resources to care for your children's future, ageing parents or other relatives.

To secure resources for your retirement.

To contribute to the growth of our national economy as your investment is deployed in the real/productive sector of the economy.

6



Definition : Real/Productive sector.

The part of the economy that is concerned with actually producing goods and services, as opposed to the part of the economy that is concerned with buying and selling on the financial markets.



What is an investment?

An investment is an income or a cash-flow generating project, business or asset(s) which may include properties, company equities, livestock, fixed-interest assets, etc. An investment generates returns on investment which may be either positive or negative, depending on the performance of the investment in over time. Investments can grow and decline in market value overtime, depending on level of activities in the market places.

In essence, you make an investment when you buy an asset or item with the hope that it will generate income or increase in value in the future. Basically, an investment is something that is purchased not to be consumed today, but to generate wealth into the future.

What is not an investment?

- Spending and consumption of all your disposable funds.
- Saving i.e. money under the mattress at home or in your bank account.
- Gambling or speculating - i.e. making a bet on an outcome that's mostly determined by chance or luck.

Investing vs. Saving

It is important to note that there are differences between the concepts of investing and saving.

	Investing	Saving
Risk	Varies, depending on the type of investment. Generally, there is always risk involved, in that your return is in effect, payment for taking risk. Risk are highly varied, however investors should be aware that they may lose some or all of the money you invest. Rule of thumb: the greater the risk, the greater the potential return and potential losses.	Low risk. However, there is risk of loss in buying power or inflation – purchasing power risk. Depending on where you save your money there is also risk in loss due to foreign exchange rates changes.
Liquidity	Varies, depending on the type of investment. It is generally more difficult to turn your investment into cash, without incurring costs.	Highly liquid, cash is immediately or easily accessible.
Term	Varies, both short-term (less than 3 years) and long (more than three years).	Usually short-term (less than 3 years).
Return	Varies, depends on the type of investment. Investments have the potential for higher return than regular savings. Investments may appreciate (go up in value) over time.	Can earn interest, but savings generally earn a lower return than investments.
Objective	Varied, but generally to allow investment to generate cash flow or an additional source of income for the investor.	To keep safe income already earned until it is needed for consumption or investment.
Source/s	Commercial banks, brokers, asset management companies and insurance companies. Business projects, properties, and other financial assets.	Commercial banks, saving clubs, at home.



Formal Investment

Formal investments are investments offered by regulated financial institutions within a legal and regulatory framework. The Namibian financial sector offers a wide range of formal investment options including, but not limited to, treasury bills, bonds, and properties and publicly traded shares. These investments are often made indirectly through intermediaries such as commercial banks, brokers and asset management companies.

Informal Investment

Informal investments are unregulated investments, usually made in the productive sector, and are not usually formally governed or supervised. For example, this can include investments made into business ventures or other entities **not regulated by formal regulators, but rather by general law.**

Basic Terms

Annuity: A fixed sum of money paid to someone each year or month, typically for the rest of their life.

Appreciation: An increase in the value of an asset over time.

Asset: A resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit or income.

Broker Agency: A person or institution who acts as an intermediary between sellers and buyers of assets.

Capital Asset: A resource with economic value that is expected to generate value over a period of time.

Capital Gain: An increase in the value of a capital asset from the point of purchase to the point of sale.

Collateral: An asset pledged as security for repayment of a loan, and which may be forfeited in the event of a default.

Compounding: The ability of an asset to generate earnings, which are then reinvested in order to generate their own earnings over time.

Compound Interest: Compound interest (or compounding interest) is interest calculated on the initial principal (investment/savings) and also on the accumulated interest of previous periods of a deposit / investment.

Depreciation: The reduction in the value of an asset with the passage of time, due in particular to wear and tear.

Diversification: Diversification is the process of allocating capital in a way that reduces the exposure to any one particular asset, such that the risk of loss is reduced or minimized.

Equity: Equity is the difference between the value of the assets and the cost of the liabilities of an asset.

Financial Advisor: A person who gives professional advice on matters related to finances in the market in exchange for a fee.

Financial Intermediary: An entity that acts as the middleman between two parties in a financial transaction.

Financial Risk: Financial risk is a term for multiple types of risk associated with financing, including financial transactions that include company loans in risk of default. Risk is a term often used to imply downside risk, meaning the uncertainty of a return and the potential for financial loss.

Fund Manager: The person(s) responsible for implementing a fund's investment strategy and administering its investment portfolio activities. A fund can be managed by one person or by a group of individuals.

Government Bonds: Government bonds are long-term debt instruments issued by the governing state to the public or private entities in exchange for cash or income, usually to pay for government or state expenditures.

Inflation: The rate of decrease in purchasing power of a currency.

Investment Company: A corporation registered under the Companies Act, that may invest pooled funds in securities appropriate to the organization's objective or individual objectives. There are types of investment companies; mutual funds, closed-end funds and unit investment trusts.

Investment Portfolio: An investment portfolio describes a collection of investments held by an investment company, financial institution or an individual.

Interest Rate: Interest rate is the amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets. Interest rates are typically noted on an annual basis, known as the annual percentage rate (APR).

Liability: Debt or contractual obligations.

Liquidity: It is the ability to convert an investment into cash/money with little or no loss in value.

Maturity: Maturity is a fixed time period by which an obligation is met or the financial instrument will expire and the principal is repaid with interest.

NAMFISA: Namibia Financial Institutions Supervisory Authority, Namibia's non-bank financial system regulator.

Portfolio: A collection of different investments owned by an organization or individual.

Principal: The original amount invested or loaned, separate from revenue/returns.

Real Estate: Property consisting of land and the buildings on it, along with its natural resources such as crops, minerals or water.

Return on investment: The annual income or revenue from an investment expressed as a proportion (usually a percentage) of the original investment (principal amount).

Risk Mitigation: The process of eliminating or reducing of the risk exposure to any single kind of unforeseen event.

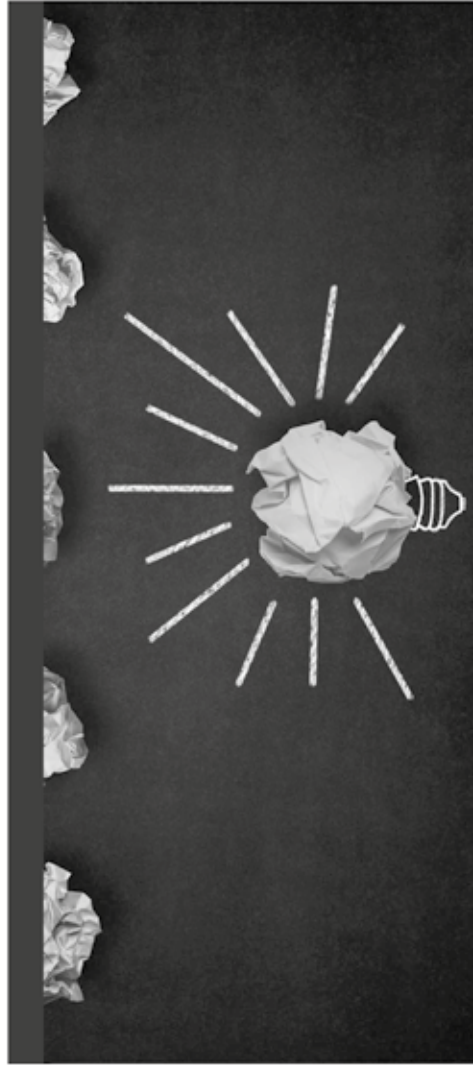
Securities: A financial asset that can be traded on an organized exchange or over the counter. It includes but not limited to bonds, shares or units in trusts, mutual funds and company equity.

Simple Interest: Simple Interest is interested calculated only on the principle invested/saved amount.

Term/Maturity: The period of time that the money will be invested.

Treasury Bills: Treasury Bills are short-term instruments issued at a discount by the government through the central bank. These non-interest bearing instruments are regularly issued with maturities ranging from 91 days to 364 days.





Questions you should ask yourself when taking an investment decision:

Objective:

? What's the purpose of the investment? Is it a short-term or a long-term goal I want to reach?

Period/duration/tenor:

? How long do I want to invest for?

Liquidity:

? How quickly do I want to be able to liquidate my investment and gain access to my funds? How much notice am I able to give when I want to gain access to my funds?

Risk appetite/tolerance

? Do I understand the risk(s) involved when investing?
 ? What is my risk tolerance level?
 ? Would I be comfortable taking on more risk?
 ? Am I the kind of investor that panics or become emotionally disturbed when the investment indicates unexpected results?

Emergency funds

? After making an investment, would I have enough money to cover unexpected losses as a result of unexpected events or emergencies, like sudden unemployment or health problems?

Inflation vs. saving and investing

In general, you should always try to hold some of your money as cash or in short term savings accounts. These funds are kept to service short term needs or liabilities, such as unexpected medical expenses.

However, if you keep all of your savings in cash or savings account, increasing costs of goods and services in the market will reduce the volume of goods or services that you are able to buy with your savings.

Investing is one way of trying to beat inflation. It gives your funds the potential to grow or generate an income at a higher rate than cash would, and at a higher rate than inflation, over a medium term period.

This is not, however, without risk.

Any investment's value can increase or decrease over time and therefore the potential returns come with higher potential risk compared to money placed in some savings account.



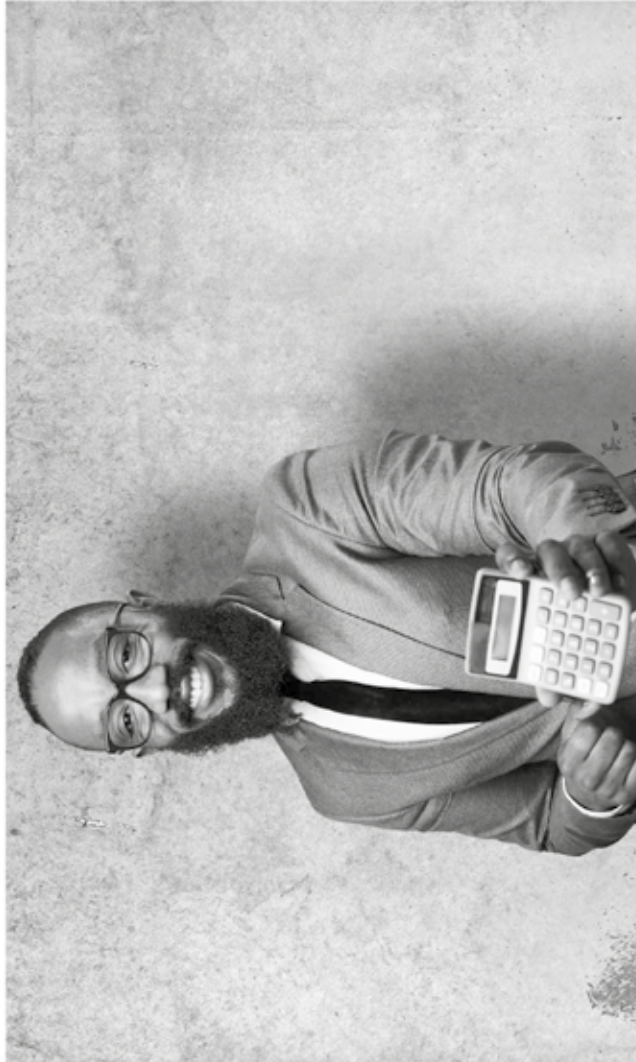
0 Years 10

Example: If inflation was 5% a year for a period of ten (10) years, prices would increase by 63% (the value is more than 50% because of compounding). As such, to buy the same basket of goods that cost N\$100 five years earlier, you would need N\$163.

Years	Value	5% Inflation
0	100	\$ 5.00
1	105	\$ 5.25
2	110.25	\$ 5.51
3	115.7625	\$ 5.79
4	121.5506	\$ 6.08
5	127.6282	\$ 6.38
6	134.0096	\$ 6.70
7	140.71	\$ 7.04
8	147.7455	\$ 7.39
9	155.1328	\$ 7.76
10	162.8895	\$ 8.14

Advantages of well-planned investments

- Higher risk-adjusted returns may be yielded if the right investment choice is made.
- Future financial security/stability.
- Potential business expansion or starting a new business.
- Collateral/security: e.g. if you invest into a house, you can later use your other investments as collateral for a loan.
- Increased asset base.



Disadvantages of unplanned investments

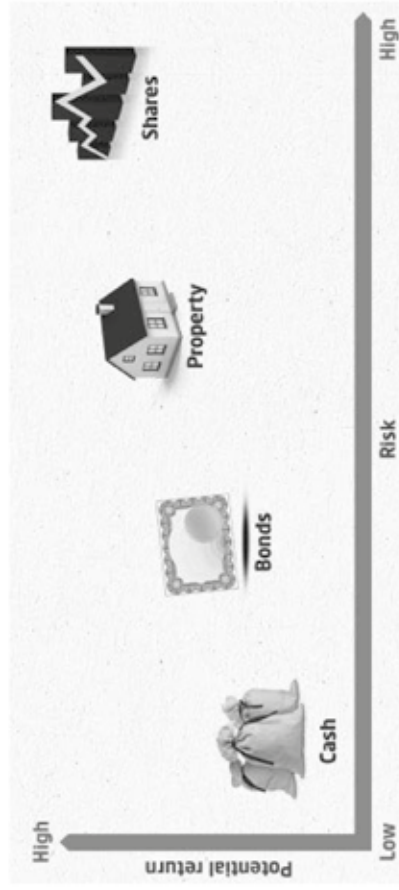
- Limited immediate access to your funds (e.g. unplanned investments in illiquid options).
- Higher risk of losing some or all your invested money.
- Higher risk of being misled into bad or unsuitable investments.

Risk Return Tradeoff

The Risk Return Trade-off explains that a potential return rises in line with an increase in risk. Low risk levels are associated with low returns, whereas high levels of are associated with high returns. In essence, investors are paid risk premiums for taking risk, and the more risk an investor takes, the greater the expected return they would require. Similarly, the less risk the investor takes the lower the expected returns from an investment. There is no one absolute or objective measure of risk.

However, most investors define risk as the return variability (or return variance) to measure the investment risk. Some investors define risk by measuring the investment value at risk, and/or the probability of investment loss given the occurrence of specific events.

More information on the risk-and-return profile of various investments options are given throughout this document.



FAQ ON INVESTMENTS



What are the expected rates of return (or interest rates) on different investment products and where can I get information on them?



The expected rates of return are the incremental changes in investment returns. That is the proportional or percentage increase or decrease of the investment return overtime. Information on expected rates of returns are usually estimated based on different assumptions made about the expected future performance of the investment. You may enquire about the different rates of return (or interest rates) on the investment products directly from the relevant financial services providers. Alternatively, you may obtain information from a research or financial analyst and investment analyst to provide estimates of the expected rates of return on certain investments, usually at a predetermined administrative fee.

What is the main difference between a term deposit account and a call account?



The term deposit account has a fixed investment period, whereas the call account is very flexible, with no predefined time period.

Is it possible to own two or more different investment products at the same time and with the same financial institution?



Yes, an investor can definitively own several investment products at the same time. It is generally also advised to diversify investments by investing in different investment products in order to mitigate the risk of loss when investments are held in single type of investment. The same applies to investing in products at different financial institutions.

As an investor, can I avoid the risks associated with investments?



No. You can only minimize the risk by choosing the right investment options, and by taking into account your subjective risk tolerance. Diversifying your investment can also reduce risks.

What is the most important rule of investing?



Make sure you understand what you are doing before acting to take the investment decision. Select the right products appealing to your risk and investment period/term appetite. Be patient, and keep in mind that investing takes time, and most importantly never stop educating yourself and learning about available opportunities.

Can I use my investment as collateral for a loan?



Certain types of investments, e.g. bonds, unit trusts, fixed assets (incl. properties), can be used as collateral when applying for a loan. However, there are certain types of investments that cannot serve as collateral for loans, like personalized life insurances or unregistered informal investments (e.g. non-formal financial partnerships with unregistered businesses).

What is considered a reasonable rate of return of an investment?



A reasonable rate of return can be considered anything close or higher than the annual national inflation rate, or commensurate with the risk profile of the assets in which the investment is made.

Where can I get more, and detailed, information about the different investment products available in the market?



One can get more detailed information from your account manager at your bank, from independent financial advisors, directly from other financial institutions (e.g. insurance or asset management companies), from knowledgeable family members and/or friends, or from regulators (e.g. NAMFISA, Bank of Namibia).



TYPES OF INVESTMENT

Investment

Savings plan



Definition : Savings Plan

A savings plan is a type of savings scheme in which an individual deposits funds into his/her savings account.

A savings plan is the commitment to make a financial contribution over a period of time at a fixed or variable interest rate. There are various types of savings plans that an individual can choose from, and they are listed below.

Fixed-deposit savings plan:

A **fixed value** of funds is deposited into the savings plan account. Typically, the pre-determined amount is either automatically transferred via automatic debit order or deposited periodically in cash.

Variable-deposit savings plan:

There are no requirements how much, when or how you add money to your savings account. With this type of savings plan, you also have access to your funds anytime.

Benefits:

- Continuous accumulation of savings.
- Extremely safe - low volatility, low risk.
- Easy and convenient way of saving through automatic debit orders.
- Call account eligible as collateral/security for loan facilities.

Knowledge required:

Low. No specific prior knowledge is needed.



Risk Level:

Low.

Duration/Tenor:

Varied, usually 30 days or more.

Liquidity:

Funds are generally available at any time, but if money is withdrawn before the maturity of the savings plan, accrued interest is usually forfeited, and penalties may apply.

Risks:

- Broadly risk free.
- Penalties for early withdrawal sometimes apply.

Return:

Varied, depending on general credit conditions, but usually low, below 5% per year in Namibia

Suitability:

Suitably for short term savings or investments.



NOTES:

-
-
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Term Deposit Accounts (TDA)



Definition : Deposit Accounts (TDA)

Term Deposit accounts (TDAs) are investment accounts with a fixed term ranging from 32 days onwards. The deposits are maintained for a fixed term at either a guaranteed fixed or a variable rate of interest.

Because of the fixed term, TDAs should only be withdrawn at the end of the maturity period. However, the account holder can cancel the TDA or withdraw money from the TDA at any time before the maturity of the account, but will usually incur a penalty charge. The closer the date is to maturity, the lower the penalty.

Some commercial banks also offer Notice Deposit Accounts (NDAs) that require the client to give notice of their intention to withdraw funds.

Benefits:

- Extremely safe - low volatility, low risk.
- Low volatility returns (can be guaranteed with fixed rate accounts)
- Capital usually protected/guaranteed.
- Initial investment generally relatively small.
- TDAs and NDAs can be collateralized for loan facilities.

Knowledge required:

- Very low level of prior knowledge required.
- Yet it remains important to understand the terms of your specific TDA/NDA, particularly with regards to maturity, notice periods and interest rates.

Return:

Varied, depending on general credit conditions, maturity or notice period, but usually low, below 7% per year in Namibia.

Suitability:

Term deposits are an extremely safe investment and are therefore very appealing to conservative, low-risk investors.



Risk Level:

Low.

Duration/Tenor:

- Usually 32 days, up to 5 years.
- Can generally be rolled in perpetuity.

Liquidity:

Highly liquid, however cancelling a TDA or withdrawing from a TDA before its maturity date will likely incur penalty charges.

Risks:

- Interest rate changes may reduce returns.
- Penalties on early withdrawal of funds.

Call Account



Definition : Call Account

A call account is a flexible investment account that allows an individual to deposit and withdraw money at any time. Most call accounts require minimum principal investment amounts and offer variable interest rates depending on the market interest rate.

Benefits:

- Usually slightly higher interest rates than on a traditional savings account
- High flexibility (withdrawing and depositing at any time)
- Extremely safe investment
- No pre-defined investment period
- Call account eligible as collateral/security for loan facilities

Knowledge required:

Very low level of prior knowledge required.

Risk Level:

Low.

Duration/Tenor:

Minimum 24 hours; no maximum time limit.

Liquidity:

Funds are available at any time, but sometimes withdrawal instructions must be provided in written form.

Risks:

- A usual 24-hours minimum investment period.

Return:

- Variable, depending on offered interest rates as well as on the value of funds in the account.

Suitability:

Low risk investors with short term investment horizon.



Case Study:

Cleaner- Investment into education

Rieta, 24 years old, is a cleaner who works for a big company. She used to be a domestic worker, cleaning people's homes, but she was lucky to find this new job cleaning offices instead. Rieta is a single mother, with two daughters, 3 and 5 years old. Rieta's salary is N\$ 4 000 per month.

Rieta gets no support from the fathers of her daughters, and is currently leaving them with an aunty during the day while she is at work. Rieta lives with her aunty and helps pay the rent and also for groceries.

Rieta knows that her eldest daughter, Nandi, needs to start school soon. Rieta wants both her daughters to have a better future. She knows that her daughters must go to school and finish grade 12 to have a better life. Rieta dropped out of school when she fell pregnant with Nandi when she was 19 and busy trying to complete her grade 10 for the second time.

Rieta never completed grade 10, as she needed to start working to earn money for her baby. But today, Rieta is happy with her job, and thinks that she can start saving N\$ 100 per month so that she can pay for her daughters' school uniforms, stationary and transport for when she has to take them to school. Rieta knows that investing in her daughters' educations will give them a better life than she has.

Because Rieta does not have any savings to date, her financial sector friend has advised that she starts by opening a call account at a Namibian commercial bank. When she has saved around N\$5 000, her friends suggests she looks to invest in a longer-term balanced fund for her kids future education.

Money Market



Definition : Money Market

Money market accounts usually take the form of collective investment schemes such as unit trusts (where many people's funds are invested together, by a single manager), whereby the fund managers will invest funds in short term money-market instruments such as treasury bills and bank Negotiable Certificates of Deposit (NCDs) or other bank instruments (because these collective investment schemes are usually larger in size than individual deposits, the fund managers have more bargaining power with the commercial banks, and thus can negotiate better returns for the investors). These accounts are very similar to term deposit accounts; however, they will often provide competitive rates of interest without the same length of notice period or investment period.

Benefits:

- Competitive interest rates for short-term investments or savings.
- Usually fairly liquid.
- Capital usually guaranteed.
- Low risk.

Knowledge required:

Very low level of prior knowledge required.

Risk Level:

Low.

Duration/Tenor:

From 24 hours

Liquidity:

Varied, usually 24 hours to 7 days.

Risks:

- Usually risk free.
- Floating rate funds see risk of interest rate changes affecting returns.

Return:

- Varied, usually between 5% and 8% in Namibia.

Suitability:

Low risk investors with sizable capital to invest short or long term.





Case Study:

Micro-Enterprise Owner- Financial investment

Agnes, 35 years old, is the owner of a small bakery business, where she is the only employee. Agnes works hard to sell her baked goods to customers who are coming and going in her neighbourhood. Her income depends on her monthly sales, which vary from between 1200 and 1500 units per month, depending on how many days she bakes and if she can find enough customers to buy her baked products.

This means her monthly salary can vary. On a good month, Agnes can take home about N\$ 5 000, but after a bad month, she can only expect to take home about N\$ 3 500.

Agnes is single, and has no children. But Agnes is worried about her future, because she still wants to start a family, but she knows she can't afford to have children before she has more financial security.

Last year, Agnes started saving some money each month, where she could afford to. In a good month, she saved between N\$ 500 - 700 and in bad months she could not save anything. She now has N\$ 5 000 in savings after about 15 months of saving.

She spoke to her friend who works at a bank about money and that she had been saving. Because Agnes needs her funds to be accessible for emergencies, and as a result does not want to take high risk or low liquidity in her investment, her friend suggested she open a money market account at one of the commercial banks or asset management companies.

Treasury Bills



Definition : Treasury bills (T-bills)

Treasury bills (T-bills) are short-term investment instruments issued by the central bank on behalf of the government. These instruments enable the public (directly, through collective investment schemes, contractual or other savings) to lend funds to the government short term, to fund the activities of the government. For the loan of these funds, the government pays an interest-like fee.

Unlike government bonds, Treasury bill returns come through capital gains rather than coupon interest, as the bills are issued at a discount to their face value, and repaid at face value.



Example

Treasury bills have a face value of a certain amount, which is what they are actually worth, but they are sold for less than this value. When the loan is repaid by the issuer, they repay the whole amount. In essence, you give the issuer less than you get back. The difference is your **return**.

For example, a bill may be worth N\$10,000, but you would buy it for N\$9,600, and 182 days later, at maturity date (every bill has a specified maturity date, which is when you receive the money back), you are returned N\$10,000. Thus, you made N\$400 on your investment. The amount that you earn, annualized, is the yield on the loan of your money. The return is not paid daily, or monthly, but only on the maturity of the investment. The difference between the value of the bill and the amount you pay for it is called the **discount rate**, and is indicated as a percentage.

In Namibia, treasury bills are issued in maturities of 91, 182, 273 or 365 days. Treasury bills in Namibia are only available in multiples of N\$10,000.

Benefits:

- Low risk.
- Income is a capital gain and therefore tax free for the individual.
- Relatively liquid.
- Known return if held to maturity.
- Active secondary market making it easy for the investor to sell before maturity.

Knowledge required:

- Limited knowledge needed to buy and hold to maturity.
- Understanding of treasury bill market beneficial if buying/selling on the secondary market.

Risk level:

Low.

Duration/Tenor:

- 91 – 365 days.
- Can be rolled in *perpetuity/forever*.
- Can be liquidated on the secondary market at any point in time.

Liquidity:

High

Risks:

- Government default
- Secondary trading can result in capital losses.

Return:

- Varied, usually between 6% and 9% per year in Namibia.
- Known return when purchasing instrument if held to maturity.

Suitability:

Low risk investors with medium to long term investment horizon.

Minimum investment size:

- N\$10,000.00



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Bonds



Definition : Bond

A bond is a loan that the bond purchaser, or bondholder, makes to the bond issuer. Governments, corporations and municipalities issue bonds when they need capital.

An investor who buys a government bond is lending the government money. If an investor buys a corporate bond, the investor is lending the corporation money.

There are a number of different types of bonds including very simple bonds that simply pay a set interest rate, or more complicated bonds, such as inflation linked bonds where the value of the money lent to the Government, corporation or municipality is adjusted with inflation.

The return from bonds usually comes in two forms: firstly, capital gains or losses, and secondly interest or coupon payments based on the principal value of the bond. The change in capital value of these bonds is similar to the return generated by treasury bills, whereby bonds are sold on both the primary and secondary markets at either a greater or lesser price than the amount to be repaid when the bond matures.

Should the bond be bought for less than the amount to be repaid at maturity, the investor makes a capital gain. The second form of return, coupon payments, are like payments on a loan. In essence, a bond pays interest periodically and repays the principal at a stated time, known as maturity.

Benefits:

- Provide regular income (generally coupon payments are made twice a year).
- Known return if held to maturity.
- Guaranteed return if held to maturity and from reputable issuer.
- Coupon yields known at time of purchase.
- Lower risk than equity due to generally less volatile prices.
- Tax free for individuals in Namibia.

Knowledge required:

- Low/medium

Risk level:

- Low/medium
- Highly dependent on issuer (government considered to be low risk)

Duration/Tenor:

- One to 30 years (duration impacts return – usually, the longer the tenor the greater the return).
- Can be rolled in perpetuity.
- Can be liquidated on the secondary market (whereby a buyer will offer to purchase a bond off the owner of the bond before it matures) at any point in time, but seller exposed to price movements and thus may experience capital losses (not the case if held to maturity).

Liquidity:

- Coupons generally paid twice a year.
- Secondary market sales possible however finding secondary buyers can take up to a week.
- Principal repaid at maturity if bond held to maturity.

Risks:

- Primary risk of issuer default, meaning that they fail to pay either/both and all/part of the principal or coupon/interest owed to the investor. Depending on the issuer, this is generally considered very unlikely.
- o A number of global rating agencies assess the default risk of various institutions and sovereigns. This gives potential buyers a simple way of assessing the default risk associated with the entities they are looking to buy bonds from, without extensive research of their own. In addition, bonds with very high returns (yields) are more likely to be high risk than those with low returns. In essence, the investor is paid to take the excess risk, with a higher return. This is part of the reason that longer dated bonds have higher yields than shorter ones, as there are more unknowns and thus a greater default risk the longer the bond duration.
- Capital losses possible if bonds traded on the secondary market rather than held to maturity.

Return:

- Varied, usually between 7% and 12% per year in Namibia.
- Highly dependent on general credit conditions and administered interest rates, outstanding duration of the bond as well as the credit rating of the issuer and the currency that the instrument is issued in.
- Known return when purchasing instrument if held to maturity.

Suitability:

Low/medium risk investors looking for slightly better returns than those on money market, with long term investment horizons.

Minimum investment size:

- Government bond minimum investment size N\$50,000, with N\$10,000 tranches thereafter.



Credit rating agencies

Credit rating agencies, such as Standard & Poor's, Fitch's or Moody's, rate bond issuers according to their credit worthiness, in the same way that individuals are given a credit score by banks. These ratings can be a useful starting point for understanding the credit worthiness of a bond. The rating agencies have a number of criteria that they look at to determine bond risks, which vary from agency to agency and on what type of entity they are rating (sovereigns are not usually rated on the same basis as corporates). Based on these assessments, they will determine a rating category for the entity based on a tiered system of ratings. In addition, most agencies rate the outlook for an entity as well as its current state.



Case Study:

Truck Driver -

Property Investment

Tobias, 41 years old, is a truck driver for a logistics company. He and his wife have 3 boys, 6, 8 and 9 years old, who are in school. Tobias has been a truck driver for over 10 years and earns a basic salary of N\$ 4 500 per month. Tobias can also make N\$ 500 extra per month if he delivers all of his loads on time. His wife, Noreen, is a secretary at the same logistics company and also earns N\$ 4 500 per month.

Tobias and Noreen rent a small two bedroom apartment, which is getting too small for their growing boys. Already the youngest son, Peter, wants to share a room with his brothers, instead of sleeping in his parent's room.

Tobias and Noreen have looked for bigger places to rent, but rent is so unaffordable these days. So they have been thinking of buying a house of their own, so that they can provide a better home for their family. They have seen some reasonable houses going for between N\$ 600 000 – N\$ 650 000, but they only have N\$ 35 000 in their savings account and the bank will only approve them a home loan for about N\$ 300 000.

Tobias and Noreen want to save up in order to invest into a home for their family, but so far, their savings account has always been used for unnecessary expenses, like eating out and buying expensive clothes for themselves and their boys. Tobias and Noreen can put aside N\$ 1 500 per month if they work hard and control expenses.

Noreen's bother works for an asset management company, and he has suggested that they put their savings into a balanced fund, and that they make further contributions to this fund each month. Because of the superior return of this fund, without taking too much risk, the family will be able to buy their house within a few years.

Balanced Portfolios



Definition : Balanced Portfolio

Balanced portfolios are generally professionally managed portfolios that invest the funds of members in a variety of asset classes so as to derive a balanced risk and return level suitable to client needs. These can take the form of segregated funds, mutual fund or unit trusts, amongst others.

Balanced portfolios will usually blend various equity instruments with real estate, money market and other fixed income instruments. Ideally, such portfolios will look to derive consistent returns commensurate with their level of risk.

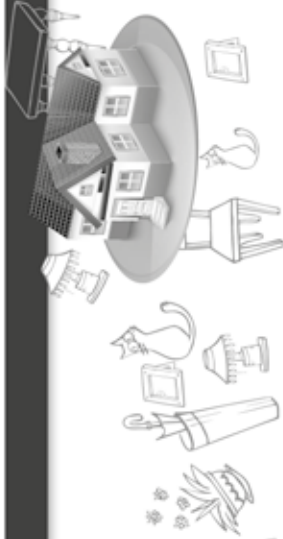
These portfolios are popular with persons who want to have their funds professionally managed and want to derive a return greater than those available from bond funds, but do not wish to take on 100% equity risk or exposure.

Benefits:

- Lower risk than 100% equity exposure.
- Usually highly diversified – no single asset class, no single instrument, no single issuer.
- Lower volatility than 100% equity exposure.
- Generally superior return to bonds, treasury bills and money market portfolios.

Knowledge required:

- Low – professional managers' manger investments





Risk level:

- Varied – depending on investment breakdown.
- Usually moderate.

Duration/Tenor:

- Investments can be made in perpetuity.
- Generally, not advisable for periods of less than three years.

Liquidity:

- Fund dependent, usually required 24 hours to one week notice of withdrawal.

Risks:

- Balance fund risks tend to roll up from underlying investments. Thus, risks are the same as the breakdown of underlying investments.
- However, risks are mitigated through diversification in investment instruments, and with low-correlation asset classes.

Return:

- Varied, usually between 8% and 18% in Namibia, depending on the underlying assets of the fund and risk level of the fund.

Suitability:

- Suitable for mid-risk investors looking for a medium to long term investment without excess volatility.



Collective Investment Schemes: Unit Trusts and Investment Funds

Collective investment schemes are easy saving products that pool money from many investors to purchase assets (e.g. stock, properties, bonds) collectively. Examples of collective investment schemes include mutual funds, unit trusts and other investment funds.

These collective investment schemes can take many forms, but tend to simplify the process of investing for lay persons. Professional managers make investment decisions within each fund or trust's parameters, for example with regards to asset classes and specific bond or equity investments. These managers will buy and sell instruments within these parameters to try and maximise returns within a pre-defined risk bracket.

There are many different types of collective investment schemes, including money market, fixed income, balanced, real estate and equity.

Benefits:

- Professional Management - The primary advantage of collective investment schemes is the professional management of your money. Investors purchase funds or trusts because they do not have the time or the expertise to manage their own portfolios.
- Diversification of risk through diversified investment - By owning shares in a collective investment scheme instead of owning individual stocks or bonds, your risk is spread. You bet on many horses instead of just one.
- Ease of Liquidation – Most collective investment schemes allow you to request that your shares be converted into cash, usually with little notice.



- **Affordability** – collective investment funds/trusts are sold at affordable prices. It is a relatively inexpensive way for small investors to get a full-time fund manager to make and monitor his/her investments.
- **Economies of Scale** - Because these schemes buy and sell large amounts of securities at a time, its transaction costs are lower than what an individual would pay for securities transactions.
- **Simplicity** - Investing in a collective investment scheme is easy! Most asset managers and many commercial banks offer mutual funds or unit trusts, and most often the minimum investment is usually quite small (starting with contributions from as low as N\$500 per month or a N\$5,000 lump sum).
- **Tax effective** – Mutual funds and unit trusts tend to be tax effective, as returns are paid net of tax, and much of the income earned by the scheme is often not taxable.

Real Estate/Property



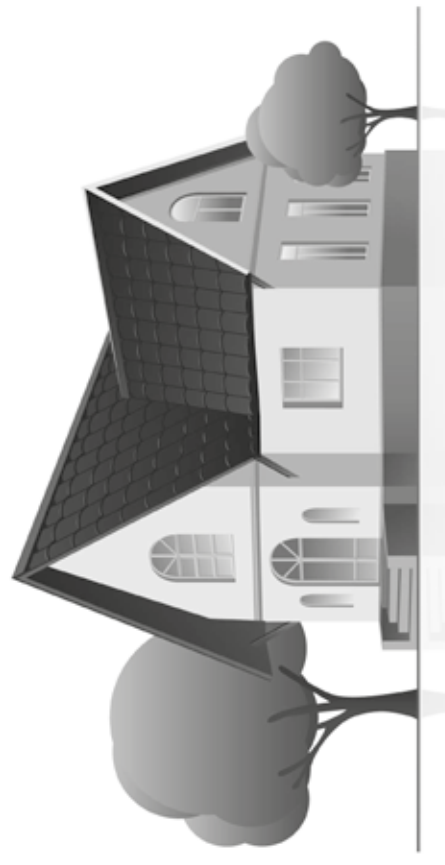
Definition : Real Estate/Property

Real estate refers to land, as well as any physical property or improvements attached to the land, including houses and buildings.

Real estate derives two forms of returns to investors, namely rental income and capital appreciation (increase in value). However, the rental yield on income can be highly variable, while capital gains on investments are never guaranteed.

Real estate investments are often leveraged investments, meaning that individuals borrow against their rental or other incomes, or against existing capital, in order to buy property.

Real estate investments are usually split into commercial and residential real estate. Commercial real estate is property that is intended to generate profit, either in the form of capital gains or rental income. Residential real estate is property used for occupation for non-business purposes.



Benefits:

- Return generated through both rental income and capital appreciation.
- Rental income provides an income stream, while capital gains on property are only usually realised when properties are disposed of.
- Rental returns tend to be inflation adjusted.
- Investment can be scaled (purchasing multiple properties) or upgraded (improvements to current properties) to increase capital value and rental income.
- Real estate investments are often done on borrowed capital, thus allowing investors to earn capital growth on borrowed funds.

Knowledge required:

- Knowledge required to buy property at a fair value, based on expected rental yields and capital growth.
- Knowledge required to manage property and maintain tenancies if managing residential property.

Risk level:

- Residential property: medium/high, due to illiquid and long term nature of investment.
- Unlisted commercial property: medium/high, due to illiquid and long term nature of investment
- Listed commercial property: medium based on long term nature of underlying investments.

Duration/Tenor:

- Long term

Liquidity:

- Residential real estate tends to be illiquid, as the process of buying and selling residential property is generally relatively slow.
- Unlisted commercial property tends to be highly illiquid, as transactions tend to be fairly sizable and slow to complete.
- Listed commercial property can generally be traded with relative ease, however the settlement process may take up to a week.

Risks:

- Management of unlisted property investments tend to require more "hands-on" involvement than other investment options.
- Maintenance and repairs take time, money or both.
- Investments tend to be highly illiquid, so invested funds are hard and slow to access.
- Vacancies are common place in real estate investments, which may prove problematic for investors reliant on rental cash-flow to service debt.

Return:

- Extremely highly varied.
- Rental yields generally below money market, usually between 4% and 7% in Namibia.
- Capital gains highly varied. Possibility of capital losses in the short/medium term.

Suitability:

- Suitable as a low-volatility asset in most portfolios.

Equity



Definition : Equity

Stock, shares or equity mean the same thing. A share refers to a little part in the ownership of a business/firm. Shares are classified into two types, namely ordinary shares and preference shares.

Ordinary shares are the most common kind of shares.

An ordinary share gives the holder voting rights in the company and entitles the person to all dividend distributions as a part-owner of the company. Moreover, an ordinary shareholder has voting rights in the Annual General Meeting of a company.

Preference shareholders, as the name implies, are the first to buy shares before others; they are also the first to receive dividends and are liable to get refunds first in case the company goes bankrupt. The preference shareholder, unlike the ordinary shareholder has fixed dividends, whether the company made sizable profits or not. The downside is that preference shareholders have a fixed dividend and only limited voting rights with respect to company affairs.

- Equity can be either listed or unlisted.
- Listed shares are bought and sold on stock exchanges such as the Namibia Stock Exchange (NSX) or Johannesburg Stock Exchange (JSE).
- You can buy or sell listed shares through a stock broker (many of which are now online).
- Unlisted equity is usually traded in an "over-the-counter" manner, meaning transactions are completed off-exchange between two or more parties, without exchange supervision.

Equity investments deliver returns in two manners – through dividend payments to shareholders, and through share price changes.

Benefits:

- Equity tends to be the top performing asset class over time, meaning it delivers superior investment returns over a longer investment horizon.
- Most companies pay dividends to shareholders, whereby a portion of profit is paid out to the company owners in the form of a dividend.
- Over time, most companies see share price appreciation (although share price depreciation is also commonplace), meaning that additional value can be realized through the sale of shares and realization of capital gains.
- Owning a shareholding in a company gives you a say in the operations of the company. However, you need to have a significant stake in a company to have a significant say.



Risk

Risk is the potential of losing some or all of your money. There are two main types of risk with shares – volatility risk and absolute risk. Sudden rises and falls in the price of a share is called volatility and some companies have a higher risk of this than others. Changes in a company's profitability and in the economy as a whole can cause share prices to rise and fall. Although prices might fall, you haven't lost any money through volatility unless you actually sell your shares.

Absolute risk is the risk of losing your money because the company goes bankrupt and you lose some or all of your investment.



Knowledge required:

- Extensive knowledge required regarding which shares to buy or sell, and when. This requires:
 - A basic understanding of financial markets and how they operate.
 - An ability to conduct research on companies from an economic and financial perspective.
 - An ability to withstand volatility and make calm and informed investment decisions.

Risk level:

- High risk

Duration/Tenor:

- Medium to long term.
- Minimum advisable investment period of three years.

Liquidity:

- If you hold listed equity, you can sell your shares at any time, provided there is liquidity in the share (i.e. a willing buyer).
- However, as a volatile asset class it is not advisable to be forced to sell on a specific date as you may realize losses.

Risks:

- Highly volatile asset class.
- Price decline or collapses in individual shares or across whole markets is not uncommon.
- Should companies go bankrupt, shareholders stand to lose all or some of their invested funds.

Return:

Highly variable, usually between 12% and 18% in Namibia

Suitability:

- Suitable for higher risk investors with a long term investment horizon.



Investing in your business

Most of the investments discussed in this document are “passive” in that individuals or entities will give their funds to professional money or investment managers, who will then take investment decisions on the fund owners’ behalf. However, a number of other types of investment exist, such as active investment in a personal or family business, or livestock.

The basic idea behind active investment in your business is the same as the passive investments mentioned through this document. The aim is to deploy capital in order to generate a return on that capital over time. There are various ways to invest in your business with a few examples including:

- Staff training to improve staff efficiency.
- Capital to improve volume or efficiency of output.
- Inventory building so as to offer more products to clients.
- Working capital to cover the costs of everyday operation of the company.
- Marketing to increase sales.



Strategic investments in your business can be used to increase sales or reduce costs, ultimately increasing the profit of the company. Should investments into the company make more money than they cost, given the risks associated with such an investment, then they are worth considering. In addition, investing in your own business is a good way to deploy your capital in a manner that you understand, and where you can see a direct return from your capital and effort.

Like other investments, investing in your company is not without risk, and research should ideally be conducted before investments are made. Like most equity investments, investing in your own company tends to be considered “high risk”, however these risks can be mitigated with proper research. The main risks for investors include:

- Broad macro-economic risks whereby demand for goods and services sees broad-based decline.
- Increased competition drives down sales volumes and/or prices.
- Specific changes in consumer habits drives a reduction in demand or willingness to or willingness to buy your products or services.
- Expected demand for goods or services not matched by actual demand.
- Costs increase in excess of expectations.
- Cash-flow constraints cause a long term profitable business to go bankrupt.

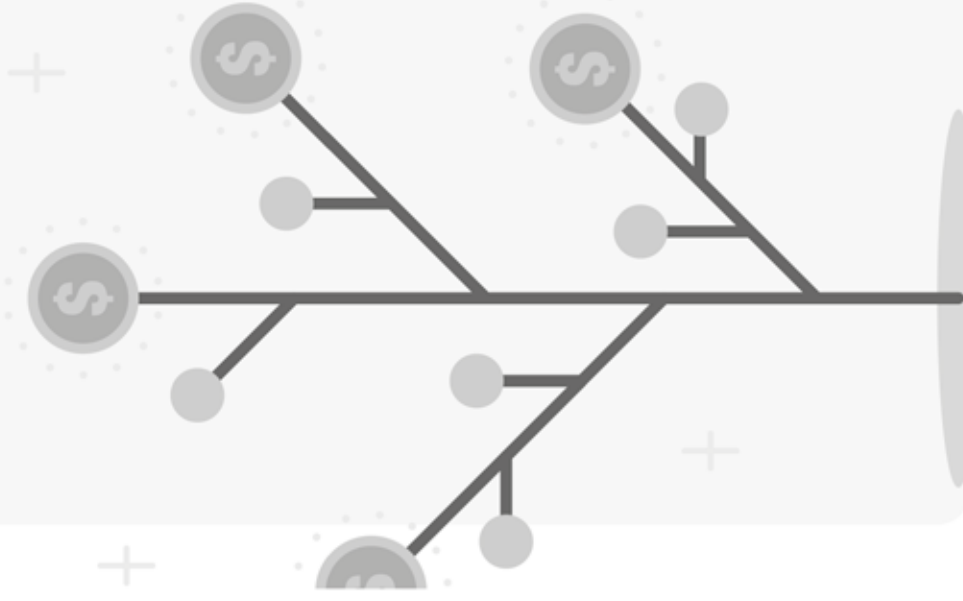
There are a number of sources of funding for personal businesses, however these can be split into two broad categories, namely:

Equity: Personal savings or money from friends or family.

Debt: Money borrowed from a commercial bank, development finance institution or friends/family.

Equity is generally viewed as favorable for (promising) companies, as equity tends to be repaid if/when a company makes profits, while no repayment is made when a company is loss making. This is very favorable from a cash-flow perspective, in that the repayment of capital is not added to the financial burden of the company when it is struggling to break even. The same is not true of most forms of debt, whereby repayments tend to follow a strict schedule, irrespective of company income or profitability.

Investments in your own business would generally tend to belong term investments, and it may take a number of years for the investment to show positive returns (commonly known as the “J curve”, whereby owners have to put money into the company for a number of years before the company starts to make profit and pay money out to owners). However, this hands-on approach to investing is often more popular than passive investing, as many individuals are more comfortable investing in a business that they understand intimately.



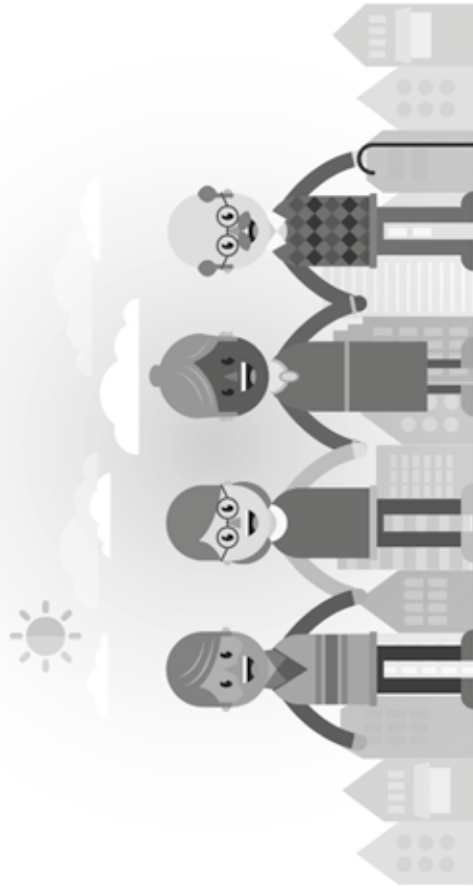
Pension Funds



Definition : Pension Funds

A **pension fund** is a fund established to facilitate and organize the investment of the retirement funds of a group of individuals. The pension fund is a common asset pool (meaning a group of people contribute their money into the same investment product). Its goal is to generate growth over the long term, and provide an income for its members when they reach retirement age and no longer wish to work.

Pension funds are commonly run by financial intermediaries, although some larger corporations operate their pension funds in-house (that means they manage the pension fund themselves instead of using outside expertise). Usually, pension funds offer two forms of pension schemes: (1) defined benefit schemes and (2) defined contribution schemes.



Concept	Defined Benefit (DB)	Defined Contribution (DF)
Objective	To provide members with lifetime retirement income.	To help individuals accumulate retirement savings during their active career.
Income at retirement	Your retirement benefit is generally provided in the form of regular payments over your lifetime beginning at retirement. These regular payments are sometimes also called annuities.	The size and length of this income will depend on various factors such as total contributions, investment returns, and interest rates. It is not certain the income will last for the duration of your life, if you did not save/invest sufficiently.
What to consider	In most DB schemes, employers shoulders the investment risk. This means that should liabilities of the pension fund exceed its assets, (e.g. through poor performance of the markets), the employer undertakes to cover the shortfall.	Under a DC scheme, the individual takes on all the long term liability risk.

Generally speaking, there are 3 kinds of pension funds:

1. Company Pension Fund
2. Government Institutions Pension Fund (GIPF)
3. Private Pension Fund

(1) Company Pension Fund

A company pension fund is a fund established by private sector employers to invest funds allocated to pensions contributed by both the employer and the employees.

(2) Government Institutions Pension Fund (GIPF)

GIPF is a defined benefits pension fund for all government institutions' employees. All government institutions' employees automatically contribute to GIPF. More information is available at www.gipf.com.na.

(3) Private Pension Fund

A private pension fund is a financial product chosen by individuals allowing them to invest money for a predetermined period of time. One does not need to be an employee of a specific organization to invest in a private pension fund. This product can also be used in addition to your existing pension fund scheme with your employer, as additional saving/investment towards retirement. In most cases, the invested money can be paid out after the cancellation of the contract or at the end of the contract as a lump-sum or a monthly payment. In the case a monthly payment is made, the pension product is called an "annuity".



NOTE: A pension fund is a financial product that an individual can use as an investment with the goal to cater for his/her retirement age. The "pension" is therefore the fixed amount of money that a retired individual receives, paid out of the investments made.

Benefits:

- For defined benefit schemes: safe and secure "income" for retirement age until death.
- Employers contribute to your pension scheme (if not a private pension scheme).
- Transferrable benefit (e.g. in case of death, the pension can be transferred to a predefined beneficiary).
- Tax-efficient investment (usually tax is not payable on savings prior to retirement).

Knowledge required:

- Low level of knowledge required (e.g. for public pension schemes)
- Medium to high level required (e.g. for private pension schemes)

Risks:

- For defined contribution schemes: No assurance of investment returns. This means that the amount of money that you will receive at retirement is not guaranteed, and depends on the market performance of the investment products invested in, and the skills and expertise of the service providers chosen to manage the pension funds, as well as the principal invested.
- Insufficient risk uptake in early years, resulting in limited compound growth in investments over time.

Duration/Tenor:

- Long-term



Case Study:

Diploma holder- Pension Investment

William, 29 years old, has a diploma in information technology (IT). He works as a junior support technician at a local website development firm. He is single and earns a gross salary of N\$ 6 500.00 per month, before tax.

He wants to start contributing to a pension plan because he is worried that if he doesn't, he'll end up like his grandmother, who is struggling to live off of her state pension every month. He helps out where he can but even his salary doesn't go very far these days.

William has heard from his colleagues that if you start contributing to a pension when you are still young, it will be much easier when you retire. Also, contributing towards a pension even provides some tax benefits.

His employer has offered to match his monthly pension contribution if he chooses to join their pension scheme. But William is unsure if it's worth losing such a big portion of his salary while he is still so young.

The Financial Manager at William's firm explained to William that William is currently paying around N\$5 000 in tax, which he could reduce by around N\$1 000 by contributing 6% of his salary to his pension. By saving 6% of his salary, he will be saving N\$4 680 per year, which his company would match. As a result, he would pay N\$ 1000 less tax and increase his present day gross earnings by N\$4 680. Over time, the money he invested would grow with compounded interest, and if he keeps the money invested and keeps contributing to his pension, it will be worth many million by the time he is retirement age.

CONSUMER PROTECTION

Bank of Namibia (BoN)

The Bank of Namibia is the Central Bank (or reserve bank) and possesses the overall responsibility of regulating and supervising commercial banks in Namibia. The Bank has an obligation to protect consumers of commercial banking services. Consumers who are not satisfied with services offered by commercial banks can lodge complaints with the Bank of Namibia. For further information about the processes and procedures, please refer the Guidelines for Lodging Complaints, as well as the Code of Banking Practice - developed by the Bankers Association of Namibia (BAN) – with its aim, amongst others, at achieving speedy and effective complaints resolutions within the commercial banking sector.

Please note: Consumers who have complaints against commercial banks are encouraged to first lodge their complaints with their respective commercial banks. Only if no satisfactory conflict resolution could be achieved, it is advised to lodge their complaints, in a second step, with the Bank of Namibia.



Bank of Namibia

Contact Details:

Bank of Namibia (BoN)

Tel: +264 61 283 5111

Email: info@bon.com.na

Central Bank of Namibia,

71 Robert Mugabe Avenue,

Windhoek, Namibia

Namibia Financial Institution Supervisory Authority (NAMFISA)

NAMFISA is the regulatory and supervisory body for Namibia's non-banking financial institutions. NAMFISA regulates and supervises a broad range of financial institutions, including pension, retirement funds, long-term insurance, short-term insurance, medical aid schemes, friendly societies, unit trust management schemes, the stock exchange, asset managers, participation bond schemes, public accountants' and auditors', micro lenders, and hire purchase outlets.

Consumer education department: The role of NAMFISA's consumer education department is to create awareness and to educate the general public about their rights and responsibilities when dealing with financial service / product providers. In addition, the department strives to inform the general public on existing recourse mechanisms while at the same time inducing financial behavioral change.



Contact Details:

Namibia Financial Institutions Supervisory Authority (NAMFISA)

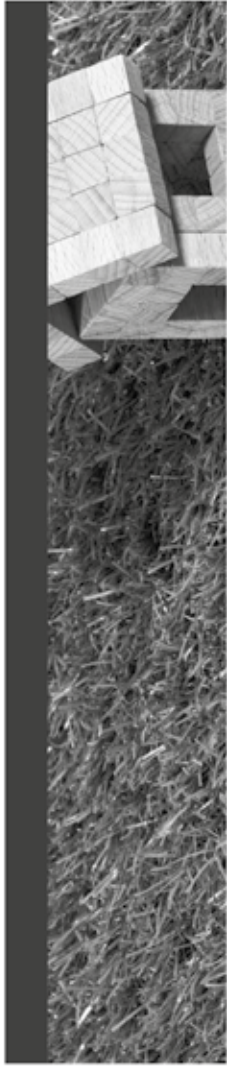
Tel: +264 61 290 5000

Email: info@namfisa.com.na

154 Independence Avenue

Sanlam Centre, 1st Floor,

Windhoek, Namibia



Namibia Estate Agent Board

The Board is the official regulating authority for the estate agency profession, and every estate agent must, by law, be registered with it. The Board is a statutory body which generally means a board, council or body of persons established by or under an Act of Parliament - the Legislative Assembly. The Board falls under the jurisdiction of the Ministry of Trade and Industry.

The primary function of the Board is to protect the public interest (consumers) in their dealings with agents while maintaining and promoting the integrity of estate agents in the following ways:

- Overseeing the compulsory qualification and admittance of estate agents as well as the issuance of Fidelity Funds Certificates to qualified agents;
- Administering the Estate Agents' Fidelity Fund, from which consumers who have suffered loss as a result of theft of trust monies by estate agents are reimbursed;
- Preventing unsuitable persons from entering the industry and denying the right to practice as an estate agent to those persons who had been disqualified in terms of the Act.

It could be said that the Board maintains and promotes the activities and standard of conduct of estate agents in general.



Contact Details:

Namibia Estate Agents Board (NEAB)

Anne Thandeka Gebhart

NAEB Chair Person

Contact: 081 128 2330

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FINANCIAL LITERACY EMPOWERS



Financial Literacy Initiative

TIPS & GUIDELINES

to enhance your financial education

*Budget*WISE

*Save*WISE

*Spend*WISE



“Be wise” – an educational campaign on financial matters

The main theme of this financial literacy campaign is “Be wise” and is directed to individuals as well as micro-, small- and medium sized enterprises in Namibia. This theme means that by receiving financial education, one gains knowledge and wisdom to make informed decisions about managing money.

This booklet is the first of a series of financial literacy publications and focuses on topics around budgeting, saving, and spending. Further topics, such as lending or insuring, will follow in the near future. Through a combination of booklets, posters, street theatre plays as well as radio and TV shows, the Financial Literacy Initiative aims at creating awareness on good and responsible practices both for private and business financials.

The Financial Literacy Initiative was officially launched in March 2012 and comprises more than 30 platform partner institutions.

*Budget*WISE

*Save*WISE

*Spend*WISE

ATM (Automatic Teller Machine)

By using an ATM, clients can access their bank accounts, e.g. to make cash withdrawals, credit card cash advances, or check their account balances.

Balance

The amount of money in your bank account. The balance can be positive (in credit) or negative (in debit).

Bank account

A financial product in your name which you use e.g. to deposit, withdraw and transfer money.

Cash

Money in the form of notes and coins.

Credit

Credit can have different meanings. Credit means buying goods and services now, but paying for them later, often by paying the money back in certain amounts over a defined period of time and by paying an interest rate (see also: loan). Credit can be a transaction on your bank account that shows money going into the account. It can also mean the amount of money you have.

Debit card

A plastic card that gives direct access to money in your bank account, e.g. by withdrawing it at an ATM (see also: ATM). A debit card is also be used to purchase goods or pay for services.

Deposit

An amount of money put into a bank account, or money that is left with someone or a company to secure the purchase of an item.

Electronic banking

A way of banking that allows withdrawals, deposits and transfers to be completed and account information to be obtained electronically using facilities such as cellphone, internet and ATMs.

EFT (Electronic Fund Transfer)

Electronic Funds Transfer – moving funds from one bank account to another using an electronic method such as internet banking, debit card or the like.

Fees/Charges:

Fees that are charged by a financial institution for managing your financial product and providing the financial services you use. Fees are charged yearly, monthly or per services you use (e.g. transferring or withdrawing).

Interest

Money charged or paid for the use of money. For example, a financial institution pays the client an interest rate for money that he/she deposits in a savings account. A financial institution charges interest for money that a client borrows (e.g. loan, credit).

Mobile Banking

Mobile banking (or branchless banking) is a term used for banking transactions through a mobile device (e.g. payments, airtime transfer, account balance checks, transactions).

Savings

Money or assets that you put away for use at a later time. For example, you may save regularly to buy a car or a house in the future.

Savings account

A bank account where your savings can be deposited and withdrawn. An interest rate is usually paid for the money deposited and fees are charged by the bank for specific account services.

Statement

A record summarizing all transactions that have occurred on your financial account (bank, insurance, retirement, etc.) and any fees charged or interest paid. Statements are sent to you monthly or yearly.

Transactions

The name given to movements of money such as deposits and withdrawals, or transferring money between bank accounts, businesses and individuals.

Withdrawal

To take money out of a bank account. This can be using an ATM, EFT or by cheque.

BudgetWISE

What is a budget?

A budget is a plan that shows how much you can spend against what you earn over a given time e.g. weekly, monthly or yearly (annually). It helps to guide you on how much money you can allocate for different needs.

In order to draw up your budget, take the following steps:

1. Take a budget sheet, write down your basic expenditures and how much they cost and compare them to your earnings. Decide how much you would like to save each week/month. Most importantly, stick to your budget to avoid overspending!
2. In planning what to spend, always plan how much to save.
3. As a businessman, keep a record of your earnings and your expenditures to keep control of your finances!

Start budgeting now and fill in the budget sheet at the end of this booklet!



Remember, if you plan your finances well, you will always have enough money to spend and save.



BudgetWISE

Financial Literacy Initiative




N\$ 300


**SAVE
N\$ 50
FOR 6 MONTHS**


2.
In planning what to spend, always plan how much to save.



1. 

2. 

1. 

2. 

1. 

2. 

1.
Take a budget sheet, write down your basic expenses, how much they cost and compare them to your earnings. Decide how much you would like to save each week/month. Most importantly, stick to your budget to avoid overspending!

Week 1: N\$100
Week 2: N\$125
Week 3: N\$ 250
Week 4: N\$ 100

Total Earnings: N\$575

Expenses

Water & Electricity: N\$ 300
New Machine: N\$ 100

As a businessman, always budget separately for your business and private finances!

3. As a businessman, keep a record of your earnings and your expenses to keep control of your finances!



SaveWise

What is saving?

Saving is putting away or storing money for future use.

In order to start saving, take the following steps:

1. Decide what you want to save for.
2. Develop a savings plan, and always put money aside at the beginning of the month.
3. Save whatever you can afford.
4. Shop around for the best price and quality.
5. Save money that you do not need to spend.
6. Decide where you will keep your savings.
7. When you decide on a savings option, don't forget to compare the interest rates and the fees.
8. Ask others how they save e.g. for the near future or for retirement and discuss different savings options with them.

Remember, what really matters in saving money is not the amount you save but developing a saving habit and keeping to it.



Financial Literacy Initiative



BeWise

HOUSE?



CAR?



EDUCATION?



1.
Decide what you want
to save for.

2.

Develop a savings plan,
and always put money
aside at the beginning
of the month.

**TARGET:
N\$ 500
IN 5 MONTHS**


**SAVE
N\$ 100
PER MONTH**






3.
Save whatever you
can afford.


SHOP A



SHOP A
N\$ 13



SHOP B
N\$ 15



SHOP B

4.
Shop around for the
best price and quality.



SAVE THE MONEY



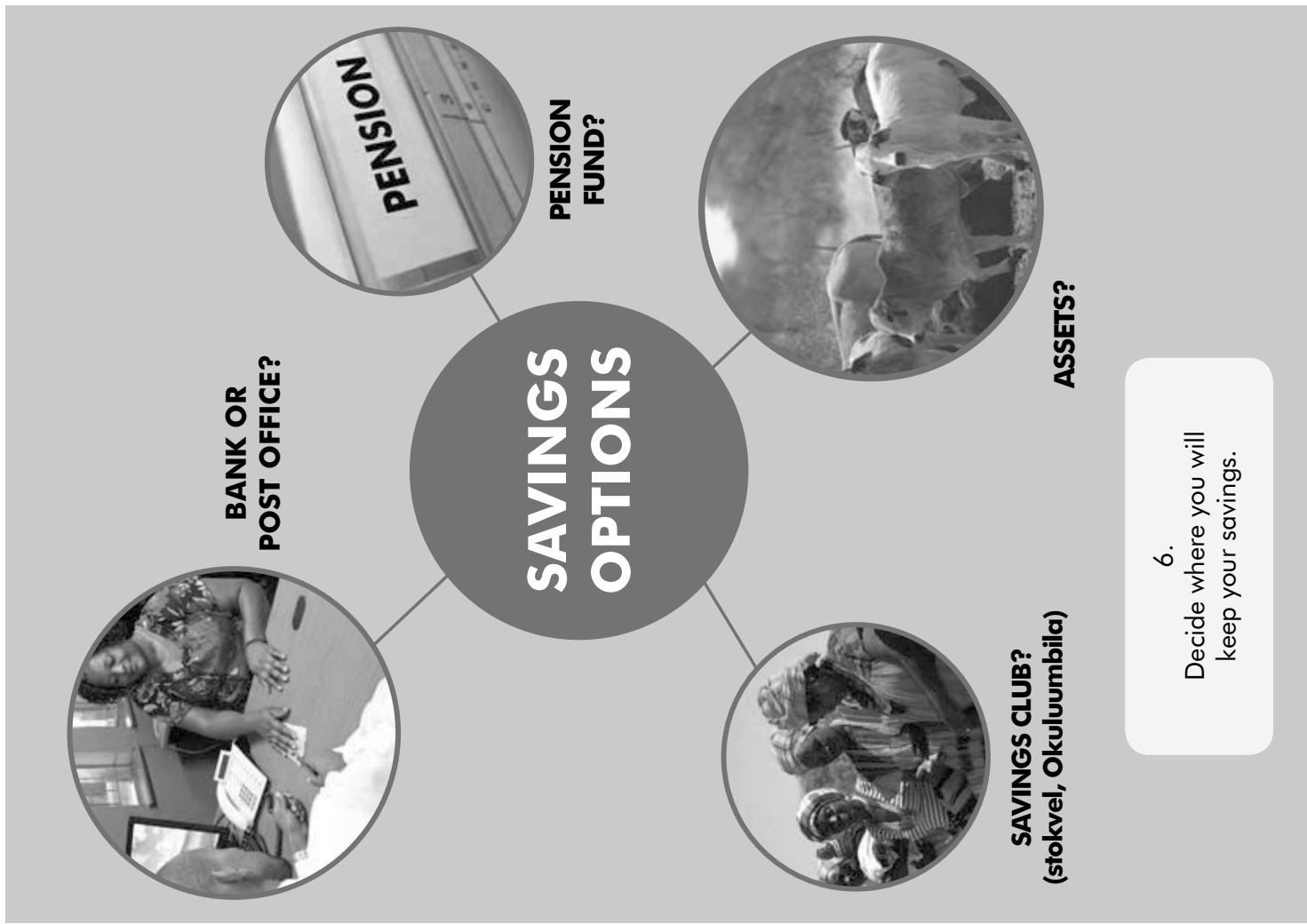
BRAND NEW



USED, BUT STILL GOOD

BUY ONLY WHAT I NEED

5.
Save money that you do not need to spend.

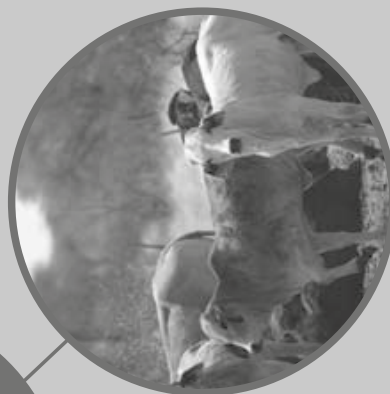


SAVINGS OPTIONS

BANK OR POST OFFICE?



PENSION FUND?

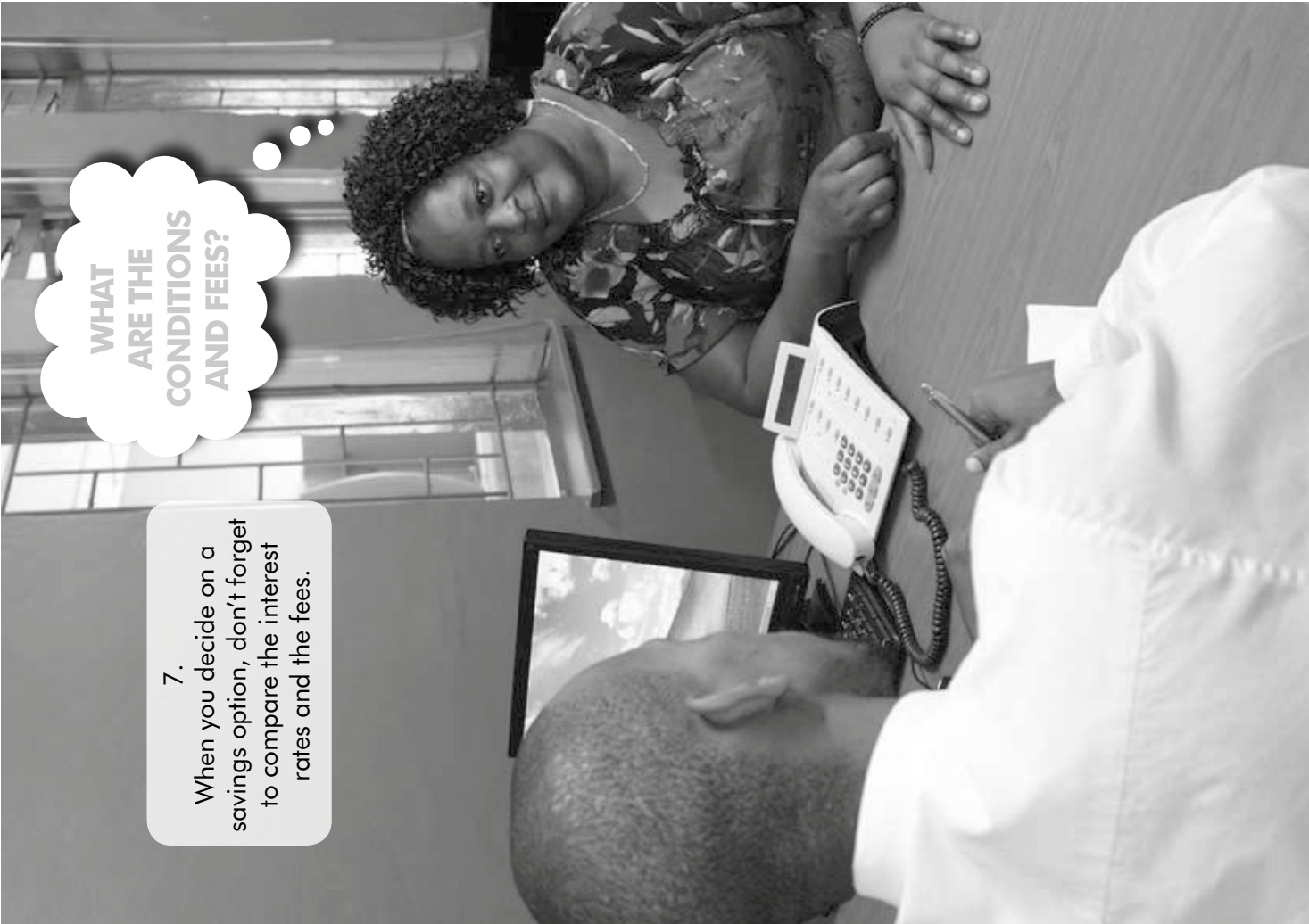


ASSETS?



**SAVINGS CLUB?
(stokvel, Okuluumbila)**

6.
Decide where you will keep your savings.



WHAT ARE THE CONDITIONS AND FEES?

7.
When you decide on a savings option, don't forget to compare the interest rates and the fees.



I BUY LIVESTOCK AND I SAVE AT THE BANK

HOW ABOUT A SAVINGS CLUB?

I TRIED A SAVINGS CLUB, IT WORKS WELL, TOO!

8.
Ask others how they save e.g. for the near future or for retirement and discuss different savings options with them.

What are my savings options?

- Savings account
- Fixed deposit
- Savings club
- In assets (livestock, piece of land, machine, car, etc)
- Retirement / pension fund

Where can I save?

- Banking institutions
- Post office savings account
- Savings club (stokvel, okwiiumbila)
- Insurance companies (e.g. life insurance)
- Retirement / pension fund

 SaveWise

 SpendWise

What is spending?

Spending is paying out money for goods and services and basic needs such as food, fridge, clothing, medical care, housing, school fees, etc.

In order to spend wisely, take the following steps:

1. To keep control of your expenses, make a list of what you need to spend money on, list how much they cost and decide on the most relevant ones.
2. Do not spend all your money but save some.
3. Live within your means, so that you can save.
4. Spend only on what you need.

Remember, wise spending will save you money.



 SaveWise



Financial Literacy Initiative



INCOME
N\$ 500

LIVING COST
N\$ 450

SAVINGS
N\$ 50

2. Do not spend all your money but save some.

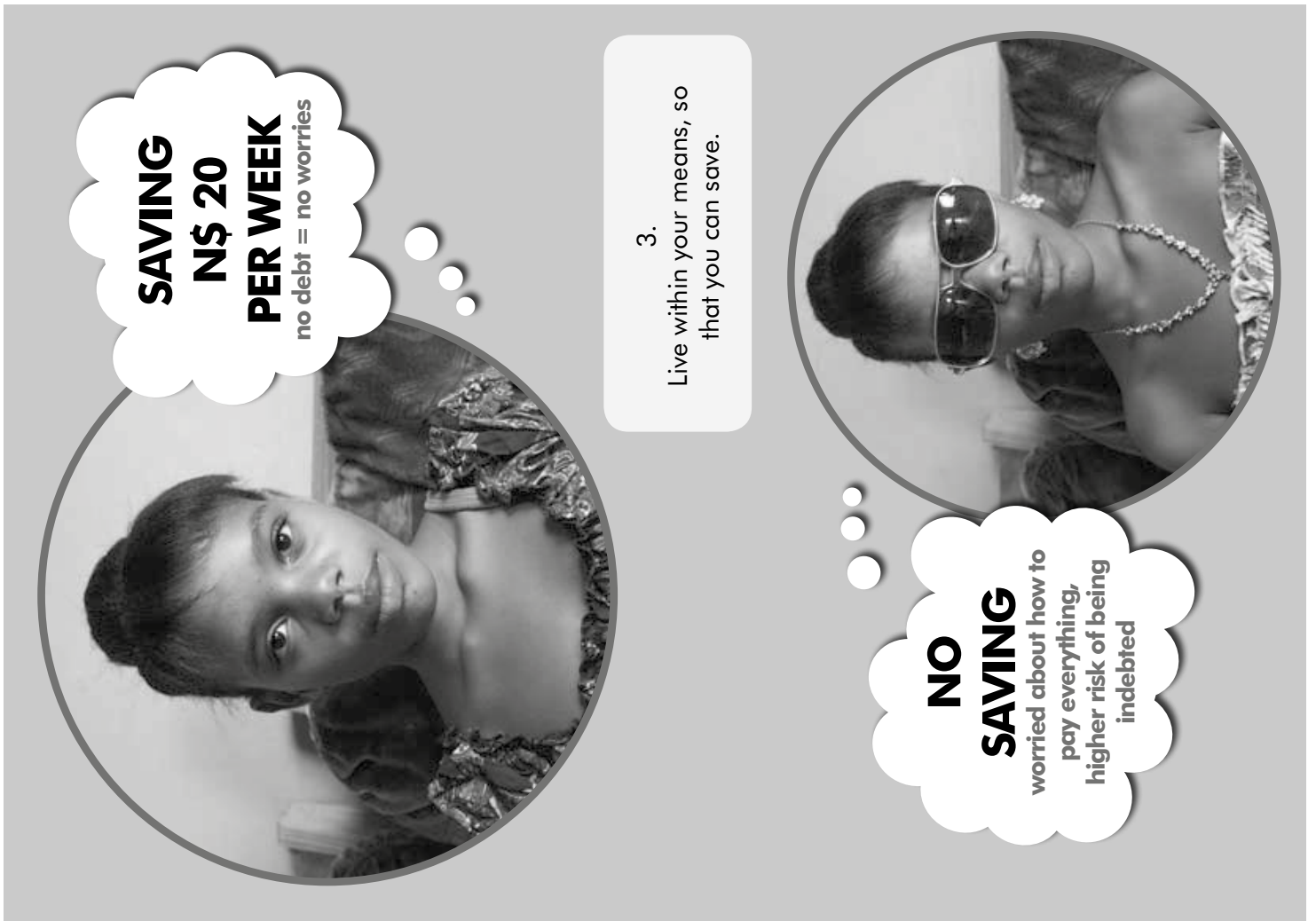


2012 EXPENSES
SCHOOL FEES
MEDICAL AID
HOUSE

1. To keep control of your expenses, make a list of what you need to spend money on, fill in how much they cost and decide on the most relevant ones.



4.
Spend only on what you need.



**SAVING
N\$ 20
PER WEEK**
no debt = no worries

3.
Live within your means, so that you can save.

**NO
SAVING**
worried about how to pay everything, higher risk of being indebted

year: month:

year: month:

Financial Literacy Initiative

Income total (N\$) - per month
Cost of essentials (N\$) - per month
Total cost of living (N\$) - per month
I already save N\$..... per month at the moment.
Left-over for additional savings (N\$) - per month
How and where will I save this additional money?

Financial Literacy Initiative

Income total (N\$) - per month
Cost of essentials (N\$) - per month
Total cost of living (N\$) - per month
I already save N\$..... per month at the moment.
Left-over for additional savings (N\$) - per month
How and where will I save this additional money?

Housing	Est. cost (N\$) - per month	Est. cost (N\$) - per month
Cellphone cost		
Electricity		
Maintenance / Repairs		
Mortgage / Rent		
Phone bill (land line)		
Supplies		
Waste removal		
Water		
Other		
Subtotals		

Family & Children	Est. cost (N\$) - per month
Clothing	
Lunch money	
Family members support	
School fees	
School supplies	
Sports club / society	
Presents (Birthdays...)	
Toy / games	
Transportation	
Other	
Subtotals	

Transportation	Est. cost (N\$) - per month
Bus / Taxi	
Fuel	
Licensing	
Maintenance	
Vehicle payment	
Other	
Subtotals	

Personal Care	Est. cost (N\$) - per month
Cleaning	
Clothing	
Hair / nails	
Health/Sports Club	
Medical aid / Medication	
Organization fees	
Other	
Subtotals	

Financials	Est. cost (N\$) - per month
Credit repayments	
Insurance 1 e.g. Car	
Insurance 2 e.g. Funeral	
Insurance 3 e.g. Life	
Other	
Subtotal	

Livestock / Pets	Est. cost (N\$)
Food	
Grooming	
Medical	
Toys	
Other	
Subtotals	

Food	Est. cost (N\$) - per month
Dining out	
Groceries	
Other	
Subtotals	

Notes

year:	month:
Financial Literacy Initiative	
Income total (N\$) - per month	
Cost of essentials (N\$) - per month	
Total cost of living (N\$) - per month	
I already save N\$..... per month at the moment.	
Left-over for additional savings (N\$) - per month	
How and where will I save this additional money?	

Housing	Est. cost (N\$) - per month	Est. cost (N\$) - per month
Cellphone cost		
Electricity		
Maintenance / Repairs		
Mortgage / Rent		
Phone bill (land line)		
Supplies		
Waste removal		
Water		
Other		
Subtotals		

Transportation	Est. cost (N\$) - per month	Est. cost (N\$) - per month
Bus / Taxi		
Fuel		
Licensing		
Maintenance		
Vehicle payment		
Other		
Subtotals		

Financials	Est. cost (N\$) - per month	Est. cost (N\$)
Credit repayments		
Insurance 1 e.g. Car		
Insurance 2 e.g. Funeral		
Insurance 3 e.g. Life		
Other		
Subtotal		

Food	Est. cost (N\$) - per month	Est. cost (N\$)
Dining out		
Groceries		
Other		
Subtotals		

Family & Children	Est. cost (N\$) - per month	Est. cost (N\$)
Clothing		
Lunch money		
Family members support		
School fees		
School supplies		
Sports club / society		
Presents (Birthdays...)		
Toy / games		
Transportation		
Other		
Subtotals		

Personal Care	Est. cost (N\$) - per month	Est. cost (N\$)
Cleaning		
Clothing		
Hair / nails		
Healthy/Sports Club		
Medical aid / Medication		
Organization fees		
Other		
Subtotals		

Livestock / Pets	Est. cost (N\$)	Est. cost (N\$)
Food		
Grooming		
Medical		
Toys		
Other		
Subtotals		

FLI PLATFORM PARTNERS

- Aflatoun Child Social and Finance Education
- Agribank
- Bank of Namibia
- Bankers' Association of Namibia
- Bank Windhoek
- Development Bank of Namibia
- Fides Bank Namibia
- Fides Microinsurance Initiative Namibia
- First National Bank of Namibia Ltd.
- Government of Republic of Namibia
 - Ministry of Education
 - Ministry of Finance
 - Ministry of Justice
 - Ministry of Trade and Industry
- Investment Managers' Association Namibia
- Kongalend Financial Services
- Life Assurers' Association of Namibia
- Medical Aid Fund Administrators Forum
- Micro Lenders' Association of Namibia
- Namibia Association for Medical Aid Funds
- Namibia Business Innovation Centre
- Namibia Chamber of Commerce and Industry
- Namibia Competition Commission
- Namibia Consumer Trust
- Namibia Insurance Brokers Association
- Namibian Employers' Federation
- Namibian Financial Institutions Supervisory Authority
- Namibian Financial Sector Charter
- Nam-Mic CellCard
- Nam-Mic Financial Services
- Namibia Post
- Nangof Trust
- National Planning Commission
- National Union of Namibian Workers
- Ndapunikwa Investments
- Nedbank Namibia
- Retirement Funds Institute of Namibia
- SMEs Compete
- Standard Bank Namibia



Financial Literacy Initiative

About the Financial Literacy Initiative

The Financial Literacy Initiative (FLI) is a national platform to enhance financial education for individuals and micro-, small- and medium sized enterprises. More than 30 platform partners from the Namibian public, private and civil society sector strive to address the needs in the area of financial literacy and consumer protection in a coordinated effort. The FLI was initiated by the Ministry of Finance in 2009 with support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

What is financial literacy?

We understand financial literacy as the ability to make informed judgements and take effective decisions regarding the use and management of money and the knowledge and skills passed on by financial education. This involves the following:

- Managing personal and business finances – planning, budgeting, saving and making financial decisions
- Choosing financial products and services – knowing what financial services or products are available e.g. savings accounts, house loans, insurance products etc.
- Knowing the different types of financial institutions in Namibia e.g. banks, insurance houses, medical aid societies, etc.
- Knowing one's rights as a user of financial products and services as well as knowing where to go for financial advice in the event of a query or dispute.

OUR CURRENCY, OUR HERITAGE, OUR PRIDE – Meet the Next Generation of the Namibia Dollar

2025 | KNOW YOUR CURRENCY

LOW DENOMINATION **COMPOSITE** BANKNOTES



HIGH DENOMINATION **PAPER** BANKNOTES



KNOW THE SECURITY FEATURES



LOOK

- 1** HOLD the banknote to the light to view the portrait of the antelope and the monetary denomination.
- 2** HOLD the banknote to the light to complete the letters 'BoN'.
- 3** LOOK at the window with the raised printed BoN logo in the centre.



FEEL

- 4** FEEL the raised print across the main portrait of H.E. Dr Sam Nujoma and Kaptein Hendrik Witbooi and the signature of the Governor.
- 5** FEEL the tactile marks for the visually impaired.



TILT

- 6** TILT the banknote to see the colour shift and dynamic effect of the BoN logo.
- 7** TILT the banknote to watch the antelope silhouette pulse, colour switch and the monetary denomination contrast.
- 8** TILT the banknote to watch the antelope silhouette pulse and generate dynamic rainbow colour change.

PILLARS OF THE NAMIBIAN ECONOMY

2025 NEW COINAGE SERIES



10 Namibia cents

Agriculture

Pearl millet crop. The pearl millet motif represents the agricultural sector in Namibia. Pearl millet is a staple crop in the country and plays a crucial role in food security. This motif symbolizes the resilience and importance of agriculture as a key pillar of the Namibian economy, providing sustenance and livelihoods for many Namibians.



20 Namibia cents

Manufacturing

Green energy. The motif of Green energy, represented by a windmill and sun, symbolizes the future of Namibia's manufacturing industry and commitment to green energy. As nations globally strive to reduce carbon footprints, this coin serves as a testament to Namibia's dedication to a sustainable future, leveraging its natural assets for clean energy generation.



50 Namibia cents

Tourism

Sossusvlei. The Sossusvlei motif represents the tourism industry in Namibia. The "Sossusvlei" valley is world famous for its spectacular sand dunes and the dead trees of the "DeadVlei". This motif captures the awe-inspiring beauty and unique natural wonders of Namibia, enticing travellers from around the world.



1 Namibia dollar

Retail

Two hands exchanging coins in a retail transaction. The motif symbolizes the fundamental essence of retail - the act of buying and selling. Carefully integrated into the design is Namibia's coins, a subtle element that offers a delightful discovery upon closer inspection. This intricate detail anchors the exchange firmly within the Namibian context. This motif encapsulates the essence of Namibia's retail sector, emphasizing its significance in daily life and its role in fuelling the nation's economic vibrancy and communal ties.



5 Namibia dollars

Mining

Polished and a rough diamond, combined. The motif of a combined polished and rough diamond represents the mining industry in Namibia. It highlights the economic value and global significance of Namibia's mining sector, showcasing the country as a leading player in the diamond industry.

Know Your Currency

Inspect security features

WHAT DO I LOOK OUT FOR IN BANKNOTES ?

Follow these three easy steps :

Step 1 : LOOK

Hold the banknote at an angle to see the colour shift in the thread. The word "BON" should also appear. Hold the banknote up against the light until you see the watermark image. It should match the main portrait (Kaptein Witbooi or Dr Sam Nujoma) on the banknote.



Step 2 : INSPECT

Inspect the numbers carefully to ensure that both left and right match.

Inspect the image of the SPARK* to see the rolling bar from one end to the other on the N\$50, N\$100 and N\$ 200.

Inspect the diamond sign of the OVI on the N\$ 10 and N\$ 20 to see the colour change from magenta to green in the N\$ 20 and gold to green in the N\$ 10.



Step 3 : FEEL

Run your fingers across the words "Bank of Namibia" on top of the note and also the denomination on the left edge, to feel the raised ink.

Feel the blind recognition dots for visually impaired people, which appear on each banknote.



BANK OF NAMIBIA IN CELEBRATION OF THE LIFE AND LEGACY OF H.E. DR. HAGE G. GEINGOB PRESENTS THE NEW N\$60.00 COMMEMORATIVE BANKNOTE

60 YEARS OF EXCELLENCE: A LEGACY OF DEDICATION AND SERVICE

KNOW THE SECURITY FEATURES



LOOK

Take a careful look at the overall colours. Lift the banknote up to the light and discover see-through features and shadow images.



FEEL

Feel the tactility of raised print in the text and portrait.



TILT

Tilt the banknote to check the colour changing and dynamic features in the clear windows and glossy prints.

Obverse

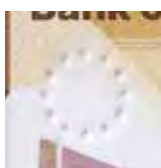


Reverse



1

Feel the microtext printed in raised ink "Forward ever backward never 60".



2

Feel the tactile dots for the visually impaired.



3

Look at the clear window depicting the Independence Memorial Museum.



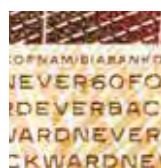
4

Feel the microtext printed in negative raised ink in the form of the value "60".



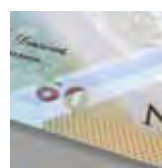
5

Feel the raised print across the portrait of H.E. Dr. Hage G. Geingob.



6

Feel the microtext "Bank of Namibia" and "Forward ever backward never 60" printed in raised ink.



7

Tilt the banknote to see the number 60 appear at the top and bottom of the shiny band when the colour change happens.



8

Tilt the banknote to see the rolling bar effect with the BoN logo changing from violet to bronze.



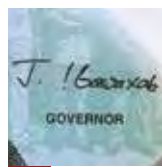
9

Tilt the banknote to see a highly reflective, mirror-like ink pattern and number 60.



10

Look at the clear window containing a printed portrait of H.E. Dr. Hage G. Geingob.



11

Feel the Governor's signature in raised print.



12

Look at the unique red and black serial number.



13

Look at the microtext "60 Namibia Dollars".



THE N\$60.00 COMMEMORATIVE BANKNOTE IS PRINTED ON A SMOOTH, SECURE AND DURABLE MATERIAL KNOWN AS POLYMER

For more information, contact: Strategic Communications and International Relations, Tel: (061) 283 5114, Fax: (061) 283 5834, Email: info@bon.com.na or Website: www.bon.com.na



Bank of Namibia