

# MEDIA STATEMENT



**Bank of Namibia**

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**Attention:** News Editor

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FOR IMMEDIATE RELEASE

## **BANK OF NAMIBIA WELCOMES REDUCTION IN INTEREST RATE SPREAD TO SUPPORT AFFORDABLE CREDIT**

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1. The Bank of Namibia welcomes the recent actions by commercial banks to reduce the spread between the repo rate and prime rates (including mortgage rate and any other lending rate), in line with the Bank's guidance to narrow this margin by a total of 25 basis points.
2. The adjustment is being implemented in two phases: the first reduction of 12.5 basis points took effect as of September 30, 2025, and a further 12.5 basis point reduction is expected to take effect by December 31, 2025.
3. This policy measure aims to narrow Namibia's historically wide interest rate margins, thereby making credit more affordable for households and businesses. By lowering borrowing costs, the Bank seeks to stimulate domestic economic activity, support investment, and ease financial pressures on consumers.
4. Within the Common Monetary Area (CMA), comprising Namibia, South Africa, Lesotho, and Eswatini, Namibia has historically recorded higher spreads between the repo and prime rates compared to its peers. Eswatini, Lesotho and South Africa have kept the spread at 3.50 percentage points, while in Namibia it has been at 3.75 percentage points since 2010. By reducing its spreads, Namibia is aligning more closely with its CMA peers, contributing to a more predictable and consistent banking environment across the region. This alignment not only strengthens Namibia's position within the CMA but also signals progress in addressing structural factors that have previously resulted in higher intermediation costs for Namibian consumers and businesses.

5. Governor Johannes !Gawaxab commended the banking sector for responding positively to the guidance: “This is a significant and necessary step towards ensuring a more equitable and inclusive financial system. At a time when concerns over the cost of financial services are growing, these actions reflect the sector’s willingness to contribute constructively to national economic objectives and to address public concerns.”
6. The Bank of Namibia will continue to closely monitor developments to ensure that the intended benefits of this intervention are fully realised and that the cost savings are effectively passed on to consumers and businesses.

  
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