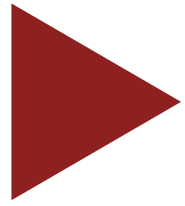




Bank of Namibia

# BANK OF NAMIBIA 2023 ANNUAL REPORT LAUNCH

02 April 2024



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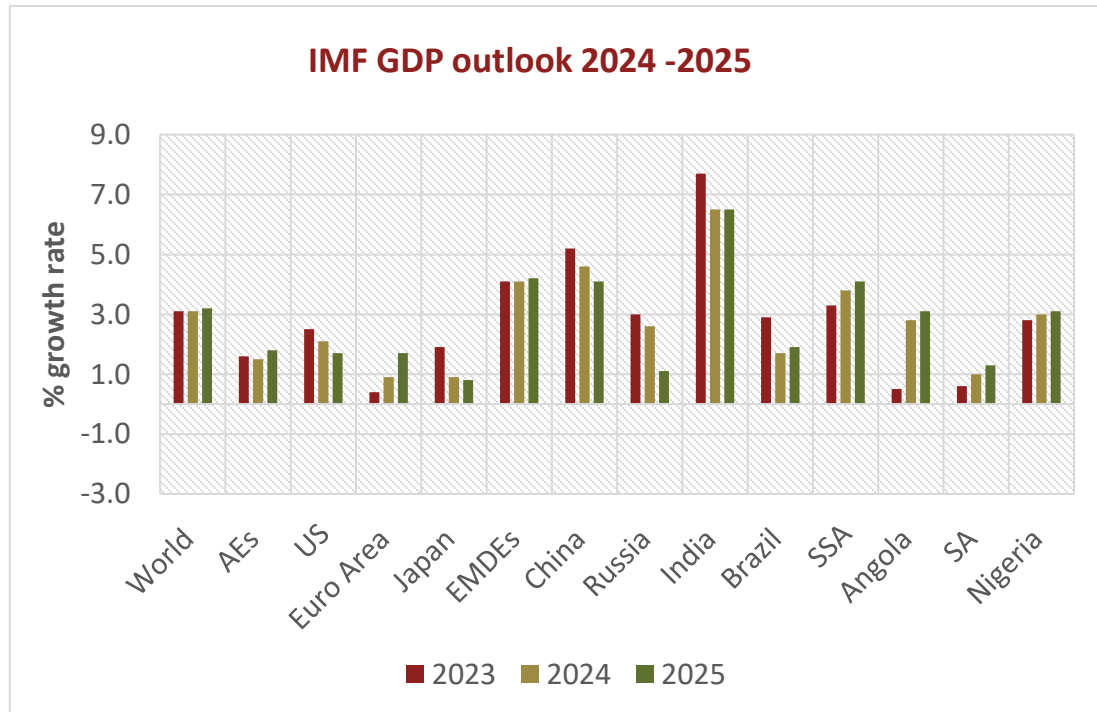


**DASHBOARD  
DISPLAYED**



# 01. ECONOMIC OUTLOOK

Global economic growth slowed in 2023, amid high interest rates as inflation remained elevated



## RISKS TO GLOBAL ECONOMIC OUTLOOK

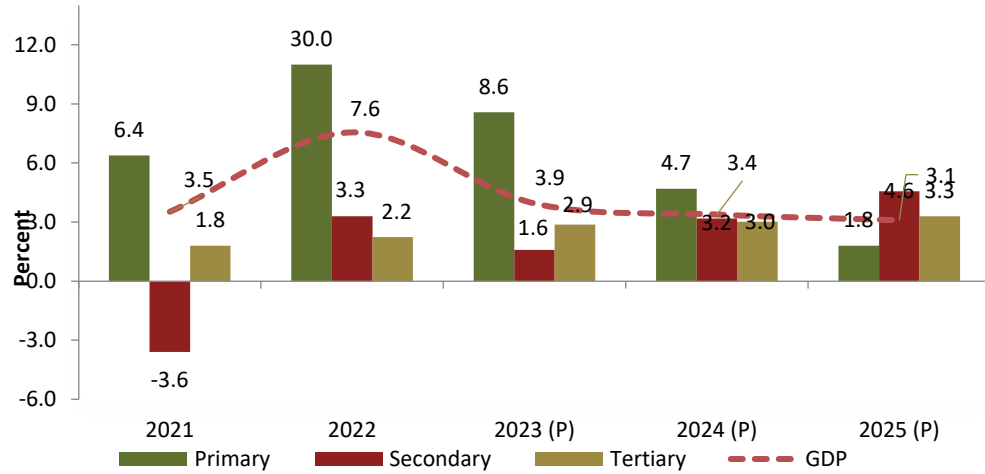
On the upside, if inflation decelerates more rapidly, tighter financial conditions could ease.

### Downside risks include:

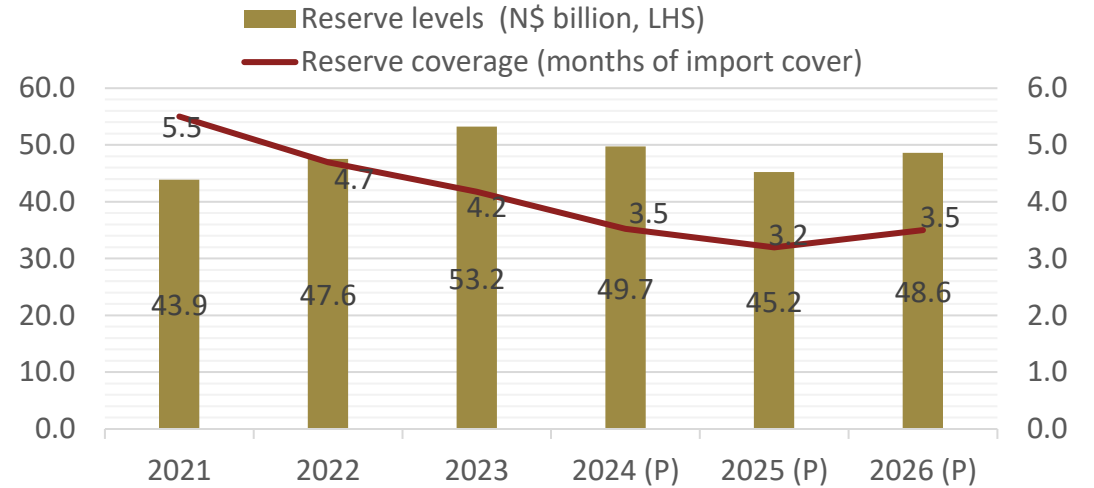
- Persistent core inflation
- Escalation of conflicts in the Middle East and Russia's invasion of Ukraine.
- Disruptions in commodity markets and higher prices.
- Weaker than expected activity in China.
- Trade fragmentation, and climate-related disasters

# 02. ECONOMIC OUTLOOK

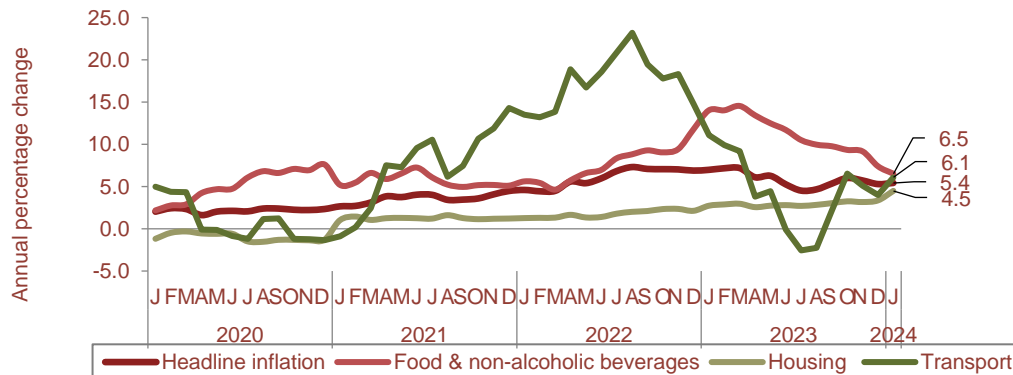
### Economic Growth



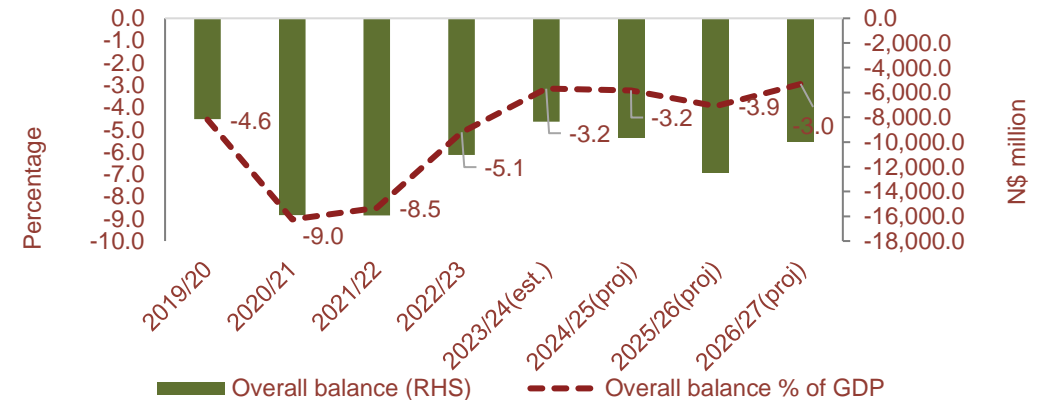
### Foreign Reserves



### MP Stance & Inflation Developments

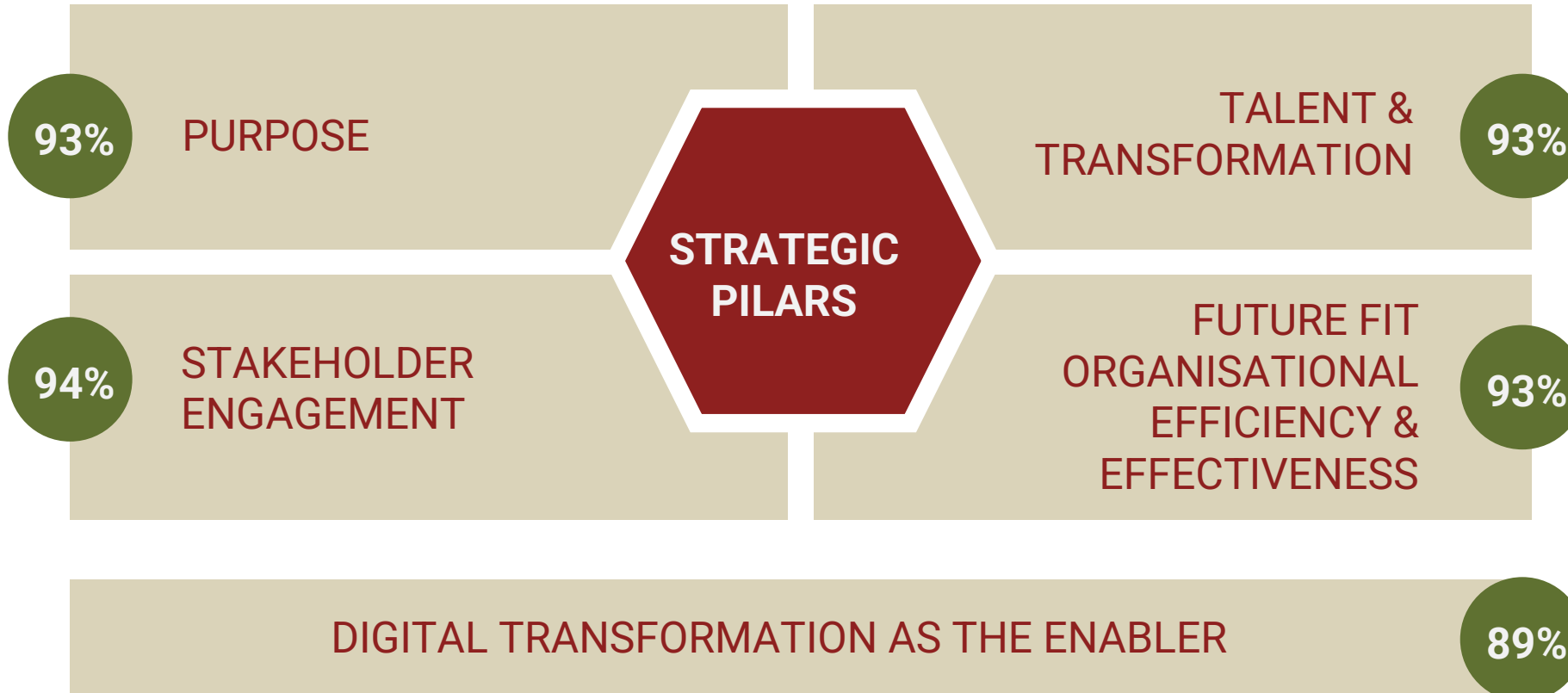


### Public Finance



# 03. Bank of Namibia's True North

- The Bank of Namibia's compass is our strategy – why we exist and where we are going .
- 2023 was the year of execution – overall, 94% of 2023 initiatives were successfully implemented.
- Total 68% cumulative execution of Y1 & Y2 initiatives.







# 04. BANKING SUPERVISION

**01**

**Enhanced Regulatory Framework**

The **enhanced BIA** empowers the Bank, among others, to introduce requirements relating to **foreign ownership**, as well as **Fees and Charges**.

**02**

**Sound and Stable Banking Sector**

**No change** in the number of **regulated institutions** under Banking Supervision in 2023; **no new licenses** were granted; however, one application is under review.

**03**

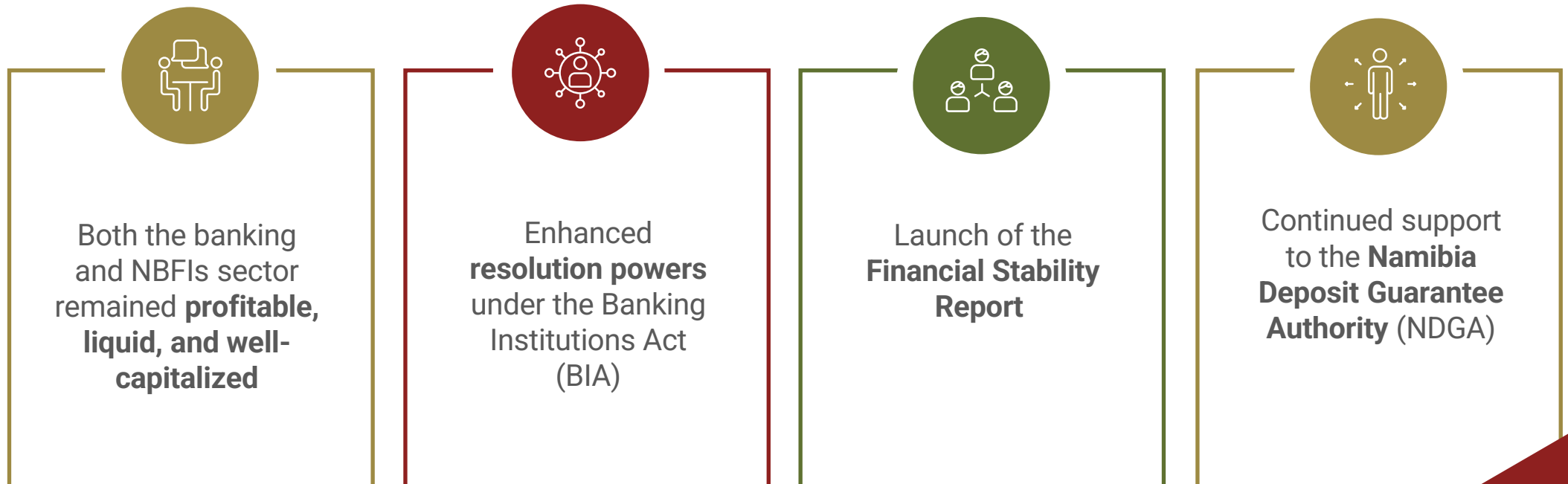
**Enhanced Cyber Capabilities**

The Bank conducted **Cyber Security Risk Management assessment** at the regulated banks.



# 05. FINANCIAL STABILITY AND MACROPRUDENTIAL OVERSIGHT

The financial system remained stable, robust, and resilient amidst global and domestic economic challenges



# 06. National Payment System Oversight

The Bank continued to fulfill its regulatory mandate as the overseer of the National Payment System (NPS) in 2023.

## 01 REGULATIONS, FRAMEWORKS & FORUMS

- Promulgation of the Payment System Management Act (No. 14 of 2023).
- Revision of the Determinations, **PSD-1 and PSD-3**, align with new Act.

## 02 CLEARING & SETTLEMENT

- Overall, the NISS recorded a **settlement value of N\$1.2 trillion**, which comprises of N\$800.5 billion (single transactions value) and N\$405.3 billion (Off-Us Card & EFT transactions value).

## 03 FRAUD IN THE NPS

- Total fraud was 0.0033% falling below the Bank's fraud **safety index indicator** of 0.05%.

# 07. MANAGING NATIONAL FINANCIAL RISKS THROUGH EXCHANGE CONTROL AND LEGAL SERVICES

01

## Supervision of VASPs

**The Virtual Assets Act** (No. 10 of 2023) was passed on 25 July 2023 to license and regulate virtual asset service providers and initial token-offering service providers.

02

## Industry Compliance

Two on-site inspections, together with data analytics on BOPs data, revealed the **acceptable level of compliance with Exchange Control Regulation.**

03

## Mitigating Illicit Financial Flows

**Trade Verification System** was launched 16 October 2023 to reconcile goods and funds **N\$ 31.7 mil Illicit Funds** forfeited to National State Revenue

# 08. STAYING FUTURE-FIT AND DIGITALLY TRANSFORMING THE BANK



Bank - Wide Process Redesign

ERP System Optimisation



Operationalisation of the ACoE

Enhancements in Employee Services



Automation of Government Payments

Compliance and Anti-Money Laundering Measures



# 08. STAYING FUTURE-FIT AND DIGITALLY TRANSFORMING THE BANK (CONT')



Promotion of Innovation Culture

Initiation of Data Feed for MPC



SupTech System

Central Bank Digital Currencies



Instant Payments Solution





# 09. RISK AND GOVERNANCE

01

## Enterprise Risk and Compliance Management

- The framework - also defines **the structure, policies, and processes.**
- Key **top risks affecting strategy and operations** – identified, monitored, and mitigation plans implemented.
- Cyber and Information Security Program – **areas of improvement.**

02

## Business Continuity Management

- The Bank has **replaced the current DR infrastructure**, active-to-active sites in place, and data replication is now in **real-time.**
- **Peer Review assessed** the BCMS against the ISO 22301:2019 standard-level **4/5 maturity.**
- Continuous scanning - new risks: **AI & ESG.**

# 10. BANK OF NAMIBIA'S CURRENCY MANAGEMENT

## CURRENCY MANAGEMENT

- Increase in currency circulation to N\$5.2 billion, **7.6% increase 2022 - 2023**
- N\$10 billion worth of banknotes issued to commercial banks
- Total commercial bank deposits amounted to N\$9.1 billion.

## UNFIT CURRENCY WITHDRAWAL

N\$2.4 billion worth of banknotes were withdrawn, indicating continuous quality control.

Ensure the  
sufficiency of  
supply and the  
integrity of  
currency

## COUNTERFEIT CONTROL

Significant **decrease in counterfeit banknotes detected** (down 59% from 2022).

## ELECTRONIC VISITORS MANAGEMENT SYSTEM

The Electronic Visitors Management System has been successfully implemented at the Head Office , DR Site and Oshakati Branch.



# 11. FINANCIAL MARKETS AND FINANCIAL MANAGEMENT

## 2023 Reserves Management

Foreign exchange reserves rose by 11.9% to **N\$53.229 billion**.

## Currency Composition

Major reserve currencies: ZAR (54.9%) and USD (33.3%), with the remainder in SDRs and other international currencies.

## Reserve Adequacy

**Adequate reserve levels maintained**, with **import coverage** and other metrics **exceeding threshold** levels, supporting the **ZAR peg**.

## Outlook and Challenges

Local currency depreciation due to external factors but reserve adequacy maintained amidst volatile conditions.

### RESERVES MANAGEMENT

### EFFECTIVE FINANCIAL MANAGEMENT

## Net Interest income

**Increased by 79%** from N\$554.55 million in 2022 to N\$990.52 million in 2023 due to higher interest rates and higher average investment balances.

## Operating expenses

**Increased by N\$70.01 million (13%)** from N\$522.50 million in 2022 to N\$592.51 million in 2023.

## Amount available for distribution

**Increased by N\$184.25 million (24%)** from N\$772.64 million in 2022 to N\$956.89 million in 2023.

## Assets of the Bank

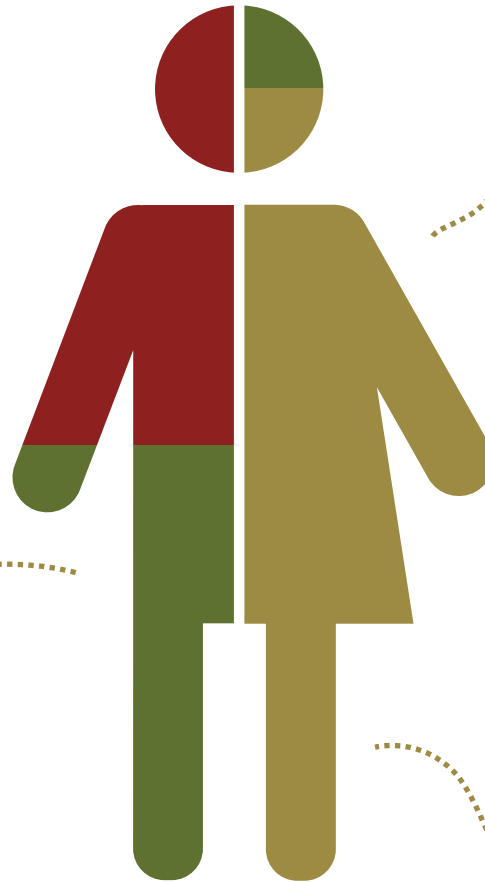
The Bank's **assets increased by 18%** from N\$52.36 billion in 2022 to N\$61.92 billion in 2023.

# 12. HR TALENT AND TRANSFORMATION

Future-fit Capacity Building and Employer of Choice

## Learning and Development

- **Blended training** approach; 400 online courses and 197 in-person sessions.
- Leveraging partnerships with the likes of **the IMF and Bundesbank** to increase development opportunities.



## Improved Employee Value Proposition

- **Competitive** remuneration and benefits.
- Focus on talent attraction, performance, and **retention**.

## Employment Equity

- **Compliance with Affirmative Action Act**
- Balanced gender representation (54% female, 46% male at the management level).

# CONCLUSION & GAMEPLAN



# 13. CONCLUSION



Successful execution of year 2 Strategic Plan.



Namibia's financial system remained resilient, stable and sound.



The Banking sector continued to be profitable, liquid, and well capitalised.



The Bank declared a dividend of N\$511.3 million to the State Revenue Fund.



Bank remains focused on delivering on its core mandate of ensuring monetary and financial stability.



Commitment to transparency and heightened stakeholder engagement & public outreach.



Promoting Sustainability of Namibia's Financial System.

# 14. 2024 GAMEPLAN – KEY PROJECTS

01

Instant Payments Project

05

Digital Transformation  
(Innovation Hub, Automation of  
key processes, Data- analytics)

02

Central Securities  
Depository (CSD) Project

06

Potential implication of oil and  
gas discoveries for monetary  
policy and exchange rates

03

Formulation of the new 2025/27  
Strategic Plan

07

RTGS Version 7 upgrade and ISO  
20022 implementation

04

Develop Sustainability  
Framework

08

Currency Review Project



A photograph of a stone pillar with a glass sign that reads "BANK OF NAMIBIA". The sign is mounted on a light-colored stone pillar. To the right of the pillar is a large, leafy green tree. In the background, a multi-story brick building is visible under a blue sky with scattered clouds. A green geometric graphic is overlaid on the left side of the image.

BANK OF NAMIBIA

THANK YOU