

Masters of Ceremonies, Ms Ketiwe and Patrick

Mr Titus Ndove, Executive Director at the Ministry of Finance and Public Enterprises

Mr Sikongo Haihambo, Executive Director, at Ministry of catalalisation and Trade

Other Senior Government Officials,

Mr Haythan El Maayergi, Executive Vice President Global Trade, Afreximbank,

Distinguished Executives, Captains of Industry

Ladies and gentlemen,

Good Morning,

1. **It is a pleasure to be here today to deliver a goodwill message at the 24th Afreximbank Trade Finance Seminar on behalf of the Bank of Namibia. At a time when the world's economic landscape is shifting, Africa's trade ambitions are clearer and more essential than ever.** However, we are not without our challenges. The African Continental Free Trade Area (AfCFTA) is a significant step, but we still face hurdles in lowering tariffs and lifting non-tariff barriers to trade. These challenges underscore the importance of trade finance, which has become more than just a tool - it is a catalyst for unlocking economic potential and fostering deeper integration across our continent. This gathering today represents the unwavering commitment of African nations and financial institutions to overcome these challenges and reshape our trade landscape, allowing our continent to emerge as a powerful force in the global economy.

Ladies and gentlemen,

2. **As central banks, our role in trade finance is that of an enabler.** Trade finance facilitates payments for exporters and provides importers with the necessary credit to fulfil trade orders. As you know, central banks oversee payment systems and supervise and regulate financial institutions, which are instrumental in trade finance. Central banks in Africa and beyond are expected to be critical in facilitating seamless cross-border payments for greater trade benefits. It is befitting that Afreximbank selected the Bank of Namibia to deliver the goodwill message at this seminal workshop.
3. **Trade finance instruments, such as letters of credit and guarantees, mitigate risk and enable businesses to engage in trade confidently.** These tools are expected to increase trade volumes and spur economic growth by allowing countries to import essential goods and services and export products and services. When trade finance simplifies and secures business transactions, the continent becomes more attractive to foreign investors, and the capital inflow stimulates economic growth.
4. **I am pleased that the program balances typical trade finance topics, such as letters of credit, and more contemporary issues, such as unlocking the digital revolution in African commerce and the growing need for trade fintech adoptions.** Embracing digital transformation has the potential to reshape Africa's trade landscape. Advanced

digital solutions can simplify and secure trade processes, helping to reduce transaction costs and streamline cross-border payments. By utilising these technologies, we can improve transparency and efficiency in trade finance, ensuring that even the smallest businesses can access the credit and resources they need to participate in international markets. This shift towards digitalisation empowers Micro, Small, and Medium Enterprises (MSMEs), enabling them to overcome traditional barriers and engage more actively in regional and global trade.

5. **Many African enterprises, particularly MSMEs, experience challenges accessing trade finance due to insufficient credit history, lack of security, and complex documentation.** Therefore, digital platforms linking buyers, sellers, and financial institutions can streamline credit assessments using alternative data like transaction histories and mobile payments to evaluate creditworthiness.
6. **Apart from tariffs, non-tariff barriers (NTBs) are a crucial impediment to trade facilitation on the African continent.** The lack of trade finance is an essential non-tariff barrier to trade that constrains the full trade potential of the AfCFTA. Therefore, it is essential that in implementing the AfCFTA, attention is drawn to effectively eliminating tariffs and NTBs to ensure meaningful liberalisation. Banks assist firms in engaging in international trade, thereby minimising risks and facilitating the seamless and secure flow of goods and services across national borders. In this regard, banks are not only expected to mobilise savings and allocate capital funds required to finance productive investments; they need to step up their participation in trade finance.
7. **Innovation and development in trade finance must be undertaken if countries are to take advantage of the opportunities offered by the AfCFTA.** The African Development Bank estimates indicate that only 28 per cent of banks' total trade finance portfolio benefits MSMEs. This is ascribed to the high-risk perception factor associated with MSMEs. This seminar is a suitable intervention in the capacity-building domain. It should contribute to enabling trade finance, particularly for MSMEs, which lack the resources to import or export valuable goods in Africa.

Ladies and gentlemen,

8. **African Central Banks increasingly play a catalytic role in enhancing trade and unlocking economic opportunities.** Work has begun to realise the lofty dream of the Pan-African Payment and Settlement System (PAPSS). This is a step in the right direction and should positively enhance cross-border payments in Africa, thereby supporting increased trade volumes as anticipated in implementing the AfCFTA. PAPSS will be especially valuable for MSMEs, as it will allow a small business operator in Namibia, for instance, to purchase goods from Angola using the Namibia Dollar without needing to convert to another currency like the US Dollar. This eliminates additional exchange and settlement costs that MSMEs usually face.
9. **We welcome the gradual implementation of the PAPSS, starting with integration at a regional level.** Within the SADC sub-region, good progress has been made in implementing the Real Time Gross Settlement System (RTGS), and the volume of trade settled has increased from ZAR142 billion in 2022 to ZAR210 billion in 2023. The RTGS has

served the SADC community well within the last 10 years, with the ZAR serving as the settlement currency. A key activity, as we advance in payment system integration, is to onboard the other currencies in the system, which will widen the number of settlement currencies accessible to the players.

10. As technology advances, various platforms can be utilised to improve cross-border payments, including Fast Payment Solutions and Central Bank Digital Currencies (CBDCs). We, therefore, see innovation playing a catalytic role in Cross-Border Payments and Capital Flows, which play a pivotal role in Namibia's economic strategy, particularly through enhanced regional collaboration within the Common Monetary Area (CMA). By streamlining cross-border payment processes, Namibia shall reduce transaction costs and time delays associated with international trade, making it easier for businesses to engage with regional partners. In our region, we are collaborating within the Common Monetary Area on how a CBDC can advance the payment integration agenda, and research is underway to provide answers to this problem statement.

11. Additionally, Namibia is exploring an instant payment solution. Over 70 countries are implementing Fast Payment Systems (FPS), and another 20 are in advanced stages. The solution will position the country to benefit from reduced transaction costs and increased access for all segments of the population, including rural areas and the informal economy. The fast payment solution can be leveraged to enhance cross-border payments, boost trade, and provide greater financial inclusion. Ultimately, this should transform how businesses and individuals engage in the global financial system. These advances can be scaled to a continental level.

Ladies and gentlemen,

12. I want to paraphrase Dr Akinumwi Adesina, President of the African Development Bank, who says: *“Trade finance is pivotal in steering Africa's long-term economic development and structural transformation.”* Trade finance offers credit, payment guarantees, and insurance, facilitating the smooth exchange of goods and services while mitigating the risks associated with cashless transactions. Trade finance provides credit, payment assurances, and insurance to enable the seamless exchange of goods and services, reducing the risks linked to non-cash transactions. I am confident that the knowledge and skills you gain from this workshop will enhance intra- and extra-African trade, as an informed audience is better equipped to make impactful decisions.

To our travellers, Welcome to Namibia; I hope you get to see more than Windhoek during your stay. Once again, I wish you productive deliberations over the next 3 days.

Thank you!