



NaSIA

Namibia Savings & Investment Association

Newsletter

Issue 33, November 2023

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Editorial from the Secretariat

Written by: **Godfrey Haixuna**



Digital Transformation in the Non-Banking Sector: Navigating new horizons with Transformative Digital Technologies

Dear members,

We are delighted to present our November 2023 newsletter.

In the dynamic and constantly evolving realm of the global financial services sector, transformative digital technologies have emerged, reshaping the financial services landscape with unprecedented speed and innovation. The Statista 2022 Report sheds light on the adoption rates of these technologies by institutions worldwide, showcasing Cloud Computing as the frontrunner with a remarkable adoption rate of 89%. Following closely are Big Data Analytics (BDA) at 55%, Robotic Process Automation (RPA) at 34%, Artificial Intelligence (AI) at 33%, and Internet of Things (IoT) at 33%.

The potent fusion of the above digital technologies have ushered in an era where traditional approaches of Non-Banking Financial Institutions (NBFI) are being reimaged, leading to innovative integrations and profound insights. The Global Insurance Industry stands as a compelling example, having transcended outdated practices to embrace a new era characterized by innovation and technological advancement. According to the 2023 Global Market Report, investments in insurance technology globally have surged from \$10.44 billion in 2022 to \$13.49 billion in 2023, showcasing an impressive Compound Annual Growth Rate (CAGR) of 29.3%. This significant investment underscores the industry's recognition of the immense potential in leveraging digital technologies to enhance operations and meet evolving consumer needs.

In the Namibian landscape, the Non-Banking Financial Sector (NBFS) has experienced a similar paradigm shift. While the sector is also gradually embracing digital innovations, the integration of advanced technologies like Artificial Intelligence is still in its nascent phases with its prominent presence primarily observed within the Insurance Industry. Beyond Artificial Intelligence, several other digital technologies, such as Distributed Ledger Technology, Big Data Analytics, Internet of Things, and Biometric technology, have gained recognition and adoption within the Namibian NBFS (as shown in the table below). With these transformative technologies continuing to evolve, the NBFS is posed to play a pivotal role in shaping the future of savings and investments in Namibia.

The use of Digital Technologies by (selected) Industry Segments of the Nambian NBFS

Non-Bank Financial Institute	Type of Digital Technology	Uses of Digital Technology
1. Capital Markets	Cloud Computing	To ensure the optimal processing and storage of data, as well as to facilitate seamless advisory and agency services, strategic planning, investment and trading activities, financial market operations, cyber security measures, and communication systems.
2. Insurance	Cloud Computing	To ensure the optimal and streamlined processing and storage of data.
	Artificial Intelligence	Interpretation of historical data to enhance communication with existing clients.
	Distributed Ledger Technology	To ensure that policyholder information is created, transferred, and stored securely.
	Internet of Things (IoT)	To Collect data of movable objects within a real-world environment.
3. Pension Funds	Distributed Ledger Technology, Big Data Analytics, Internet of Things, Cloud Computing, Biometric Technology	For pension funds, payment services, investment and trading and operations.

Source: NAMFISA and BoN

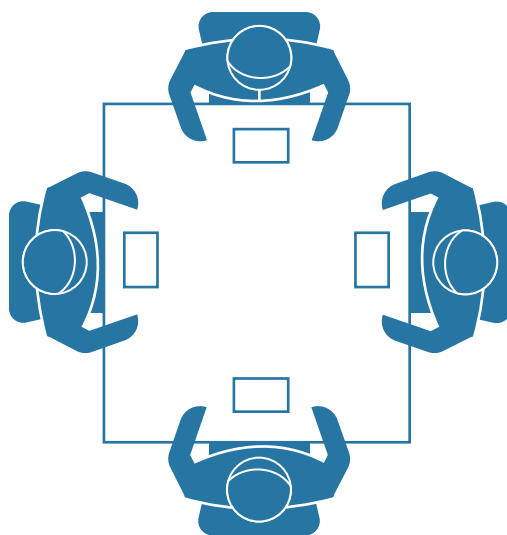
As advanced digital technologies continue to proliferate, the NBFS, however, also becomes more vulnerable to cyberattacks and other risks associated with these technologies. With the rise in digital solutions, the NBFS faces an ever-present threat of cyber-attacks, identity theft, and data breaches. These risks can be profoundly detrimental, extending beyond financial losses to shattering the very confidence that customers have in the sector. In this context, the importance of enabling regulations to evolve and keep pace with the dynamic threat landscape and the swift expansion of the NBFS cannot be overstated. Equally crucial is the adoption of a nuanced approach by regulators—one that strikes a delicate balance between safeguarding investors, consumers, and the overall financial sector, while also providing financial institutions and entrepreneurs the room to innovate and compete.

On a positive note, NAMFISA has reiterated its intention to move away from reactive “tick box” regulatory practices towards a more proactive, Risk Based Approach (RBS), as communicated to industry in a circular dated 5 October 2023. The Authority further highlighted that a transitional approach will be taken pending the full implementation of the Financial Institutions and Markets Act, 2021 (No. 2 of 2021) (FIM Act). RSB provides a structured approach focusing on identifying potential risks faced by regulated entities and assessing the financial and operational factors in place to mitigate those risks. The framework enables NAMFISA to allocate its resources strategically, focusing on issues and institutions that pose the most significant threats to its supervisory objectives. While it can be argued that preventing risks is undoubtedly preferable to managing the aftermath, this supervisory transition might pose numerous challenges for regulated NBFIs.

As an industry body, NaSIA supports the RBS approach to supervision, as it ensures optimal utilization of resources, ensuring that regulatory costs (and therefore levies) are kept at bay. This is a win for consumers/investors and well aligned to the principle of Treating Customers Fairly (TCF). NaSIA will continue to provide support to industry in easing the transition pains that might come with migration to any new legislative landscape. In line with our mandate, we are also committed to being a trusted anchor between the NBFS and key stakeholders, such as, government and regulators, to ensure that the NBFS remains relevant and sustainable, and optimizes its contribution to national economic growth and development.

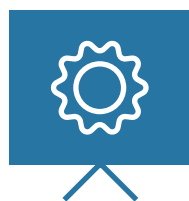
Happy reading!

1. Upcoming Meetings



Please take note of the following committee meeting dates (final round):

Month	Meeting Subject
07 Nov 2023	Market Conduct Committee
10 Nov 2023	Research and Economic Savings Policy Development Committee
14 Nov 2023	Legal and Technical Committee
15 Nov 2023	Investments Committee
17 Nov 2023	Insurance Committee
22 Nov 2023	Transformation, Skills Development and Education Committee



2. RFIN Trustee Training Dates

> RFIN - Rudiments

Training on the fundamental elements that a trustee needs before taking on advanced training targets are new trustees, new PO's aspiring trustees, refreshers for long serving trustees in anticipation of FIMA, etc.

Course	Month	Venue	Time	Price Inc VAT
Pension Fund Investment Management (FIMA)	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Member Engagements and Communication	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Budget for Pension Funds	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Pension Fund Annual Report	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Governance of Pension Fund: Trustee and PO roles and duties	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
ESG Investments (Basics)	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Pension Fund Risk Register	November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members

> **RFIN - Supreme**

Equipping Trustees to handle FIMA (Formulated on NAMFISA/FIMA: Requirements/obligation/Guidelines).

Training on the In-Depth knowledge on the elements needed by trustees in preparation for FIMA: targets are new and long serving trustees, new and long serving PO's, aspiring trustees etc. Follows on from RFIN Rudiments Training.

Course	Month	Venue	Time	Price Inc VAT
Pension Fund Investment Management (FIMA)	November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
Annual Reporting – regulatory under FIMA	November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
FIMA overview (changes to Pension Fund Act vs FIMA, Chapters & Regulations [main points], Legal Requirements, fund regulation)	November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
Responsibilities, Obligations and Liabilities of Trustees and PO under FIMA	November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members



> **RFIN - Bespoke Training 2023**

Fund specific training. The fund will indicate what their training needs are picking from the RFIN Rudiments, Supreme or Tailored. Minimum 10 -20 maximum people per training, thus allowing for prospective trustees, company committee members and any others allowed by Board to also attend in aid of Retirement literacy.

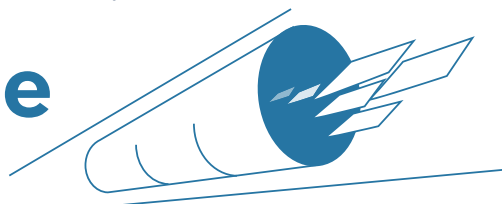
Course	Month	Venue	Time	Price Inc VAT
RFIN Rudiments	On request	FUND Premises/ Organized	TBC	N\$ 10 000 members N\$ 15 000 non-members
RFIN Supreme	On request	FUND Premises/ Organized	TBC	N\$ 10 000 members N\$ 15 000 non-members
RFIN Tailored	On request	FUND Premises/ Organized	TBC	N\$ 15 000 members N\$ 20 000 non-members



> **Submissions done:**

No submission was made during the month October 2023.

3. In The Pipeline

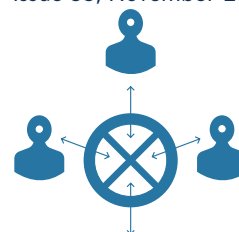


NaSIA is currently working on research papers that seek to achieve the following objectives:

a) ESG and Sustainable Investment - The topic of ESG is widely gaining momentum and different global bodies such as the European Financial Reporting Advisory Group (EFRAG), The Global Reporting Initiative (GRI), The International Sustainability Standards Board (ISSB), The United Nations Development Program, are at the forefront of developing standards and frameworks in an attempt to enable businesses and organizations report (in a transparent manner) their impact in countries and societies in which they operate. On 26 June 2023, the ISSB launched IFRS S1 and IFRS S2, all aimed at standardising and harmonising ESG reporting and disclosure across various jurisdictions. Quite frankly, most of these standards are being pushed by the “global north” onto the “global south”, and not much consideration has been made to unpack them in the context of country specific circumstances and capital markets. As a proactive industry body, NaSIA embarked on this journey with various stakeholders (such as the NSX) with the ultimate goal of coming up with (albeit voluntary) two frameworks, (1) for companies (whether listed or not) that want to enhance their disclosure in order to attract ESG focused investors, (2) for asset owners (and indirectly asset managers) that want to incorporate ESG considerations in their investment strategy or portfolio construction. These engagements are on-going and will take time to finalize, given the ever-changing ESG landscape. This is a long-term project for the NaSIA Investment Committee and will likely be on the agenda through to 2024.

b) Contribution of the Life Insurance and Asset Management Industry to State Revenue – To provide NAMRA with a comprehensive picture of how the Namibian Insurance and Asset Management industries operate as well as their contribution to state revenue. The research emanated from a request by NAMRA following a courtesy visit by NaSIA held on 11 November 2022. The aim of which is to fortify and maintain a positive stakeholder relationship with the tax authority. The Board endorsed the research on 30 March 2023. The research is currently falling under the auspices of the NaSIA Insurance Committee, which is busy reviewing and offering feedback on the secretariat’s first draft. The secretariat hopes to have an engagement with NAMRA in Q4.

4. Stakeholder Engagements



Stakeholder	Date of Engagement	Key Outcomes
NBC	11 Oct 2023	<ul style="list-style-type: none"> NaSIA had a meeting with NBC to discuss the experience NaSIA had with NBC regarding the financial literacy campaign that ran between February 2023 to July 2023. During the meeting, NaSIA and NBC reviewed the successful outcomes of their collaboration on the financial literacy campaign. They also explored potential areas for improvement and discussed future strategies to enhance the impact of their joint efforts. There was a discussion on a smart partnership that NaSIA and NBC could explore to further promote financial literacy among underserved communities. Both parties expressed enthusiasm and NaSIA is still waiting for a draft agreement from the NBC.
NAMFISA	Oct 2023	<p>NaSIA was invited to attend the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) capacity building session which took place from 5-6 October 2023.</p> <p>Topics such as financial inclusion (with a gender lens), sustainable finance and ESG, Green Hydrogen, and Fintech, featured prominently as presenters from various countries articulated each subject matter.</p> <p>Of note was the presentation by the Financial Sector Conduct Authority (FSCA) on how they foresee to include sustainability and ESG in regulatory and supervisory frameworks.</p> <p>The FSCA is committed to promoting the development of an innovative, inclusive, and sustainable financial system. The FSCA is keen on:</p> <ul style="list-style-type: none"> Enabling and promoting capital flows in support of sustainability objectives; Making it easier for market players to conduct due diligence (including accurately assessing risks & opportunities) to make suitable sustainability investments; Evaluating and adopting/adapting appropriate international frameworks; Implementing effective conduct regulation without constricting the growth of sustainable finance markets; Empowering retail consumers to navigate the sustainable finance market.

Stakeholder	Date of Engagement	Key Outcomes
NAMFISA	Oct 2023	<p>In order to achieve the above, the FSCA is cognizant of the fact that they need to do capacity building in-house, do research and conduct stakeholder engagements, and develop regulatory and supervisory frameworks.</p> <p>NAMFISA is likely to closely follow what the FSCA is doing.</p>
FLI	12 Oct 2023	<ul style="list-style-type: none"> NaSIA attended the Financial Literacy Initiative (FLI) annual general meeting on October 12, 2023. The meeting was held in the FLI training room, and it brought together industry experts from representatives of FLIs platform supporter's. NaSIA actively participated in discussions on the importance of promoting financial literacy among individuals and communities, sharing insights from their own initiatives. The performance report, financial statements and strategic plan of the FLI were presented during the meeting, highlighting the organization's achievements and future goals.
NAMFISA	13 Oct 2023	<p>NaSIA had a meeting with NAMFISA General Manager for Finance and Administration, Ndahambelela Ndoroma on 13 October 2023. The objective of the said meeting was to discuss NaSIA's input/comment to the levy gazette to better understand them as part of the on-going levy review process. The following points discussed are of note:</p> <ul style="list-style-type: none"> According to NAMFISA, the purpose of the levy review procedure is to guarantee NAMFISA's effectiveness. The GM further indicated that the request for an "annual review" of the levy gazette (in line with other regulators in the region), is reasonable and will be considered. On matters relating to IFRS 17, the GM indicated that work is on-going internally (and could therefore not say much on the subject) and NAMFISA will soon communicate their IFRS17 position to industry.

Stakeholder	Date of Engagement	Key Outcomes
NAMFISA	13 Oct 2023	<ul style="list-style-type: none"> Regarding the issue raised by NaSIA in its submission on the levy gazette that asset managers appear to be subject to double levying, NAMFISA stated that generally a levy is imposed at all license levels (i.e. at each licensed entity). This is because each licensed entity carries a distinct risk. Additionally, NAMFISA stated that each time money exchanges hands (i.e. from one licensed entity to another), it carries a different risk (that requires different teams/departments within NAMFISA to supervise) and it will therefore be levied to cover the costs of supervision. However, NAMFISA made it clear that there is, however, no intention to make profit. The GM further indicated that there will be no increase in the levies for the next 5 years. In conclusion, NAMFISA indicated that formal feedback will be provided to NaSIA. NaSIA requested NAMFISA to provide audience to industry to discuss the matters raised in the submission, before providing formal response to industry. The GM indicated that the request is fair, given that the issues raised are relatively few and should be practical to discuss at an industry forum.

NaSIA

Namibia Savings & Investment Association

Namibia Savings and Investment Association (“NaSIA”) is incorporated as a not-for profit company and represents the interest of its members; financial institutions such as unit trusts companies, investment managers and long-term insurers. NaSIA’s strategic purpose and mandate is to continue to strengthen relationships with key stakeholders and to remain a trusted partner to these stakeholders in the financial services industry. NaSIA has been tasked with ensuring that as a collective the industry remains relevant and sustainable.

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