

CONSUMER EDUCATION BULLETIN

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FOR ALL**



MISSION

NAMFISA's mission is to effectively regulate and supervise financial institutions and to give sound advice to the Minister of Finance.

VISION

NAMFISA's vision is to be a respected regulator of the financial sector that fosters a stable and safe financial system contributing to the economic development of Namibia.

VALUES

- Teamwork
- Service
- Integrity
- Performance Excellence

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"If you want to reap financial blessings, you have to sow financially."
- Joel Osteen

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FROM THE OFFICE OF THE ACTING CEO

A very warm seasons greetings to all Namibian consumers of financial services and products. 2016 is yet another year full of new resolutions and added financial challenges.

Constructing a New Year's resolution to improve your finances is simple. However, following it is the difficult part. According to research done by John Norcross, a Psychologist from the University of Scranton, only 8% of people successfully achieve their resolutions each year. **NAMFISA** has a word of encouragement on **financial mistakes and setbacks** as we start a new financial year.

Don't be panicked or discouraged when dealing with financial mistakes and setbacks, but let it be a stepping stone to an important skill in your personal finance arsenal.

You need to know how to pick up the pieces as nothing will make things whole again, but there are a few things you can do to minimise the overall damage.

It's amazing how a short period of time can provide increased perspective. Don't be overwhelmed, take time to reflect where you went wrong with your personal finances, some small mistakes can be reversed. A highly motivated and defiant character will be required to resolve the mistakes. If you are feeling buyer's remorse on an item you purchased, return or cancel the contract immediately during the grace period.

Not all mistakes and setbacks can be rectified. Make the best of the situation under your control and focus on your long-term goals by compiling a list of options available to you. Don't sit back without a good defence on your financial mistakes.

Educate yourself by talking to friends that you know have control over their finances. They will be happy to give you financial advice.

Make sure you have a budgeting system in place. Once you have a budget, it's important to stick to it. Make budgeting a part of your daily routine. Most importantly make sure to build a system of occasional rewards into your budget. Learn from your mistakes and trust that there is always room for improvement.

Budget Wise, Save Wise and Spend Wise.

Wishing you a happy reading,
Mr. Kenneth S. Matomola
NAMFISA ACTING CEO



"Make sure you have a budgeting system in place. Once you have a budget, it's important to stick to it"

FROM THE EDITOR'S DESK

Dear Readers,

This edition of the NAMFISA Consumer Education Bulletin is loaded with interesting articles on the rights and responsibilities of Namibian consumers.

NAMFISA takes great pleasure in providing you with useful and worthy information. The advice that we provide will help you in your financial decision-making.

Financial advice is especially important at this time of the year as many Namibian's are recovering from the festive season blues, which has come to be known as Ke-December. This period is when as individuals we lose all financial sense and entertain ourselves with friends and family to our hearts content. This Ke-December time period is characterised by what one could term reckless and careless. Unfortunately during Ke-December spending takes place as if there is no tomorrow, this is indeed a sad situation for Namibians.

The sadness of this reckless financial behaviour is evident in January when many of us do not have the money to get by, even to buy the basics such as bread and sugar. This is an extremely alarming and worrying situation, we spend all our money to party and entertain others not knowing that a whole new year awaits us. We certainly need to do better with our finances; we have school fees to pay, new school uniforms, new school bags and they need to take bread to school every day. We also need to have the finances to pay municipal bills, transport and rental or bonds.

We need money to pay for those necessities and we therefore need to save and use money more carefully. Impressing our friends at the expense of those necessities is not encouraged. We should not fall victim to the Ke-January disease, which is when we have spent all our money in December and have nothing left to take care of ourselves in the New Year. May I just reiterate and remind us that there is nothing wrong in treating friends or ourselves. But that decision should not be at the expense of our basic necessities.

It makes no sense to spend all our money in December just to borrow in January to make ends meet, it is far better to save than to be sorry in this case.

The beginning of the year gives us a good opportunity to start budgeting, saving and even investing for the next festive season. If we are planning to go on a nice holiday either at home or abroad, let us already start saving up while it is still very early. Let us be once bitten, twice shy.

A savings and investing culture should be implanted in our minds and it should actually be an automatic exercise that all of us should undertake. That way we do not sell ourselves short and it will allow us to have the money we need to cover the cost of luxuries that we want to treat ourselves.

The lack of budgeting, saving and investing results in borrowing which is money that needs to be paid back with interest. That is an undesired situation, we should avoid this situation at all cost by starting to do the right thing, saving and investing. December is still very far, but let us start making provisions for the festive season now.

Lets Budget, Save and Invest it's for your own good.

I wish you a happy reading.
The Editor

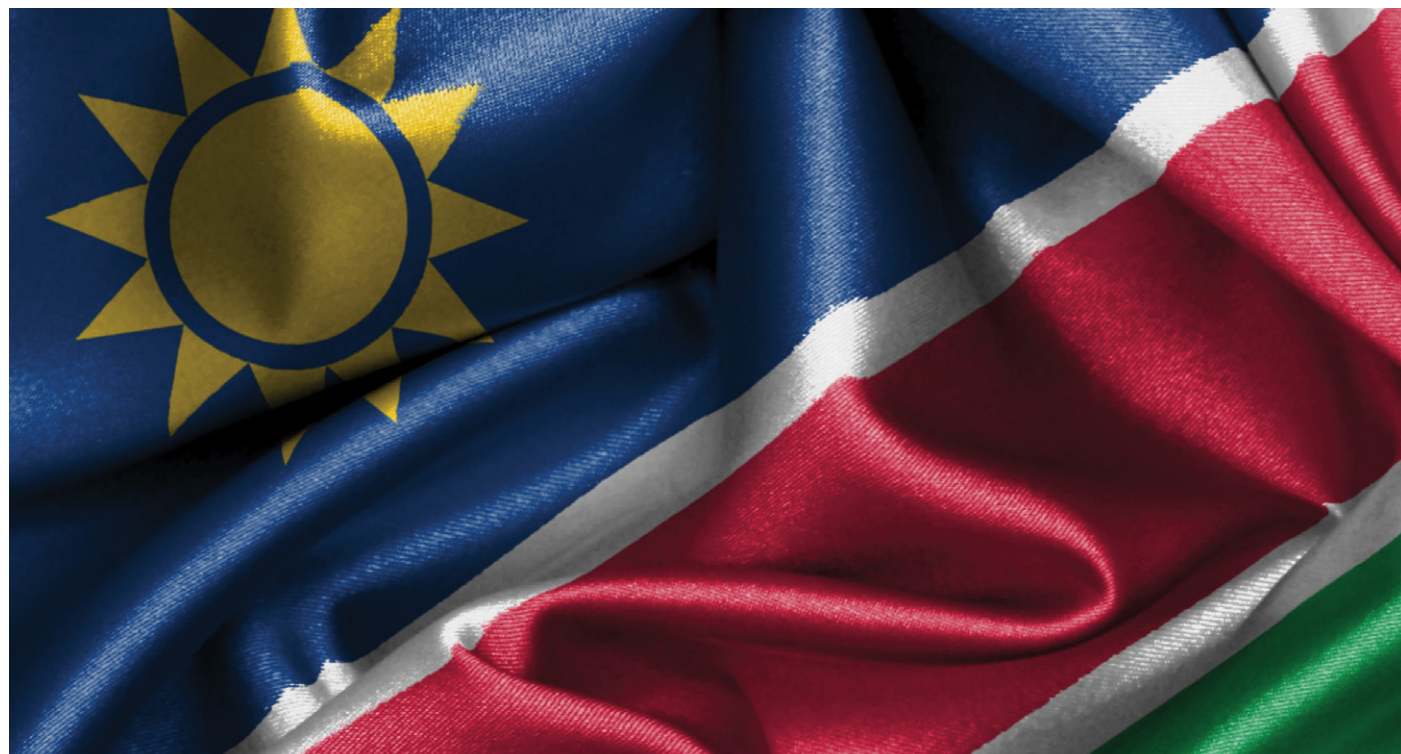


Mr. Isack Hamata, Editor

"You can enjoy a quiet, peaceful holiday with close friends and family and by so doing ensure that when January comes around you won't have the stress of having to pay back borrowed money"

TOWARDS FINANCIAL INDEPENDENCE

DISCOVER YOUR FINANCIAL INDEPENDENCE



A Namibia is celebrating 26 years of independence. The struggle for political independence was long and bitter, in the words of struggle icon, *Toivo ya Toivo*. Many have lost their lives, lost limbs and material possessions to ensure freedom for Namibia.

Through the sacrifices of many we are enjoying peace and stability in our country. However, it is sad to see that although the country has been independent for 26 years now, many Namibians are still not financially independent and are unfortunately also not making any effort to become financially independent.

Experts describe financial independence as the state of having sufficient personal wealth to live, without having to work actively for basic necessities.

Financial independence means different things to different people. To some, it means having the cash to buy what they want. To others, it means saving for retirement or a home and for some folks, it simply means opening the bills without dread. Experts describe financial independence as the state

of having sufficient personal wealth to live, without having to work actively for basic necessities. For financially independent people, their assets generate income that is greater than their expenses.

Whatever definition we think of or accept, financial independence simply means you command your money and not the other way around.

Financial independence is not a state that one just falls in or it just appears at the snap of the fingers. It is a state that one works hard for and makes sacrifices that will benefit you in future.

Just as the liberation heroes declared war on colonial occupation, it is incumbent on all of us to continue the struggle and declare war on debt, assert our financial independence and liberate ourselves from fiscal stress. Just like we celebrated our independence on 21 March 1990, financial independence is worth celebrating once

you take charge of your finances.

But exactly how does one become financially independent? Here are tips from experts on how to join the struggle for financial independence:

Minimize Spending

Buy as little as you need. Take out a small mortgage at a low interest rate. Repay it as quickly as possible. Don't be afraid to rent.

Reduce your use of motor vehicles. Walk, bike, take the bus or share vehicles with neighbours. Prefer used instead of new.

- If you can, do it and grow it yourself.
- Self-insure
- Spend purposefully.
- Avoid debt.
- Become better educated on financial matters.
- Sell your unwanted stuff instead of giving them away for free.
- Start a side job.
- Funnel your savings into investment accounts.
- Track your spending to avoid spending more than you are making.

THE PREVIOUS CHRISTMAS FESTIVITIES Q&A...



George M. Beukes

“Always try and spend what is in your means. Don't spend it all in one day. Budget and stick to it.”

the family before rewarding yourself. So I would constantly find myself making sure that certain things are in place and that there are enough savings for unexpected situations that might require money. I also came to realize that feeling guilty when spending money on me has a lot to do with the education we received back in the day. Financial management education was not part of our upbringing. Money when we receive it became a means to an end. The end normally had to do with bills and more bills, saving were just not an option not to mentioned spending it on you.

Why is it ok to spend money on yourself?

First of all, because you worked for it. I came to realise that it is important to spoil yourself now and then. There is nothing wrong with it. It took me some time to get rid of feeling guilty when spoiling myself. Feeling guilty is a mindset and mindsets can be changed?

What was the biggest spending regret over the pervious Christmas?

I can't think of any.

Did all your Christmas spending go according to plan/budget?

Yes, I did not spend a lot other than spending money on a trip to the coast.

What is your personal financial motto?

Always try and spend what is in your means. Don't spend it all in one day. Budget and stick to it. There is no need to run around in the middle of the month trying to borrowing money from people. If you have accounts, get out of it as soon as possible. Interest rates on these accounts are enormous and it is simply not worth it. Rather save and buy the item/s you want cash at a later stage.

Give a word of encouragement on financial recovery?

Face reality, seek professional help and start disciplining yourself. Get a financial recovery road map and stick with it at all times.

Many Namibians are overcome by the urge to spend their money on parties, presents travel and food during the festive season. However, come January they struggle to make ends meet. If you are in this predicament, you are not alone. This is the toughest time of the year regarding personal finances. The experience of the previous season should be a lesson on how not to spend your money recklessly and to have regard for proper financial management and budgeting.

What can you say is a Christmas well-spent?

Spending valuable time with family and friends is what I would consider a Christmas well spent. So often we fell into the trap where we think spending money on unnecessary things is what Christmas is all about. Spoiling family members with gifts is important but it should not be seen as a replacement of one's commitment and care for your loved ones. Gifts and the feeling of receiving it is short lived. The feeling of being cared for and loved is what people will always cherries.

Do you sometimes feel happy or guilty about spending money on yourself?

This is an interesting question. For most of my life I have been struggling with this question. I often would find myself feeling guilty when spending money on myself. I still can't place the reason why, I'll bet it has to do with my upbringing. I learned from my mother that it is important to first make sure that bills are paid, secondly provide for

SHOPPING AROUND FOR INSURANCE



Aaron Hamilton

“When you are in the presence of people whom you hold dearest the atmosphere is warming.”

What was the biggest spending regret over the previous Christmas?

It would be the social spending; I spent far more than I expected socialising with friends and family. I did not have a clear budget for entertainment from the start of the festive season so my spending was not controlled.

Did all your Christmas spending go according to plan/budget?

The problem with the Christmas period is that most people including myself get excited, carried away because its only once a year, so we allow ourselves to create an exception with our finances. We create an excuse for excessive spending; I mean it only comes around once a year right? These excuses expand to all spending options, presents, food, entertainment and travel, which we allow to go over budget. So when it comes to the festive season I would recommend, create a plan of expenditure in order to control where your money goes. You don't want to be in a dilemma when the New Year starts and not have funds for the basics.

What is your personal financial motto?

“Making money is easy, keeping it is the hard part”.

Give a word of encouragement on financial recovery?

Listen everyone in their lifetime will make some massive mistakes. The problem is not making the mistake, it's understanding how you made that mistake and why you now find yourself in a financial dilemma. It's very important to admit that you are not perfect and mistakes will be made, that is life. You need to pick yourself up and start again, but before starting again make sure you have learnt and promised yourself that this will never happen again. Its ok to fall, its builds character, its how you pick yourself up and never fall like that again that counts.

What can you say is a Christmas well spent?

I personally feel a successful Christmas is in essence being surrounded with family and friends. When you are in the presence of people whom you hold dearest the atmosphere is warming. I think the gathering of loved ones to appreciate and share the one moment in the year all the family are together is precious.

Do you sometimes feel happy or guilty about spending money on yourself?

You know I always say there has to be a balance in life, to find the right balance that works for you is important, if you chose to spend money on yourself then spend wisely and moderation. If you know that you don't have enough money to be spending money on yourself then don't, if you know that it wont impact your financial situation in the long run.

Why is it ok to spend money on yourself?

Your financial stability should be taken into consideration when you evaluate if it is right for you to spend on yourself. Budgeting is extremely important when deciding if you can afford an item or not. I feel if you do have the finances able to purchase a desired product and it won't affect your long-term finances then go for it, use it as a reward system. If you feel that specific purchase will hurt your bank account and leave you with cash flow issues, paying bills and affording the basics then rather wait until your financial situation improves.

THE BENEFITS OF PREVENTION AGAINST CURE



W We are all familiar with the January rush and stress by now, for some it's just another month with more responsibilities, for most it's “JanuWorry” a month of worries. Frustration creeps in when parents have to buy schoolbooks and pay school fees in a short period of time. The insurance industry also tends to be relatively quiet, affected by less spending power of consumers, who eagerly await light at the end of January.

As we embark on a prosperous new year, the importance of having insurance cover cannot be over-emphasised, as this is also a critical element of financial planning. The Namibian insurance industry provides a wide range of insurance products, ranging from short-term for asset insurance that may include cover for cars, houses and any other properties that consumers might own. The industry also caters for long-term cover better known as life insurance, which includes disability cover, death cover and funeral cover. Following are some of the basic tools that consumers can use when shopping around for insurance:

- ensure that the insurance policy covers your

needs. Before signing for an insurance policy, please read the key features of the policy thoroughly as it is essential to know what is covered and what is not. If anything is unclear, feel free to ask the broker or agent to explain in simple and plain language.

- When applying for a policy, ensure that you answer all questions correctly, as this will assist insurers in determining your risks and monthly premiums. Failure to provide accurate information will cause your insurance contract to be worthless.
- When dealing with insurance brokers or agents ensure that they are registered with NAMFISA. As a consumer you have the right to demand a certificate of registration from brokers or agents. Dealing with a registered broker or agent will increase the quality of financial advice afforded to consumers.
- Compare premiums of different insurers and their policy coverage to ensure that you get the best value for your hard earned money.
- Last but not least, consumers are warned not to sign blank application forms.

Consumers are advised to approach insurance brokers, agents and insurance companies to acquire knowledge and equip themselves with the types of insurance products available for them.

As for NAMFISA, our team is well equipped and hard at work, constantly monitoring and supervising the insurance industry by making sure that industry participants are abiding to the laws and regulations set by the Short-term Insurance Act 4 of 1998 and Long-term Insurance Act 5 of 1998. NAMFISA is tasked to make sure that the insurance market is and remains a friendly and financially stable environment for consumers.

Yours sincerely,

GENERAL MANAGER: INSURANCE DIVISION

THE BENEFITS OF PREVENTION AGAINST CURE AND THE IMPORTANCE OF WELLNESS PROGRAMS



A significant proportion of the Namibian population are exposed to various health related risk factors due to a lack of:

- interest in wellness programs;
- sufficient consumer education on the benefits of wellness programs;
- regular medical check-ups; and
- financial support (affordability issues).

The health related risk factors include, but are not limited to elevated cholesterol levels, high blood sugar levels and hypertension, which may lead to heart disease, diabetes or other chronic conditions. The importance of monitoring your health status cannot be overemphasised, as it is easier to stop a medical condition from happening in the first place than to repair the damage after it has occurred.

What does good health mean?

Good health is actively and purposefully behaving in ways that leave you stronger, better nourished, less stressed, and more comfortable in your body and mind. Good health is more than not being sick. When you are healthy, you enjoy many benefits. Good health is a state of wellbeing that requires active participation on your part.

Did You Know?

There are several components to good health, which include:

- Physical health;
- Mental health; and
- Spiritual health.

Physical Health or physical wellbeing is the one you likely deliberate on the most. Do you have enough energy to do the tasks set before you? Do you get enough rest? Do you eat the right kinds of foods in the right proportions? Do you feel well? Do you feel fit?

“If you don’t have a healthy mental state it will be hard for you to live your life to the fullest extent.”

The second component is mental health. If you don’t have a healthy mental state it will be hard for you to live your life to the fullest extent. Are you under stress or are you able to cope with the normal stresses of life? Do you enjoy life? Are you happy with who you are?

The third component of healthiness is spiritual health. Whatever your religious beliefs are, do you feel connected to them? Do you feel at peace? What does forgiving others do for you? Do you feel grateful in life? Being at peace, forgiving and being grateful are all spiritual practices of good health.

This article will focus on physical health. The maintenance or improvement of health is done via diagnosis, treatment as well as through the prevention of various diseases. All of us have a role to play in achieving or maintaining good health.

Here are some of the things you should do to become and stay healthy:

- eat a balanced diet and be careful of what goes into your body;
- get active and stay active;
- keep your weight in a good range;
- get enough sleep;

- find healthy ways to relieve stress;
- spend time with friends and family;
- nurture your spirit;
- take care of your chronic illnesses; and
- develop a relationship with a primary care provider and become a partner in your own healthcare.

What is a chronic disease or condition?

A chronic condition is a human health condition or disease that is persistent or otherwise long lasting in its effects and it usually comes with time. The term chronic is usually applied when the course of the disease lasts for more than three months.

Characteristics of a chronic condition

When diagnosed with a chronic condition, we have to undertake enduring chronic care in order to prolong our lifespans. These types of medical care are designed to improve our welfare, from when such a condition was diagnosed until when such a condition is cured or in most instances, until when death occurs. During this period of chronic care, a large amount of money is often spent on treatment procedures. Could it be that we have a habit of not paying attention to the fact that these diseases are largely preventable through wellness programs?

The treatment of chronic diseases, contribute immensely to the escalating healthcare costs which are incurred within the Medical Aid Funds Industry in Namibia, which in fact further contributes to the unaffordability of private healthcare. Therefore it is worth considering Ben Franklin’s words when he said, “An ounce of prevention is worth more than a pound of cure”.

According to the Namibian 2012/2013 Health Account Report published by the Namibian Ministry of Health and Social Services in June 2015, spending in the healthcare sector was quite high compared to that of neighbouring countries with similar levels of income. Eight countries were analysed and Namibia was ranked the third highest during the 2012/2013 reporting period, which is why it is important for us to know the benefits of preventing chronic diseases against that of curing such diseases in order to reduce the cost of providing adequate healthcare.

What is a wellness program?

A wellness program is a program that is designed to help an individual attain and maintain a state of

well-being, especially a state of physical well-being. These types of programs mainly focus on the promotion or maintenance of good health rather than the alteration or treatment of poor health. Wellness programs are usually offered through the work place although Medical Aid Funds also offer them directly to their members. Wellness programs entail preventative healthcare measures with the aim of having minimal curative healthcare. While curative healthcare aims at curing diseases to reduce pain or stress,

“Good health is actively and purposefully behaving in ways that leave you stronger, better nourished, less stressed, and more comfortable in your body and mind. Good health is more than not being sick. When you are healthy, you enjoy many benefits.”

preventative healthcare focuses on the early diagnosis of diseases, the identification of possible risks of developing specific physical or mental problems and all necessary interventions to avoid such health problems as well as the counselling thereof.

As a member of a medical aid fund and depending on your age, you may have access to preventative healthcare services at minimal costs. Wellness program services may include but are not limited to:

- preventative health screenings (regular testing/screening of blood pressure, blood sugar levels and cholesterol levels);
- cancer screenings;
- weight loss programs;
- diabetes management programs;
- programs to help you stop smoking; and
- counselling on issues such as the use of alcohol, smoking, weight loss, healthy eating habits and depression.

What are the benefits of a wellness program?

An Employer benefits from having healthy employees. Employees benefit from being healthy and having the assistance they need to address and maintain personal wellness. Many employees show weight reduction and improved physical fitness and stamina through wellness programs. Reports also show an increase in the well-being, self-image and self-es-

teem of employees, while at the same time resulting in a decrease in stress levels. Although private medical care can be quite expensive, the prevention of diseases can help avoid the high healthcare costs incurred by medical aid funds. Beyond the concern for the health of employees, wellness programs make sense for purely practical reasons. Soon after joining a wellness program, employers may observe a drop in absenteeism and sick days. Wellness programs also reduce the number of work-related injuries and

repetitive strain injuries. A more reliable workforce will inevitably translate into a smoother work cycle and a more robust bottom line for the employers.

How can you as an individual stay healthy and why is it important?

As an individual, you can stay healthy simply by adapting to various good-health practices. This would automatically reduce your chances of suffering from certain chronic diseases, in the short-run as well as in the long run. If you try by all means to prevent diseases now through wellness programs, you’ll thank yourself later. The prevention of diseases can thus be considered an investment in yourself. Choose to stay in good health now, or pay a large sum of money in future to get treatment for possible chronic diseases.

Good Health Practice

A healthier you, implies less medical expenses for you. Less medical expenses for you, means less healthcare claims incurred by your medical aid fund. Join a wellness program, stay healthy and help reduce healthcare costs.

COMPULSIVE BUYING: MONICA'S SHOWCASE



When a buyer is buying uncontrollably which results in excessive, expensive and time-consuming retail activities, this is defined as compulsive buying.

In our Christmas edition we focused on symptoms of a compulsive buyer. You can Log onto the NAMFISA website to catch up. (www.namfisa.com.na).

In the September 2015 edition the focus was what were the causes of compulsive buying disorder and in this new edition we will look at the effects of compulsive buying disorder.

Monica a compulsive buyer, this time around decided to take a holiday outing with her friends.

Watching the sunrise from a mountain was the most beautiful experience of Monica's summer. While they were wondering around searching for beautiful places, her very expensive cell phone rang.

Monica shouted "Who would call this early in the morning, just look at the golden rays coming across the lake, the wind creating ripples in the crystal clear water" while still keeping her attention away from the missed call, she finally glances and notices that the missed call was from her personal banker.

The phone rang once more "Why would you dare call this time of day, I am on my holiday" Monica yelled, as she answered the call the expression on Monica's face changed to a worried look. The call is from Monica's property manager who explains Monica's home is going

to be confiscated, and then she called ended. She hides her despair and continued the happy moment with her friends. All of a sudden she felt a feeling of distress and discomfort, which her friends immediately noticed.

Monica feeling distressed demands that the group head back to the restaurant, but everyone was happy and content with the amazing scenic views and watching the birds fly in the clear skies.

Monica isolated herself from the rest of the group and decided to go to the restaurant where she decided to order the group more food than they could possibly eat. Monica was trying to gain back the control from the unfortunate news earlier, to gain her control, power and spending activity, these types of actions create a gratifying feeling.

She did have a feeling of remorse, guilt and this drove her to purchase high amounts again which got her into trouble in the first place, she wanted to achieve that brief, but intense emotional high.

When Monica's friends arrived from the mountain, they were all disappointed by Monica's look. The friends saw a half empty bottle of whiskey on the table. Eventually she decided to open up to her friends about her financial situation and how compulsive buying landed her into debt.

Her relationship with her boyfriend had worsened due to the excessive spending and efforts to cover up debt or purchases, created a feeling of anxiety and depression as a direct result of the over spending, which also interfered with her job.

The biggest regret is the financial damage which she discovers only after she has accumulated a large debt. Monica needed a drastic event to change her lifestyle in order to resolve the financial problem.

The Effects of Compulsive Buying



- Negative feelings that cause distress and discomfort.
- Mood Disorder.
- Anxiety or Depression.
- Losing friends and the trust of loved ones.
- Lost home or property.
- Physical health problems ruined relationships.
- Interfering with work.
- Isolation.
- Eating disorder.
- Defaulting on loans.
- Suicidal thoughts.

NAMFISA COMPLAINTS



Mr. Gillian Pickering

Ref. No: RQ/0653/2015/-2
Mr. Immanuel Shilongo
 Private Bag 12014
 Windhoek
 Namibia
 Dear Sir,

112894 // MR.

IMMANUEL SHILONGO REPUDIATION OF HOSPITAL BENEFITS

The above mentioned matter refers.

You submitted a complaint to our office in terms of which you indicated that during July 2009 you applied for a (112894) with (112894) You also informed us that you were involved in an accident at work and as a result one of your toes was amputated. You further informed us that you were hospitalized for 13 days from 05/05/2015 to 18/05/2015.

You further indicated that during May 2015 you submitted a hospital claim to (112894) however your claim was repudiated as the cause of illness or condition was allegedly pre-existing (112894) policy contract). You were not in agreement with the repudiation and therefore requested NAMFISA to assist you in this matter and advise you accordingly.

Subsequently we probed the matter with (112894) and we were informed that your claim was repudiated on advise from their medical doctors. He further informed us that according

to the report from (112894) indicates that the trauma was secondary to diabetes melitis. (112894) the original medical report supplied by you stated that the immediate cause of the medical condition was diabetes melitis and trauma. It was therefore on these basis that your claim was repudiated.

We were not satisfied with the outcome and pursued the matter further with (112894)

Consequent to our intervention (112894) reversed its decision and informed us that you qualify for the hospital benefit for eleven (11) days and agreed to pay you an amount of N\$11 000.00 for the benefit once you provide them with your bank details.

According to our Ms. Gillian Pickering, she explained the above telephonically to you on the (112894) November 2015 and you indicated that you are satisfied with the outcome of this matter and no further assistance is required from NAMFISA.

We would like to thank you for placing confidence in our office to assist in settling this matter.

Should you have any further queries, please do not hesitate to contact Ms. Gillian Pickering on telephone number (061) 290 5178.
 Yours sincerely,

What have you learned from this testimony?

1. What is repudiation?

Repudiation of a policy contract means a refusal by the insurer to perform the duty or obligation owed to the beneficiary.

2. What can constitute the repudiation of a contract?

Example: The non-disclosure of a pre-existing medical condition, among varying factors can render contract repudiation.

Example: Repudiation will be established if the conduct of the policy holder, whether verbal or otherwise, conveyed to insurer demonstrates the policy holders inability to perform the contract, or an intention not to perform its obligations.

Consumers should:

Understand the importance of disclosing pre-existing medical conditions. It appears that consumers often think that if a pre-existing medical condition is disclosed such will automatically amount to a rejection of cover. Further, often a non-disclosure of relevant medical information may lead to repudiation of the claim.

Also understand that generally it is necessary to be as honest as possible at all life circles of a product. They must note that a claim may be repudiated due to misrepresentations made at either application, renewal or claim stage.

ANTI-MONEY LAUNDERING

WHY ARE FINANCIAL INSTITUTIONS SO INSISTENT ON KYC AND AML/CFT/CPF COMPLIANCE?



Namibia Financial Institutions Supervisory Authority (“NAMFISA”) is the designated Anti-Money Laundering (“AML”), Combatting Financing of Terrorism (“CFT”) and Combatting Proliferation Financing (“CPF”) supervisory body (Authority) for accountable institutions (“AIs”) and reporting institutions (“RIs”) under its jurisdiction in terms of sec 35 of the Financial Intelligence Act, No. 13 of 2012 (“FIA”) read with the NAMFISA Act, No. 3 of 2001. The following sectors are AIs and RIs: capital markets, collective investment schemes, micro lenders and insurers.

In terms of sec 35 (2) of FIA, NAMFISA supervises, monitors and enforces compliance by AIs and RIs with FIA. Any reference to FIA in this article shall include all subordinate legislations such as regulations, orders, circulars, notices, determinations and directives issued under FIA.

This article discusses the consequences that AIs and RIs face if they fail to comply with FIA and the international standards. For purposes of this article, the AIs and RIs will be jointly referred to as the financial institutions.

International framework

The Financial Action Task Force (“FATF”), the international standard setting body for AML/CFT/CPF compliance, recommends that countries should ensure that there is a range of effective, fair and discouraging

penalties available to deal with AIs and RIs that fail to comply with the AML/CFT/CPF requirements. In addition, FATF recommends that penalties should be applicable not only to financial institutions but also to their directors and senior management.

KYC and AML/CFT/CPF Compliance

KYC (Know Your Customer) and AML/CFT/CPF compliance are statutory tools which are intended to prevent and/or detect money laundering / financing of terrorism / proliferation financing activities. KYC is the foundation for combating all forms of financial crimes. As such the law requires financial institutions to implement KYC and have effective AML/CFT/CPF compliance. In order to achieve the above, financial institutions insist that a customer provide certain documentation before establishing a transaction or relationship.

Failure to implement KYC and AML/CFT/CPF compliance has serious consequences not only on the financial institution itself but also on the international standing of Namibia. Financial institutions risks receiving heavy penalties. The non-compliance has far-reaching consequences on the country that include being categorised as a higher risk country thus reducing investors’ confidence in the economy which consequently undermines the economic growth and compromises the national financial system. Therefore, compliance with the KYC and AML/CFT/CPF is in the interests of all, thus it requires joint cooperation and effort from financial institutions, customers and supervisory bodies.

Offences and Penalties in terms of FIA

Any person responsible for financial institutions or an institution convicted of any offence in terms of FIA, may incur a maximum fine of N\$100 million and 30 years maximum imprisonment or both the fine and the imprisonment.

The offences created by the FIA can be grouped in 5 groups, namely:

(i)Administrative related: these are offences related to the identification of clients, procedures to follow when dealing with clients identified as high risk clients, on going and enhanced due diligence, cross border correspondent transactions, the conduct of risk assessments and the formulation and implementation of internal rules to combat AML/CFT/CPF.

(ii)Records related: these are offences related to the destruction or tampering of any records kept; record keeping; failure to give assistance to the Financial Intelligence Centre (“FIC”) to access the records kept; failure to declare cross border movement of cash and bearer negotiable instruments above the prescribed limits; and failure to electronically register declared cross border movement of cash and bearer negotiable instruments.

(iii)Reporting related: these are offences related to reporting cash transactions above prescribed limits, reporting suspicious or unusual transactions to the FIC; and reporting of conveyance of cash in excess to the prescribed limits into or out of Namibia.

(iv)Disclosure related: these are offences related to tipping off; misusing and disclosure of confidential information.

(v)Directives / order related: these are offences related to failure to comply with a directive, monitoring order, obstruction hindrance or threatening NAMFISA officials or agents in performance of their functions.

In addition, failure by financial institutions to submit requested reports to NAMFISA regarding the institution’s compliance with FIA is a criminal offence, if found guilty, a fine of up to N\$10 million or 10 years imprisonment, or both the fine and the imprisonment may be imposed.

It should be noted that penalties under FIA are not only limited to persons responsible for such financial institutions but also applicable to supervisory bodies like NAMFISA in the event they fail to execute their

mandate. A administrative fine not exceeding N\$10 million or imprisonment term of not more than 10 years may be imposed on the supervisory body.

Alternative measures before imposition of penalties

Before resorting to criminal action NAMFISA may explore other alternatives to ensure compliance with FIA. FIA makes provision for the following alternative compliance enforcement measures:

1. Directives

Here NAMFISA directs the institution/s involved to provide certain information / documents or reports; cease or refrain from specified omission or commission which contravenes FIA; take correction action; or perform acts

necessary to meet obligations imposed by FIA.

2. Administrative penalties

NAMFISA may, after consulting the FIC impose one or more of the following administrative penalties on institution or person namely: (i) a caution not to repeat the; (ii) a formal expression of disapproval, (iii) a directive to take corrective action or make specific arrangements; (iv) the restriction or suspension of certain identified business activities; (v) suspension of licence to carry on business; or (vi) a financial penalty not exceeding N\$10 million.

3. Application to court

NAMFISA may institute legal proceedings against a financial institution or a person, after consulting the FIC, to: (i) discharge any obligations imposed by the FIC or supervisory body; (ii) compel the institution or

person to comply with FIA; (iii) cease contravening FIA; (iv) compel the institution or person to comply with a directive; or (v) obtain declaratory order on any point of law relating to FIA.

In conclusion, non-compliance with the provisions of FIA by financial institutions or persons in control of such institutions can lead to a damaged national reputation, threaten the good functioning of our financial system and dampen foreign direct investment. Compliance with FIA should be an objective of all stakeholders. In order to maintain a good reputation, ensure that Namibia remains an investment place of choice and ensure that potential money launders are excluded from the financial system, financial institutions insist on KYC and AML/CFT/CPF compliance. For more info on the AML/CFT/CPF legislations, please visit our website: www.NAMFISA.com

FINANCIAL STRESS MANAGEMENT



Financial stress is one of the most common challenges many of us face at times without even realising it. The continuous worry about your finances, the inability to pay your bills, living from pay check to pay check and incurring a lot of debt in the process are some of the hardships many go through.

Financial stress can be defined as the negative consequences derived from the inability to meet financial demands, afford the necessities of life, and have sufficient funds to make ends meet. This kind of stress can be caused by a lack of financial planning, large amount of debt you cannot pay off, living pay check to pay check, irresponsible spending or not prioritising your spending and inadequate savings. It can also be caused by your expense being greater than your income, unexpected expense that you could not foresee or loss of employment or income.

Financial stress has so many negative impacts on almost all areas of your life. On an individual level it can cause emotional stress, namely fear, panic, anger, anxiety and in most cases depression, which at times leads to alcohol and drug abuse. Financial stress affects

your productivity at work as your main focus is on where you will get money to survive and not on your responsibilities at work. It affects your relationships with your partner or spouse causing more arguments and in some cases it also increases the risk of divorce and separation.

The financial stress experienced by parents has a direct negative effect on their children. Children whose parents are stressed tend to develop behavioural problems, they have poor academic performance, their aspirations and expectations of their life’s is reduced, they withdraw from social relationships they may also turn to drug and alcohol abuse. They may become depressed and adopt the pessimistic outlook of their parents.

Do not cripple yourself financially knowing you will have to suffer the consequences in the end:

- plan your finances;
- start with a budget and stick to it. A budget is the most essential part in better managing your finances;
- start saving and make it a habit;
- set up an emergency fund which you can use when unexpected expenses occur;
- start investing your money;
- find means of earning extra income;
- avoid borrowing by all means. It will only lead to more debt which you cannot pay off; and
- pay your debit orders on time to avoid extra charges and fees.

Whether the stress is caused by something you’re not prepared for, or because you’ve made poor spending choices over the past few years, it is never too late to

do something about it now.

Financial Literacy Initiative (FLI) Public Talks

The Financial Literacy Initiative (FLI) is a national platform mandated to educate the public on financial literacy topics and financial wellness.

On a monthly basis, the FLI hosts public talks on various financial topics. The aim of the public talks is to educate the public on financial matters that affect their daily lives, to engage them and to find possible solutions to the financial challenges individuals face.

Every month the FLI selects a financial topic for public discussion. This platform aims to create awareness on the selected topic, to educate and to share experiences and best practices in the area of financial wellness. The public talks are open to the general public and are always attended by a diverse group of participants.

The FLI has had two successful public talks thus far and plans to have many more. The first public talk took place on 17 November 2015 under the topic: Budgeting and Savings 101, while the second public talk took place on 21 January 2016 under the topic: Financial Stress Management.

The public talks are an open platform where members of the public can come together, share and discuss their different views, experiences and at the same time find solutions to common financial challenges.

Book your seat now for this month’s public talk and enhance your financial literacy!

Contact us on: 061-2092297/061-20
Info@fli-namibia.org

TransUnion^{tu}



Planning a big-ticket purchase? Check your credit status first.

Your offer to purchase your dream house has been accepted – you just need approval on your bond application;

You've test driven your dream car; you've signed on the dotted line – and all you need is approval for your loan;

You've decided to splash out and buy the dining room suite you've always wanted – and your HP application has been sent through to the bank.

And then the response you never thought possible: your application for financing has been declined.

For many consumers, being told that your application has been declined due to a negative credit listing is unhelpful as you are unaware of exactly what the issue is. Armed with your credit report, you can now easily identify areas that may be reducing your credit rating.

How does a lender make a decision about whether to grant me credit?

When you apply for credit from a bank, retail store or other credit provider, the credit provider will assess your credit health – the risk you pose in terms of your ability to repay the debt. Part of this exercise involves examining your credit report as this reflects many of your financial behaviours and habits.

The credit provider will then use the information in your credit report to score your creditworthiness and decide, based on their own criteria, whether or not to grant you credit.

So, is the outcome of the decision based on the credit bureau?

Only the credit provider with whom you applied for credit can approve or decline your application and tell you why it was declined. In the event that your application was declined, you may request in writing, the reason as to why you were declined. If it is due to an adverse report from the credit bureau, (that is, an adverse listing on your credit report), the credit provider must supply you with all the necessary contact details of the credit bureau so that you may request your credit report and find out where the problem is.

It is important to note that each credit provider sets their own credit assessment criteria and these will differ from company to company and product to product. Over and above the credit report, they measure your affordability by comparing your income vs. expenses, information supplied by the applicant (you) regarding employment details, number of years at current residence, if the applicant (you)

owns a home, number of dependants, etc. So the final decision as to whether you will be granted credit or not, rests solely with the lender and their risk appetite.

Steps to improve the way lenders view our credit profile; increasing your chances of being approved for credit:

An examination of your own credit report before setting out to make a major purchase that requires financing could therefore help you to avoid the disappointment, and embarrassment, of being refused the credit you need.

Step 1: Obtain your credit report.

You can get your TransUnion credit report by calling 061 227 142 or visiting our TransUnion office at 269 Independence Ave Building, 1st floor, Room 116.

Step 2: Next, scrutinise your credit report.

Ensure that all the information in it is accurate. If you have any concerns about possible errors or discrepancies, contact TransUnion Namibia so that this can be investigated. Provide the credit bureau with as much supporting documentation as possible – receipts or other evidence of payment.

Step 3: Identify the negative information reflecting on your credit profile

If you are certain all the information in your credit report is accurate, identify any areas that could be counting against you.

This could be nothing more "serious" than being a little tardy in paying the amounts due on all your accounts in full and on time every month. However, this type of slow behaviour could count against you. Spend the next few months proving that you have changed your behaviour by paying your accounts on or before their due date and always pay the full instalment. Of course, if you are one or more months in arrears on any account, you must ensure that you rectify that situation as quickly as possible.

Step 4: Double check and then apply

Then, after a few months, obtain another credit report and ensure that it reflects your improved credit behaviour. If it does, you should be able to apply for the credit you need with greater confidence.

LEARN MORE

For more information about how TransUnion can help you call: 061 227 142 or visiting our TransUnion office at 269 Independence Ave Building, 1st floor, Room 116.



ESSENTIAL TERMS AND CONDITIONS OF A LOAN AGREEMENT

A loan agreement is a document in which a lender sets out the terms and conditions under which it is prepared to make a loan available to a borrower.

The main purpose of the loan agreement is to define what the parties involved are agreeing to, what responsibilities each party has and for how long the loan agreement will last.

Herewith an explanation of the essential terms and conditions of a loan agreement:

“If the loan is paid off late, the loan is considered in default. In such circumstances a lender may require a borrower to sign a written Consent to Judgment.”

(i) A loan agreement must indicate the amount of the loan, the amount of interest and other charges added to the loan, which will make up the total debt. The loan agreement should stipulate how the amount should be repaid, i.e. once-off in one amount or in equal monthly instalments if the loan is serviced over

an agreed number of months.

(ii) If the loan is paid off late, the loan is considered in default. In such circumstances a lender may require a borrower to sign a written Consent to Judgment. In this regard it is important for borrowers to know that it is illegal for such forms to be signed by a borrower at the time of entering into the loan agreement. It therefore follows that the signing of consent to judgment or consent to an emoluments attachment order prior to the borrower defaulting should stop it.

A Consent to Judgment form is signed by the borrower whereby the borrower agrees that he or she is indebted to the lender. The Court will then issue a judgment on the basis as agreed on by the lender and the borrower. Once the Court gives the Judgment, the borrower can sign a written consent to an Emoluments Attachment Order.

An Emoluments Attachment Order is a court order whereby the judgment creditor (lender) is able to attach part of the salary of the judgment debtor (borrower). Once an Emoluments Attachment Order has been granted, the employer of the judgment debtor is obliged to pay a certain portion of the judgment

debtor's salary to the judgment creditor.

(iii) Cooling-off period allows the borrower to terminate the loan agreement within a period of three (3) business days after the signing of the agreement and, if the loan amount has been paid out, simultaneously to repay the loan amount received, to the lender. If the borrower terminates the loan agreement within the cooling-off period, the borrower is only obliged to repay the interest for the number of days that the loan was availed of and not interest for the full period of the loan agreement.

(iv) A micro lender may not retain the Bank Card and Personal Identification Number (PIN) of a borrower in respect of a loan availed of.

(v) The lender must, before the conclusion of a micro loan agreement –

(a) Explain to the borrower in a language which the borrower understands (if necessary with the assistance of an interpreter) the essential terms of the loan agreement so as to ensure that the meaning and consequences of the agreement are understood;

(b) Allow the borrower an opportunity to read the agreement, or have it read to the borrower in the case where the borrower is illiterate; and

(c) Provide the borrower with a copy of the signed loan agreement before or at the time of advancing the loan amount and, if applicable, a copy of the insurance contract pertaining to the loan transaction.

(vi) A borrower has the right to lodge a complaint with NAMFISA if a lender has treated him or her unfairly. A Complaint Intake Form should be completed by the borrower and submitted to NAMFISA for further investigation.

In conclusion:

It is important for a borrower to honour the terms and conditions of the loan agreement. If a borrower is unable to service a loan on the basis as agreed on with the lender, the lender should be contacted immediately and new arrangements made for the repayment of the loan. It is important for the borrower not to remain quiet and hope for the debt to go away; it will not disappear and will only cause bigger problems and expensive legal costs to the borrower in future. Do contact the lender to explain your current difficulties and to make new arrangements for the payment of your loan.

Budget Sheet

TAKE CONTROL OF YOUR FINANCES



1: MONTHLY INCOME

Income is the total sum of everything your household earns. Income can come from the salary of a steady job or work you do on the side that brings in money.

You: Monthly salary (after tax) _____

Husband/wife: Monthly salary (after tax) _____

TOTAL INCOME (A) A: _____



2: MONTHLY EXPENSES

Expenses are everything that you spend your money on each month, such as food, water and electricity, and airtime.

Rent/mortgage/bond _____

Food (cooking at home) _____

Take-aways (KFC, Nandos) _____

Taxi/bus/petrol _____

Car loan repayment _____

School fees _____

Crèche/day care _____

Water and electricity _____

Airtime _____



2.1 EXPENSES YOU SHOULD HAVE

Medical aid _____

Life insurance _____

Funeral insurance _____

2.2 OTHER EXPENSES

TOTAL EXPENSES (B) B: _____



3: SAVINGS

We always stress the importance of putting money aside for the future.

SAVINGS (C) C: _____

4: ADDING IT ALL UP

Take your Income (A) and subtract the total of your Expenses (B) and then subtract your Savings (C) to see how much money you will have left over at the end of the month.

E.g. Income (A) = N\$5,000; Expenses (B) = N\$3,850; Savings (C) = N\$500

Therefore: N\$5,000 - N\$3,850 - N\$500 = N\$650 left over at month-end.

The A - Z

OF WHAT WE MEAN

THROUGHOUT THE NAMFISA CONSUMER EDUCATION BULLETIN YOU MAY COME ACROSS WORDS THAT YOU DO NOT KNOW. WHENEVER THAT HAPPENS, FLIP TO THIS SECTION TO LEARN WHAT THAT WORD MEANS.

Account Balance: Is the net of all credits less all debits

An Insurance Broker: (also insurance agent) sells, solicits, or negotiates insurance for compensation.

Budget: An estimate of income and expenditure for a set period of time.

Chronic: (of an illness) persisting for a long time or constantly recurring.

Consumer: A person to whom goods and services are marketed in the ordinary course of business, or a person who has entered into a transaction with a supplier.

Debt: Money owed to someone

Dissability Cover: Insurance policy that pays disability benefit as a partial replacement of income lost due to illness or injury.

Essential: Absolutely necessary; extremely important.

Expense: The cost incurred in or required for something.

Funeral Cover: A basic type of life insurance that is used to pay for funeral services and merchandise costs.

Health Policy: Means a contract in terms of which a person, in return for a premium, undertakes to provide policy benefits upon a health event, but excluding any contract

Insurance Policy: Is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay.

Life Cover: Life insurance or life cover is a means of ensuring that your family or dependants are financially secure after your death.

Long Term Insurance: Insurance developed specifically to cover the costs of nursing homes, assisted living, home health care and other long-term care services. These services are usually not covered by traditional health insurance.

Monthly Premium: The monthly fee that is paid to an insurance company or health plan.

NAMFISA: Namibia Financial Institutions Supervisory Authority.

Non-disclosure: The fact or practice of not making information known.

Nourished: Provide with the food or other substances necessary for growth, health, and good condition.

Overemphasised: To place excessive emphasis on.

Persistent: Continuing firmly or obstinately in an opinion or course of action in spite of difficulty or opposition.

Perspective: A particular attitude towards or way of regarding something; a point of view.

Pre-existing: Exist at or from an earlier time.

Rectified: To put right; correct.

Repudiation: Rejection of an insurance claim.

Resolution: A firm decision to do or not to do something.

Short Term Insurance: Short term insurance is the insurance you take out on your assets such as your car, your house and your household contents.

Wellbeing: The state of being comfortable, healthy, or happy.

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