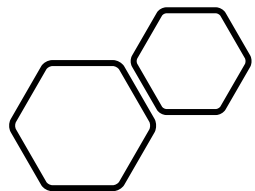


NBFI LEGISLATIVE REFORM

**PARLIAMENTARY COMMITTEE WORKSHOP ON FIMA,
22 – 24 MAY 2023, SWAKOPMUND**

**KENNETH S. MATOMOLA
CHIEF EXECUTIVE OFFICER**





OUTLINE

1. INTRODUCTION TO NAMFISA
2. REGULATORY & SUPERVISORY SCOPE
3. NEED FOR REFORM
4. REFORM
5. SUBORDINATE LEGISLATION
6. WAY FORWARD
7. ANNEXURES – LIST OF SUBORDINATE LEGISLATION



INTRODUCTION TO NAMFISA

NAMIBIA FINANCIAL INSTITUTION SUPERVISORY AUTHORITY (NAMFISA)

NAMFISA was established by an Act of Parliament: the NAMFISA Act, 2001 (No.3 of 2001)

MANDATE

1. Supervision
2. Advice to the Minister of Finance
3. Anti-money Laundering/Combating of Financing of Terrorism/ Combating Proliferation Financing (AML/CFT/CPF) Supervision

VISION

To have a **safe, stable and fair** financial system contributing to the economic development of Namibia in which **consumers are protected.**

INTRODUCTION TO NAMFISA



MISSION

To **regulate and supervise** financial institutions and financial intermediaries to **foster a stable, fair** non-banking financial sector, to **promote consumer protection** and **provide sound advice** to the Minister of Finance.



REGULATORY & SUPERVISORY SCOPE



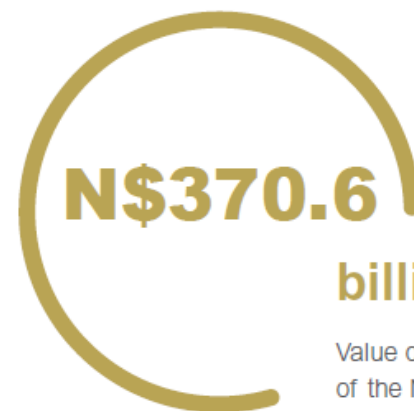
Number of regulated entities as at 31 December 2021

Regulated financial Institution or Intermediary, by subsector	Number of entities per subsector, 31 December 2020	Number of entities per subsector, 31 December 2021
Active pension funds	128	83
Active medical aid funds	9	8
Active friendly societies	1	1
Long-term insurance companies (Intermediaries)	14 (7,791)	14 (8,634)
Short-term insurance companies (Intermediaries)	14 (2,000)	14 (2,210)
Special purpose vehicles	23	21
Unit trust management companies	17	19
Investment managers	30	31
Unlisted investment managers	26	29
Microlenders	350	360
Reinsurers for long-and short-term insurance	1	1
Stock exchanges	1	1
Linked investment services providers	4	4
Stockbrokers, including sponsors	4	4
Total (Intermediaries)	622 (9,791)	590 (10,844)



regulated entities

NAMFISA regulates 590 financial institutions and 10,844 financial intermediaries.



billion

Value of the total assets of the Non-bank financial institutions regulated by NAMFISA.



NEED FOR REFORM

CHALLENGE



DON'T WAIT FOR A BURNING PLATFORM

- Be proactive instead of reactive
- Be focused on the future, not stuck in the past
- Live in the emerging future

The World does not need permission from us to change.

Let us ride the tide to ensure Namibia's financial system is stable and sound.

REGULATORY AND SUPERVISORY CHALLENGES

Current Legislation:

- Does not encourage **innovation, adaptation of technology, and entrepreneurship (i.e. FINTECH)**.
- Does not recognize the **inter-linkages** within the financial sector, locally, regionally and internationally. **(i.e. IOSCO application)**
- Does not include explicitly mandate of **consumer education, financial inclusion (i.e. micro-insurance) and financial stability**.
- No legal provisions to **regulate market conduct and consumer protection**. **(i.e. 682 complaints in 2022)**.
- Does not foster **financial market development and deepening (i.e. crypto currency)**.
- Does not support the principle of **good Governance and risk management (i.e. Risk-Based Supervision)**.

Concerns about the ineffectiveness of regulation and supervision in the Namibian financial sector have been raised by various stakeholders (IMF/WB, Namibian Parliament).



REGULATORY AND SUPERVISORY CHALLENGES

- **Archaic** (old) legislative framework.
- Reliance on a **compliance** driven approach to supervision.
- Inadequate **supervisory and enforcement powers** and tools.
- The Board of NAMFISA is an administrative board and has no **regulatory functions**.
- The regulatory measures are **fragmented, inconsistent** and **exacerbate the cost** of regulation.
- Inadequate consumer **recourse mechanism**.

CURRENT LEGISLATION

- Financial Institutions (Investment Funds) Act, 1984 (No. 39 of 1984)
- Financial Intelligence Act, 2012 (No. 13 of 2012)
- Friendly Societies Act 1956 (No. 25 of 1956)
- Inspection of Financial Institutions Act, 1984 (No.38 of 1984)
- Long-term Insurance Act, 1998 (No. 5 of 1998)
- Namibia Financial Institutions Supervisory Authority Act, 2001 (No. 3 of 2001)
- Medical Aid Funds Act, 1995 (No. 23 of 1995)
- Pension Funds Act, 1956 (No. 24 of 1956)
- Short-term Insurance Act, 1998 (No.4 of 1998)
- Stock Control Exchanges Act, 1985 (No. 1 of 1985)
- Unit Trusts Control Act, 1981 (No. 54 of 1981)
- Usury Act, 1968 (No. 73 of 1968)



REFORM

NEW LEGISLATIVE INSTRUMENTS

Insurance	FIM Act	Regulations	Standards	Consumer Credit Bill	Financial Adjudicator Bill
Financial Markets					
Collective Investment Schemes (Unit Trusts)					
Retirement Funds (Pension Funds)					
Friendly Societies					
Medical Aid Funds					
NAMFISA					

NAMFISA GOVERNANCE STRUCTURE

Parliament
(Enacts laws)

Minister of Finance
(Issues Regulations)

Board of NAMFISA
(7 members, incl
CEO)
(Issues Standards)

FSA
(Consumer recourse
mechanism)

Appeal Board (>5 members)
(recourse mechanism for regulated
entities)

Advisory Committee
(advises NAMFISA)

Other
Committees

CEO

Timelines of Regulatory reform

2008

- NAMFISA develops strategy that culminates in a strategic objective to: “**develop an efficient and effective regulatory and supervisory framework**”

2008

- First draft of Financial Institutions and Markets Bill developed
- Industry consultations

2010/11

- Incorporate comments on FIM Bill
- Technical assistance from IMF

2011

- Extensive consultations held with industry by sector
- Including consultations with the following associations: ICAN, NIA, NIBA, LAAN, NSX, NAMAFA, AIM, BAN, AUTN, MAN, MLA, NPPF

2011

- Comments were considered and incorporated, where necessary
- FIM Bill split into new FIM Bill and NAMFISA Bill
- Consumer credit, Complaints Adjudicator and NAMAFA provisions removed and developed separately

2012

- Minister’s consultation on the FIM Bill and NAMFISA Bill with industry
- Ministry of Finance review of FIM Bill and NAMFISA Bill

Timelines of Regulatory reform (cont.)

2013

- Presentation to and input by Parliament

2014

- Commencement of drafting of FSA Bill
- Minister's consultation on the FSA Bill with industry
- Ministry of Finance's review and approval of FSA Bill

2015

- Cabinet Committee on Legislation (CCL) considers and approves the FSA Bill, with minor amendments to be effected
- FSA Bill finalised
- Informal consultations on regulation and standards commenced.

2016

- Consultations between NAMFISA and the Ministry of Justice - Legislative Drafters re FIM, NAMFISA and FSA Bills

2017

- Finalisation of FIM, NAMFISA, FSA Bills and the Microlending Bill

Regulatory and Supervisory Reform Objects

NFSS	FIM ACT	NAMFISA ACT
<p>a). Financial market deepening;</p> <p>b). Financial safety nets;</p> <p>c). Financial inclusion (access to financial services and products, consumer financial literacy and protection);</p> <p>d). Localization of Namibian financial sector, and;</p> <p>e). Skills development in the financial sector.</p>	<p>a) financial soundness of financial institutions and financial intermediaries;</p> <p>b) Stability of financial institutions and markets;</p> <p>c) highest standards of business conduct by financial institutions and financial intermediaries;</p> <p>d) fairness, efficiency and orderliness of financial institutions and markets;</p> <p>e) protection of consumers of financial services;</p> <p>f) promotion of public awareness and understanding of financial institutions and financial intermediaries; and</p> <p>g) reduction and deterrence of financial crime.</p>	<p><u>(a) to regulate and supervise</u> Non-banks financial institutions including intermediaries</p> <p>(b) to <u>foster</u>:</p> <ul style="list-style-type: none"> • financial soundness of financial institutions and intermediaries; • stability of financial institutions and markets sector; • Highest standards of conduct of business by financial institutions and financial intermediaries; • fairness, efficiency and orderliness of the financial institutions and markets sector; • protection of consumers of financial services; • promotion of public awareness and understanding of NAMFISA, financial institutions and financial intermediaries; and • reduction and deterrence of financial crime.

PRINCIPLES UNDERPINNING REFORMS

- The Legislative instruments were drafted by considering national context and internationally accepted principles of regulation and supervision of financial system.

❑ National

- Namibia Financial Sector Strategy
- National Development Plans (NDPs)
- Vision 2030

❑ International

Principles issued by:

- International Association of Insurance Supervisors (IAIS)
- International Organisation of Pensions Supervisors (IOPS)
- International Organisation of Securities Commissions (IOSCO)



PRINCIPLES OF NAMFISA ACT

NAMFISA Act, 2021 (No. 3 OF 2021)

The Act includes the following principles:

- Clear objectives and responsibilities;
- Independence and accountability;
- Comprehensive powers;
- Adequate resources;
- Proportional and consistent regulatory processes;
- Highest professional standards, including confidentiality;
- Governance structure and practices;
- Transparency and avoidance of conflicts;
- Cooperation and information sharing; and
- Adoption and maintenance of supervisory framework in accordance with international standards.



PRINCIPLES OF NAMFISA ACT (cont...)

The pillar of independence includes:

- Governance not controlled by **outside interests**;
- A **source of funding**, which is secure and free from influence;
- Ability to make regulatory **decisions unfettered** by regulated entities or other external persons; and
- Generally, being able to execute its functions and powers without **outside influence**.



PRINCIPLES OF FINANCIAL INSTITUTIONS AND MARKETS ACT, No. 2 of 2021 (FIMA)

- The object of the FIMA is to **consolidate and harmonise** the laws regulating the non-banking financial institutions, financial intermediaries and financial markets in Namibia.
- FIMA takes a wider approach of regulating and supervising by addressing **prudential and market conduct** issues, including **governance** of regulated entities.

PRINCIPLES OF FINANCIAL INSTITUTIONS AND MARKETS ACT, No. 2 of 2021 (FIMA) Cont....

- Main governance and risk management provisions include:
 - **Composition and duties** of Boards of financial institutions
 - **One third** of the Board must be **independent**;
 - Board members and key persons to be **fit and proper**;
 - **Principal officers** are required to be a part of the Board;
 - Board mandated to perform **specific functions and manage risks**;
 - Board to comply with **code of conduct, act prudently, honestly, in good faith and avoid conflicts of interest**;
 - Board to comply with “**duty of care**” provisions, requiring that they take account of interests of stakeholders; and
 - NAMFISA may **direct replacement** of key persons or board members.

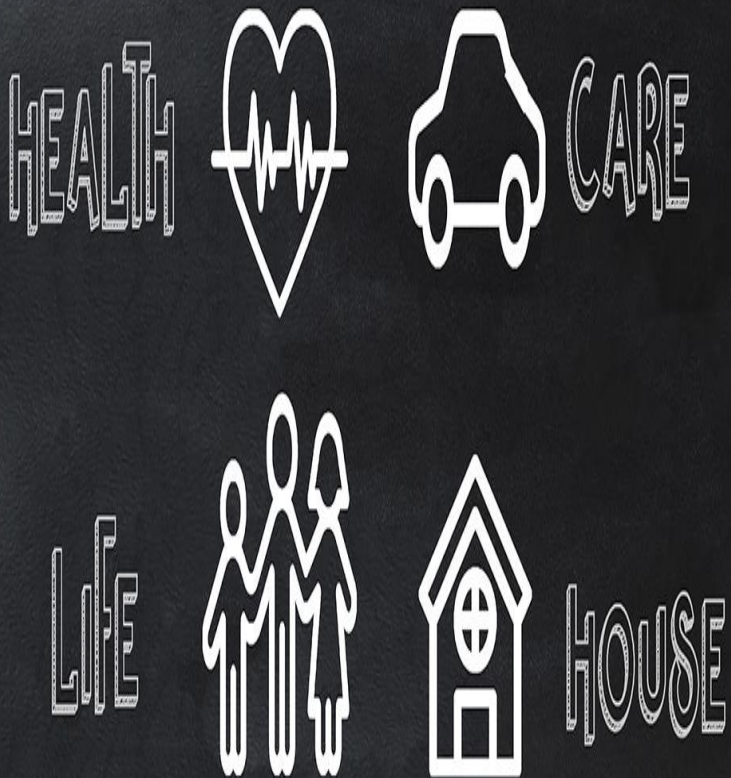


PRINCIPLES OF FINANCIAL INSTITUTIONS AND MARKETS ACT, No. 2 of 2021 (FIMA) Cont..

FIMA provides for the regulation and supervision of:

- Insurance companies, agents and brokers (Chapter 2)
- Financial Markets (Chapter 3)
- Collective Investment Schemes (Chapter 4)
- Retirement Funds (Chapter 5)
- Friendly Societies (Chapter 6)
- Medical Aid Funds (Chapter 7)
- Fund and Society Administrators (Chapter 8)
- Property held in trust (Chapter 9)
- General provision – Chapter 10

INSURANCE



CHAPTER 2 HIGHLIGHTS

Chapter 2 of FIMA introduces the following concepts:

- 1. Gap Insurance:** Differentiating insurance business from medical aid fund business to prevent overlapping of insurance and medical aid activities
- 2. Capital Adequacy Requirement:** Capital control levels to ensure solvency to protect the interests of policyholder and maintain market stability and ensure it is commensurate with risks
- 3. Participating policies:** Holders of participating policies are allowed to attend meetings and vote at those meetings, aimed at empowering policyholders
- 4. Micro-insurance:** Encourages coverage of insurance products and services to the low-income population. i.e., agri-index insurance.
- 5. Cell captives:** Cell captive insurance defined with specific reporting requirements.
- 6. Ancillary Activity:** Provision that limits insurers to perform business activities that fall outside the scope or definition of insurance in Namibia.

CHAPTER 2 - BENEFITS TO CONSUMER

Chapter 2 of FIMA affords the following benefits to insurance policyholders (prospective consumers):

1. **Financial inclusion.** A micro insurance regulation ensures access to products and services tailored to meet needs of low-income, excluded, remote and rural sectors of our population.
2. **Contracts drafted in plain language.** Insurance policy contracts will be drafted in plain simple, clearer and easier to understand language considering the literacy levels of consumers.
3. **Fair treatment of customers:** Demands full disclosure of all information about product and services to assist consumers to make informed decisions, no more signing blank forms.
4. **Consumer protection and cooling off period:** Allows consumers time to think, act and even change their minds if they do not see the need after having signed a policy contract, and allowed to do so without penalties and unnecessary delays.
5. **Fit and Proper requirements:** Persons licensed or appointed to key positions would be vetted for criminal, dishonest and other ethical and past misconducts to ensure that competent and skilful persons run and influence business operations to instil confidence and trust in market.
6. **Remuneration of brokers:** To ensure brokers act fairly in the best interest of customers, only allowed form of payment is commission, no more incentive offerings, like awarding holiday flight tickets to brokers for selling more policies.

CHAPTER 2 - BENEFITS TO CONSUMER

Chapter 2 of FIMA affords the following benefits to insurance policyholders (prospective consumers):

7. **Shareholding restrictions:** Brokers are not allowed to own shares in the insurance companies so that they can represent the interest of their clients fairly and without conflict.
8. **Exclusions:** Insurers will not be allowed to use discriminatory underwriting practices to refuse to pay valid claims.
9. **Outsourcing:** Insurers are prohibited from outsourcing core functions to avoid burdening consumers and cause delays in paying claims or attending to complaints, core business must be run from Namibian physical registered offices.
10. **Composition of Board:** Namibians representation of 50% is required to ensure balanced representation of local interest as well as upskilling or capacitating of Namibian citizens.
11. **Cell captives:** ring-fenced assets for protection of policyholders and cell owners and segregated reporting requirements.
12. **Capital adequacy and financial soundness:** Requirements are enhanced and tightened to prevent or reduce chance of failures and ability to pay claims.

CHAPTER 2 - BENEFITS TO CONSUMER

Chapter 2 of FIMA affords the following benefits to insurance policyholders (prospective consumers):

13. **Protection of policy benefits:** A policy holders' beneficiary funds protected has been increased from N\$50,000 to N\$200,000 to alleviate sufferings when policy holder becomes deceased, while having liabilities and their policies are ceded or exposed to third parties' claims or subjected to court orders.
14. **Sanctions for non compliance.** Stiff admin and criminal sanctions for misconduct and commission of some offences to discourage and reduce issues such as fraud, dishonest and negligence.

FINANCIAL MARKETS

A man in a dark suit is seen from the back, interacting with a large, glowing digital screen. The screen is filled with various financial data visualizations, including line graphs, bar charts, pie charts, and tables of numbers. The overall aesthetic is futuristic and data-driven, with a blue and white color scheme. The text 'FINANCIAL MARKETS' is prominently displayed in large, white, bold letters at the top of the image.

CHAPTERS 3 & 4 HIGHLIGHTS

Chapters 3 & 4 of FIMA deals with, among others:

- 1. Broadens the scope of an exchange:** Making provision for different types of exchanges and types of securities that may be listed. i.e., Crypto asset exchanges, electronic exchanges.
- 2. Introduces Market abuse and insider trading offences as well as enforcement mechanisms for such offences;**
- 3. Widens the scope of custody and administration of securities** makes provision for establishment of Central Securities Depositories, Securities Clearing Houses, Demutualisation of Exchanges, Clear provisions for Participants and Authorised Users of an Exchange, in line with International Best Practice.
- 4. Introduces other important players in the Capital Markets;** Securities Advisors, Securities Dealers, Linked Investment Services Providers; Nominees, Securities Rating Agencies; and
- 5. Widens the scope of unit trust schemes:** Introducing different collective investment schemes and how these are administered.

CHAPTER 3 & 4 - BENEFITS TO CONSUMER

Chapters 3 and 4 of FIMA affords the following benefits to investors (consumers):

1. **Investor protection:** By ensuring that only registered entities can operate, investors can have more confidence in dealing with parties authorised and regulated by NAMFISA.
2. **Enhanced transparency:** The promotion of transparency in the financial market by prohibiting entities from pretending to be regulated or using misleading names or descriptions.
3. **Legal consequences for violations:** Establishes legal consequences, such as fines and imprisonment, for violations of regulations.
4. **Compliance with regulatory requirements:** Ensures that regulated entities adhere to relevant laws, regulations, and standards, protecting investors' investments and maintaining the integrity of the financial market.
5. **Quick resolution of issues:** Clarifies Supervisory Powers to take necessary steps, including cancelling registration, to swiftly resolve issues related to registered financial entities that may pose risks to investors, preventing further harm or damage.
6. **Public disclosure of actions:** This provides investors with confidence in the regulatory framework and decision-making process.
7. **Access to a regulated exchange:** Ensures that investors have access to a regulated market where securities can be traded.

CHAPTER 5 HIGHLIGHTS

Chapter 5 of FIMA deals with, among others:

- 1. Introduces Beneficiary Funds:** Aimed at managing funds (benefits) payable on the death of a member of a retirement fund to beneficiaries. These funds can be established solely for the purpose of receiving, administering, investing and eventually paying death benefits (received from other retirement funds) to beneficiaries of deceased members.
- 2. Specific provisions regarding how and when fund contributions must be paid, and non-compliance may result in personal liability** of the officer responsible. Non-payment of contributions is an offence, and conviction may result in a fine of N\$2 500 000.00 or up to 5 years imprisonment, or both.
- 3. Deductions from benefits** are strictly regulated and benefits remain, in general, not reducible, transferable or executable. Pension benefits thus continue to enjoy special protection from being reduced, transferred, ceded, pledged, hypothecated or attached to any form of execution under a judgement or order of a court.
- 4. Fund administrators** are now regarded as a financial intermediary, subject to supervision and regulation.



CHAPTER 5 - BENEFITS TO CONSUMER

Chapter 5 of FIMA affords the following benefits to retirement fund members (consumers):

1. **Increased member representation.** Ensures that workers will be represented more on the Board of Retirement Funds and can directly share their concerns and influence decisions to protect members' rights and benefits.
2. **Surplus distribution.** Should a fund build up surpluses, the board can decide to distribute the surpluses so long as the fund will remain stable.
3. **Consumer protection.** Board members required to focus more on protecting the members' rights and benefits.
4. **Protection of benefits.** FIMA continues to protect members' retirement savings from their estate, bankruptcy/insolvency, and creditors while the member or their surviving dependants and/or nominees have not received these benefits.
5. **Payment of premiums.** FIMA allows for medical aid fund premiums to be deducted from pension benefits and paid to medical aid funds on behalf of pensioners.
6. **Member communication.** All members are now entitled to receive information on decisions made by the Board directly and on time on issues affecting them.
7. **Access to documents.** Members are allowed access to fund documents (rules, financial statements, valuator's reports and other information relevant to them).
8. **Right to free access documents.** Certain documents must be provided to members free of charge.
9. **Protection of contributions.** Where employers declare bankruptcy, contributions owed to retirement funds must be kept separate and paid to the retirement fund before any other money owed by such employers is paid.

CHAPTER 5 - BENEFITS TO CONSUMER

Chapter 5 of FIMA affords the following benefits to retirement fund members (consumers):

10. **Minimum benefits.** Prescribes minimum benefits that retirement funds must provide to members (no vesting scales).
11. **Late payment interest.** Interest to be charged on contributions that are paid late by employers.
12. **Enhanced disclosure.** To avoid small print, FIMA now requires Fund rules be printed in Font 12 and 80mm paper.
13. **Simple language.** Funds must provide information to members in plain, simplified English that members can easily understand (no jargon).
14. **Pension payment options.** Members who retire from Defined Contribution (DC) funds can choose among different options for the payment of their retirement benefits as monthly income.

CHAPTERS 6 & 7 HIGHLIGHTS

Chapters 6 & 7 of FIMA deals with, among others:

1. **Broadens the scope of the benefits** that can be provided under a friendly society scheme.
2. **The individual or entity that controls the affairs** of a friendly society is now regarded as a financial intermediary, subject to supervision and regulation
3. Provision is made for the **registration of medical aid fund brokers.**
4. **The fund administrator** are now regarded as a financial intermediary, subject to supervision and regulation.



CHAPTER 7 - BENEFITS TO CONSUMER

Chapter 7 of FIMA affords the following benefits to medical aid members (consumers):

1. **Limited waiting periods.** Members joining a medical aid fund cannot be subject to waiting periods of more than 12 months before receiving any benefit.
2. **Increased member representation.** Ensures that members will be represented more on the Board of Retirement Funds and can directly share their concerns and influence decisions to protect members' rights and benefits
3. **Consumer protection.** Board members required to focus more on protecting the members' rights and benefits.
4. **Member communication.** All members are now entitled to receive information on decisions made by the Board direct and on time on issues affecting them.
5. **Enhanced disclosure.** To avoid small print, FIMA now requires Fund rules be printed in Font 12 and 80mm paper.
6. **Simple language.** Funds must provide information to members in plain, simplified English that members can easily understand (no jargon).
7. **Improved service delivery.** Medical aid fund administrators, which are financial intermediaries (middlemen) will now be held responsible to ensure members get appropriate services from administrators.
8. **Right to free access.** Certain documents must be provided to members free of charge.
9. **Access to documents.** Members are allowed access to fund documents (rules, financial statements, valuator's reports and other information relevant to them).

CHAPTER 10 HIGHLIGHTS

General provisions under Chapter 10 provides for incidences across all financial institutions such as:

- **Registration** which requires key persons to be **fit and proper**;
- Prohibits operation of **unregistered** entities;
- Powers to impose **conditions** for registration;
- Financial institutions to maintain **principal office and appoint principal officer**;
- NAMFISA to carry out **on-site inspections**;
- NAMFISA's powers in respect of **market conduct, in particular the TCF Principals**
- NAMFISA's powers to issue **standards, directives and guidelines**;
- Creation of Financial Services **Compensation Scheme**; and
- Transitional provisions.



CHAPTER 10 HIGHLIGHTS

General Sections of the Act also provides NAMFISA with broad powers to require compliance:

- Impose **administrative penalties** for non-compliance;
- Power to **cancel registration**; and
- **Winding-up** or **transfer** of financial institutions and appointment of **statutory managers**.



FIMA Treating Customers Fairly Standard

Treating Customer Fairly (TCF) Standard under FIMA addresses the root causes of complaints and ensure that consumers of financial services are protected.

TCF standard aims at improving outcome on market conduct.

TCF Standard places a requirement on all NBFIs to provide fair treatment to consumers across all stages of the product life cycle. This is done in order to achieve the expected seven desired outcomes, which are:

- Fair Treatment Culture;
- Appropriate Product Design and Distribution of Products and Services;
- Clear and relevant information is provided;
- Proper advice to consumers;
- Products and services perform as promised and at an acceptable standard;
- No unreasonable post sale barriers;
- Privacy and data protection.

POWERS OF THE MINISTER TO IMPLEMENT FIMA

FIMA – Section 468

Section 468(1) This Act is called the Financial Institutions and Markets Act, 2021, and comes into operation on a **date determined by the Minister** by notice in the Gazette.

Section 468(2) Different dates may be determined under subsection (1) in respect of **different provisions or Chapters** of this Act.

Section 482(3) Any reference in this Act to the commencement of this Act must be construed as a reference to the date determined under subsection (1) or (2).

FIMA - SCHEDULE 3 (TRANSITIONAL PROVISIONS - Section 467)

Grandfathering provision - under section 2 (1), “any subordinate legislation or measure made under a repealed law remains in force unless it is in conflict with this Act and is deemed to be made thereunder until superseded by a subordinate measure made under this Act”.

Hence, the Minister can delay any provision or Chapter or subordinate measure for immediate operationalisation, and implement such on a date he deems necessary, without the need to delay the implementation of FIMA.

NB: FIMA is not exclusively focused on preservation but encompasses governance, prudential and market conduct (consumer protection) issues in respect to all Non-Banking Financial Institutions.





SUBORDINATE LEGISLATION UNDER FIMA





REGULATIONS AND STANDARDS

- NAMFISA in conjunction with Ministry of Finance have drafted 142 Regulations and Standards (Available on NAMFISA website). These are the critical subordinate pieces of legislations required for the operationalisation of FIMA.
- NAMFISA conducted formal consultations on the subordinate legislation from December 2021 to November 2022.
- The formal consultation process has been concluded, and consideration of industry representations/comments as part of the formal consultation process on the FIMA subordinate legislation has now been finalized.
- Feedback on the representations from industry is available to the public and interested groups on the NAMFISA website. <https://www.namfisa.com.na/legislative-instruments/>

PRESERVATION OF RETIREMENT BENEFITS REGULATION RF.R.5.10



Section 465 (8)(m) states that the Minister may issue regulation relating to preservation of retirement benefits

PURPOSE OF A RETIREMENT FUND

- Retirement savings to reduce poverty in retirement
- Provide adequate, robust, affordable, sustainable income in retirement
- Promote income smoothing throughout individuals' lifetime
- Defined benefit (DB) funds – obligation for retirement income is with employers
- Defined contribution (DC) funds – obligation for retirement income is with employees
- DC funds - A strong link exists between lifetime contributions and retirement income



PRESERVATION OF RETIREMENT BENEFITS REGULATION RF.R.5.10



- The governing **legislation** of a retirement fund must be consistent with the **key objects of retirement funds** and the **economic and social rationale** justifying their favourable treatment as **savings mechanisms**.
- The key objects of retirement funds are to provide **retirement incomes** for their members and their survivors. This mandates the preservation of benefits as deferred income for such purposes and warrants the institution of **special rules that apply to early withdrawals** by members.
- Preservation rules must be **sensitive** to a variety of factors including balancing the legitimate needs of employees for funds upon early withdrawal in certain cases, e.g., **re-training, hardship, disability** with a shortened life expectancy etc. the **treatment of small benefits**, as well as the availability of options for preserving benefits.



PRESERVATION OF RETIREMENT BENEFITS REGULATION RF.R.5.10



- RF.R.5.10 The preservation of retirement benefits proposes that members who are below the retirement age of 55 will have 75% compulsory preservation of their retirement benefits.
- The implementation of the preservation of retirement benefits regulation was postponed for further and wider consultation.
- The Minister of Finance has appointed a technical advisory committee to conduct the consultations and recommend a way forward to the Minister.
- Chairperson of the committee has been appointed.
- The committee comprises representatives of the following institutions.
 - NAMFISA
 - Bank Of Namibia
 - Ministry of Finance
 - Retirement Fund Institute of Namibia
 - University of Namibia
 - Namibia University of Science and Technology
 - Trade Union Congress of Namibia
 - National Union of Namibian Worker
 - Namibia National Labour Organisation
 - Various Umrella funds
 - Namibia Employers Federation





WAY FORWARD

- The date on which FIMA will come into operation will be communicated to the public at the appropriate time by the Minister of Finance and Public Enterprises.
- Subordinate legislation comments have been reviewed and feedback was communicated to the public
- Financial Service Adjudicator will be finalised subsequent to the coming into force of FIMA and NAMFISA Acts 2021.
- Third draft of the Consumer Credit Bill was submitted to the Minister of Finance and Public Enterprises during December 2022 and approved same for public consultations.

The background of the slide is a dark, atmospheric photograph of a person walking up a wide set of stairs. The person is silhouetted against a bright light source at the top of the stairs, creating a strong backlight effect. The walls on either side of the stairs are dark and textured, and a building with many windows is visible in the background. The overall mood is professional and forward-looking.

ANNEXURES – LIST OF SUBORDINATE LEGISLATION (Available on NAMFISA website)

**“If you want to go fast, go alone. If
you want to go far, go together”**

African Proverb



THANK YOU