



**RISK BASED SUPERVISION (RBS)  
FRAMEWORK -  
ANTI-MONEY LAUNDERING (AML), COMBATING FINANCING OF TERRORISM  
(CFT) AND COMBATING OF PROLIFERATION FINANCING (CPF)  
  
FOR  
  
THE NON-BANKING FINANCIAL INSTITUTIONS**



**TABLE OF CONTENTS**

1. **PURPOSE**.....4

2. **SCOPE** .....4

3. **ACRONYMS AND DEFINITIONS**.....4

4. **MANAGEMENT, ACCOUNTABILITY AND RESPONSIBILITY OF THE FRAMEWORK**5

5. **BACKGROUND**.....6

6. **LEGISLATIVE FRAMEWORK**.....10

7. **OVERVIEW OF SECTORAL RISKS**.....13

8 **AML/CFT/CPF RISK-BASED SUPERVISION** .....15

9 **COORDINATION AND COOPERATION** .....24

10 **EFFECTIVE DATE** .....25

11 **APPROVAL**.....26

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## 1. PURPOSE

In terms of the Financial Action Task Force (“FATF”) global standards on combating Money-Laundering, Terrorist Financing, and Proliferation Financing, the Authority is required to supervise financial institutions under its purview on a risk-sensitive basis.

It is against this background that the Authority should have in place an Anti-Money Laundering (“AML”), Combating Terrorist Financing (“CFT”), and Combating Proliferation Financing (“CPF”) Risk-Based Supervision (“RBS”) Framework, which sets out the application of a risk-based approach to AML/CFT/CPF supervision.

## 2. SCOPE

The AML/CFT/CPF RBS Framework covers the frequency and intensity of AML/CFT/CPF supervision on the basis of Money-Laundering (“ML”) and Terrorist Financing (“TF”) risks identified at national, sectoral and institutional level.

## 3. ACRONYMS AND DEFINITIONS

Als	Accountable Institutions
AML/CFT/CPF	Anti-Money Laundering, Combating Financing of Terrorism and Combating Proliferation Financing
CMA	Common Monetary Area
DNFBPs	Designated Non-Financial Businesses and Professions
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FRSB	FATF-Styled Regional Bodies
FATF	Financial Action Task Force
FIA	Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended (FIA)



FIC	Financial Intelligence Centre
IAIS	International Association of Insurance Supervisors
IOSCO	International Organization of Securities Commissions
ML	Money Laundering
AUTHORITY	Refers to Namibia Financial Institutions Supervisory Authority
PACOTPA	Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No. 4 of 2014)
RBS	Risk-Based Supervision
SACU	Southern African Customs Union
SRA	Sectoral Risk Assessment
TF	Terrorist Financing
PF	Proliferation Financing

#### **4. MANAGEMENT, ACCOUNTABILITY AND RESPONSIBILITY OF THE FRAMEWORK**

The AML and Inspections Department is primarily responsible for the administration and implementation of this Framework.

The maintenance of this Framework falls under the responsibility of the General Manager: Market Conduct.

The Framework shall be reviewed every three years or sooner when applicable to ensure its continuing suitability.

Any amendments to the Framework shall be directed to the General Manager: Market Conduct alternatively the General Manager responsible for AML/CFT/CPF, for submission to EXCO. Amendments to the Framework shall be recommended by the Legal and Supervisory Committee to the Board for consideration and approval.

All employees in NAMFISA, in particular the employees responsible for AML/CFT/CPF supervision and enforcement are required to comply with the requirements as set out in this Framework.

The Authority reserves the right to take appropriate measures such as disciplinary action, dismissal, criminal investigation and prosecution, claims for compensatory damages or other action as deemed appropriate in terms of the



Policy on Conduct, Discipline and Grievances where non-compliance to this Framework has been identified.

## 5. BACKGROUND

- 5.1 The fight against Money Laundering (ML), Terrorist Financing (TF), and Proliferation Financing (PF) is a global effort to protect the international financial system against ML/TF/PF. In this regard, the Financial Action Task Force (FATF), which is an independent inter-governmental body, promotes policies by setting global standards that countries must implement to combat ML/TF/PF.
- 5.2 In February 2012, the FATF published its revised recommendations on combating ML/TF/PF, ushering in a new era of a paradigm shift from rule-based to risk-based in combating ML/TF/PF. FATF recommendation 1 requires countries to identify, assess and understand ML/TF risks and apply a risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the risks identified.
- 5.3 It is in the spirit of Recommendation 1 that Namibia conducted a National Risk Assessment (NRA) in 2012, 2015 and 2021 to ensure that national resources are allocated efficiently in addressing ML/TF/PF risks. Where ML/TF/PF risks are higher, more resources should be allocated to ensure that the risks of ML/TF/PF are effectively mitigated, while where lower risks are identified, simplified measures may be applied to some of the FATF Recommendations under certain conditions.
- 5.4 In terms of the FATF recommendation 26 and Immediate Outcome 3, supervisors must understand the risks of ML/TF in the sector and ensure that AML/CFT supervision is commensurate with ML/TF risks identified. In this regard, the Authority being the national designated supervisory body for the non-banking FIs under its purview, is required in terms of section 35 of the

Financial Intelligence Act, 2012 (Act No. 13 of 2012) (“FIA”) to apply a risk-based approach to supervision.

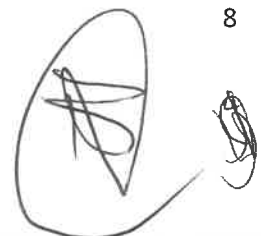
- 5.5 It is in respect of the above requirement that the Authority on an annual basis conducts a Sectoral Risk Assessment (SRA) to identify, assess and understand the ML/TF risks in the non-banking financial sector as it relates to the financial institutions that are under its purview and ensure that its supervisory interventions are responsive to the risks. The SRA was updated in 2023 and will continuously be updated on an annual basis using the Sectoral Risk Assessment Questionnaire / Annual Risk & Compliance Return to source data from the sector.
- 5.6 The Authority is further required in terms of recommendation 26 to ensure that regulatory and supervisory measures that apply for prudential purposes and which are also relevant to money laundering and terrorist financing apply in a similar manner for AML/CFT purposes in relation to FIs that are subjected to Core Principles<sup>1</sup>.
- 5.7 The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which is the FATF Styled Regional Body, promotes implementation of FATF recommendations by its members through technical assistance and a peer review process. Namibia being one of the cofounder members of ESAAMLG is committed to implement the global standards to ensure that a more rigorous and robust AML/CFT/CPF regime is in place.

**Table 1: FATF recommendations applicable to the Authority:**

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<sup>1</sup> The International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO) are global standard setting bodies specific for the non-bank FIs. These bodies have established Core Principles for effective supervision and regulation by competent authorities, which are also relevant for AML/CFT supervision. As part of their guidance to national supervisory authorities, IAIS and IOSCO encourage the adoption of a risk-based approach to supervision. Under the Core Principles, effective supervision should be risk-based - focusing on both major prudential and conduct of business risks, as well as a wide range of other risks, such as compliance risk, reputational risk, legal risk, and ML/TF risks.

<b>FATF Recommendation</b>	<b>Contextual Description</b>
<b>Recommendation 1</b>	<p>Namibia as a country is required to identify assess and understand ML/TF risks and adopt measures commensurate with the risks identified. In respect of the non-banking financial sector, the Authority is mandated to ensure that FIs under its purview apply a risk-based approach. In this regard, where higher risks are identified enhanced measures should be applied and where lower risks are identified simplified measures may be applied in respect of some FATF recommendations under certain conditions.</p> <p>In doing so, the Authority should ensure efficient allocation of resources to address the risks of ML/TF. In other words, the Authority will apply a risk-based approach to supervision to ensure that its supervisory interventions are risk responsive.</p>
<b>Recommendation 26</b>	<p>Namibia must ensure that FIs are subject to adequate regulation and supervision and are effectively implementing the FATF Recommendations. In this regard, the Authority should take the necessary legal or regulatory measures to prevent criminals or their associates from holding or being the beneficial owner of a significant or controlling interest or holding a management function in a FI.</p> <p>In terms of FIs subject to the Core Principles, the Authority must ensure that regulatory and supervisory measures that apply for prudential purposes and which are also relevant to ML/TF should apply in a</p>





	<p>similar manner for AML/CFT/CPF purposes. This should include applying consolidated group supervision for AML/CFT/CPF purposes.</p> <p>Other FIs should be licensed or registered and adequately regulated and subject to supervision or monitoring for AML/CFT/CPF purposes, having regard to the risks of ML/TF/PF in that sector.</p>
<b>Recommendation 27</b>	<p>The Authority should have adequate powers to supervise or monitor and ensure compliance by FIs with requirements to combat ML/TF/PF, including the power to conduct inspections. The Authority should be authorized to compel production of any information by FIs that is relevant to monitoring such compliance and to impose a range of sanctions in line with Recommendation 35 for failure to comply with relevant requirements.</p> <p>The Authority should have powers to impose a range of disciplinary and financial sanctions, including the power to withdraw, restrict or suspend the FI's license, where applicable.</p>
<b>Recommendation 34</b>	<p>The Authority should establish guidelines, and provide feedback, which will assist FIs in applying national measures to combat ML/TF/PF. The guidelines and feedback must also assist FIs to detect and report suspicious transactions and activities</p>
<b>Recommendation 35</b>	<p>The sanctions to be imposed by the Authority should be applicable not only to FIs but also to their directors and senior management.</p>



## 6. LEGISLATIVE FRAMEWORK

6.1 The Authority is established in terms of Section 2 of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001) as amended, to supervise the non-banking FIs. The Authority is also the national designated AML/CFT/CPF Supervisory Body<sup>2</sup> for the non-banking FIs under its purview that are recognized by law as Accountable Institutions (“AIs”).

6.2 The following non-bank FIs are supervised by the Authority for AML/CFT/CPF purposes:

### 6.2.1 AIs<sup>3</sup>:

Any person or entity who conducts as a business one or more of the following:

6.2.1.1 Individual and/or Collective portfolio management- companies;

6.2.1.2 Long-Term insurer registered in terms of the Long-Term Insurance Act, 1998 (Act No.5 of 1998), including an agent or broker;

6.2.1.3 Microlenders;

6.2.1.4 Friendly Societies;

6.2.1.5 Investment Managers; and

6.2.1.6 Unit Trust Managers.

6.3 The AML/CFT/CPF Supervision is a statutory mandate of the Authority. In terms of section 35(2) of FIA, the Authority has the mandate to supervise, monitor and enforce compliance with FIA or any regulation, order, circular, notice, determination, or directive (“subordinate legislation” or “subordinate instruments”) issued in terms of FIA in respect of all AIs supervised by it. The role of supervision in the AML/CFT framework is to supervise and monitor

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<sup>2</sup> Schedule 2 of FIA

<sup>3</sup> Schedule 1 of FIA.

Als to ensure understanding of the ML/TF/PF risks and promote effective implementation of ML/TF/PF preventative measures.

6.4 In terms of section 35(4) of FIA, the supervisory function must be carried out on a risk-based principle. This means that the cited section enables the Authority to conduct on-site and off-site inspections using a risk-based approach as well as enforce compliance with the FIA, PACOTPAA and subordinate instruments on a risk sensitive basis.

6.5 The Authority's supervisory model is an integrated approach in the sense that the Authority performs prudential, market conduct and AML/CFT/CPF supervision. However, the Authority has an independent AML/CFT/CPF unit, which only deals with AML/CFT/CPF supervision.

6.5.1 FIs under the Authority's supervision are licensed under the following statutes:

6.5.1.1 Microlenders are licensed/registered in terms of Section 5 of the Microlending Act, 2018 (Act No. 7 of 2018);

6.5.1.2 Unit Trusts are licensed/registered in terms of Section 4 of the Unit Trusts Control Act, 1981 (Act No. 54 of 1981);

6.5.1.3 Linked Investment Service Providers (LISPs) are licensed/registered in terms of Section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985);

6.5.1.4 Long-Term Insurers are Re-insurers are licensed/registered in terms of Section 15 of the Long-term Insurance Act, 1998 (Act No. 5 of 1998), while Long-Term Insurance Agents and Brokers are Licensed/registered in terms of section 55(1) of the same Act;



- 6.5.1.5 Short-term Insurers and Reinsurers are licensed/registered in term of Section 15 of the Short-term Insurance Act, 1998 (Act No. 4 of 1998);
- 6.5.1.6 Stockbrokers are licensed/registered in terms of Section 33 of the Stock Exchanges Control Act, 1985 (Act 1 of 1985);
- 6.5.1.7 Investment Managers are licensed/registered in terms of section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act 1 of 1985);
- 6.5.1.8 Unlisted Investment Managers are licensed/registered in terms of Regulation 28 of the regulations issued in terms of the Pension Funds Act, 1956(Act No. 54 of 1956);
- 6.5.1.9 Special Purpose Vehicles are licensed/registered in terms of Regulation 18 of the regulations issued under the Pension Funds Act, 1956 (Act 24 of 1956);
- 6.5.1.10 Pension Funds are licensed/registered in terms of Section 4(1) of the Pension Funds Act, 1956 (Act 24 of 1956);
- 6.5.1.11 Medical Aid Funds are licensed/registered in terms of Section 23 of the Medical Aid Funds Act 23 of 1995;
- 6.5.1.12 Friendly Societies are licensed/registered in terms of Section 5 of the Friendly Societies Act, 1956 (Act 25 of 1956);  
and
- 6.5.1.13 Stock Exchanges are licensed/registered in terms of the Stock Exchanges Control Act, 1985 (Act 1 of 1985).



6.6 FIs, notably; Pension Funds, Medical Aid Funds, and Stock Exchanges are exempted from AML/CFT/CPF obligations, while Short-term Insurers were removed from Schedule 3 of FIA as Reporting Institutions in terms of section 43 of the Financial Intelligence Amendment Act 6 of 2023.

## 7. OVERVIEW OF SECTORAL RISKS

7.1 Risk is defined as the operation of threats, vulnerabilities, and consequences. The purpose of conducting SRA is to identify, assess and understand the risks of ML/TF/PF in the non-banking financial sector and adopt measures commensurate with the level of the risks identified.

7.2 The understanding of the ML/TF/PF risks in the non-banking financial sector enables the Authority to apply a risk-based approach to supervision. This entails allocating resources effectively by ensuring that high risk institutions receive intensified and frequent supervisory interventions as opposed to lower risk institutions where simplified measures may be applied under certain conditions.

7.3 There are three types/levels of risk assessments, notably: NRA, SRA, and Institutional Risk Assessment (IRA).

7.4 The NRA is the assessment of ML/TF/PF risks at national level, covering all sectors to understand possible manifestation of ML/TF risks and adopt national measures that are commensurate with the risks. In 2012, Namibia, lead by the FIC, conducted the NRA outlining the risks of ML/TF at national level, which was updated during 2015/2016, 2021 and again in 2023.

7.5 During 2019, the Authority conducted an SRA and held workshops with industries under its supervision to foster understanding of the risks of ML/TF/PF across the sectors. The SRA was subsequently updated in 2023 covering ML/TF risks only, and it will be updated annually going forward.



7.6 The SRA is the assessment of ML/TF/PF risks in a specific sector to understand the potential manifestation of ML/TF/PF risks and ensure that measures commensurate with the risks are adopted.

7.7 This enables the Authority to apply a risk-based approach to supervision. The understanding of the risks of ML/TF/PF also helps AIs to adopt a risk-based approach at their level.

7.8 The SRA concentrated on the following industries in the non-banking financial sector:

7.8.1 Unit Trust Managers;

7.8.2 Stock brokers;

7.8.3 Investment Managers;

7.8.4 Linked Investment Service Providers;

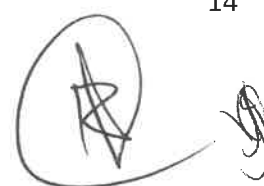
7.8.5 Long-term Insurers;

7.8.6 Unlisted Investment Managers and Special Purpose Vehicles; and

7.8.7 Microlenders.

7.9 The SRA covered ML/TF vulnerabilities associated with clients, products/services, distribution channels, as well as geographical origin of clients and their businesses.

7.10 The SRA also covered the type and design of management controls commensurate with the ML/TF risks put in place by AIs to mitigate the vulnerabilities. Furthermore, the SRA considered the size (market share) of AIs to measure the potential impact of ML/TF risks on the sector at large.



7.11 The objective of the SRA is to ensure that the Authority maintains an in-depth and up-to-date understanding of the ML/TF/PF risks in its regulated sector as a whole, within different industries, category of institutions and individual institutions. This step is vital and fundamental to enable the Authority to tailor a supervisory strategy to meet the characteristics of each industry and institution under its supervision. It is also necessary to enable the Authority to reclassify institutions in terms of their changing risk profiles on an on-going basis.

7.12 The IRA is conducted at the level of an AI to understand the potential manifestation of ML/TF/PF risks. The IRA focuses on four risk elements, notably: clients, products, delivery channels and geographical exposure. Therefore, the Authority expects AIs under its supervision to conduct IRA and apply a risk-based approach when implementing preventative measures to combat ML/TF as contemplated in section 39(1) of FIA read with Regulation 24 of the regulations issued under FIA.

## **8 AML/CFT/CPF RISK-BASED SUPERVISION**

### **8.1 Application of a risk-based approach**

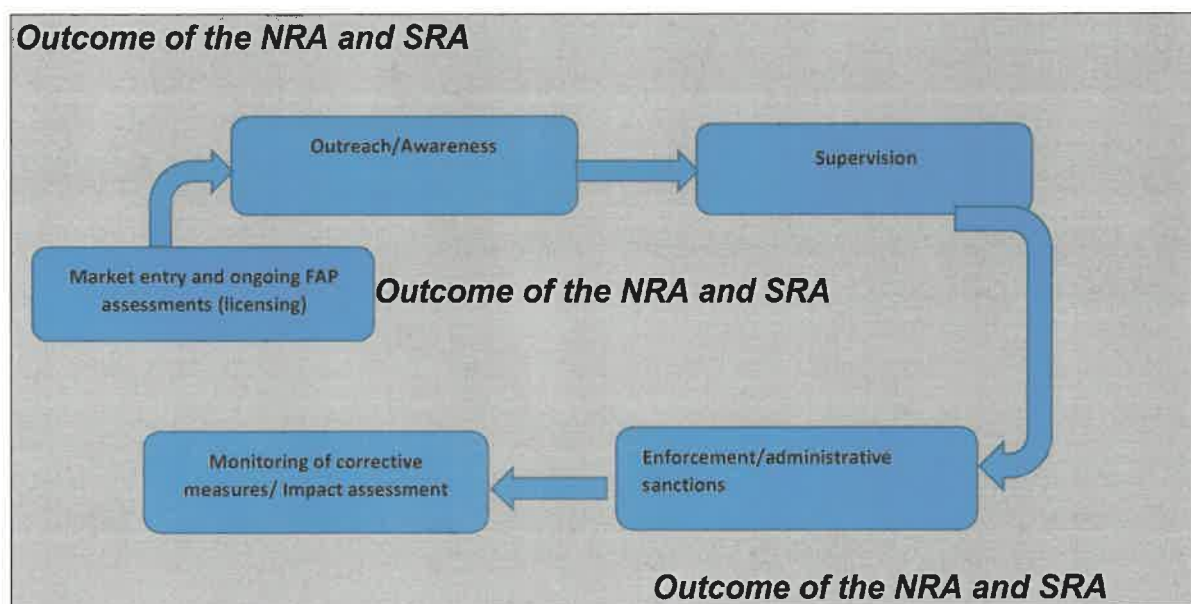
8.1.1 The Authority has moved from the traditional rule-based supervision to a risk-based supervision in respect of all its AML/CFT/CPF supervisory activities. Its supervisory activities are informed by the outcome of the NRA in general, and SRA in particular.

8.1.2 The general principle of Risk-Based Supervision (RBS) is that supervisory interventions (on-site inspections, off-site inspections, on-going remediation, enforcement, etc.) are informed by the ML/TF/PF risks posed by different AIs in the sector.



8.1.3 The risks of ML/TF/PF which AIs are exposed to are not static, but likely to change over time as threats evolve, business models change, technology advances, and compliance behaviors of AIs change. Similarly, supervisory interventions should be tailored to the ever-changing risk environment.

8.1.4 Therefore, the below mapped activities that define the Authority's supervisory mandate should be risk-responsive:



## 8.2 Market Entry FAP Assessments

8.2.1 Market entry involves licensing and registration of FIs before participating in the rendering of financial services in Namibia. The controls adopted by the Authority at market entry are meant to prevent criminals or their associates from owning, controlling, holding a significant or controlling interest, or holding a management function in a FI. Such controls should be applied at the time of initial licensing or



registration of the FIs, and also to the directors or members of senior management when new persons are appointed to these positions.<sup>4</sup>

8.2.2 FAP Assessments are conducted by the Licensing and Registration Department, taking into consideration FAP standards/legislative requirements/criteria relevant to specific industries. The FAP Assessment process is also risk sensitive in that High Risk/Complex FAP Assessments are allocated more time and resources and they are referred to the AML and Inspections Department to provide additional guidance and advice.

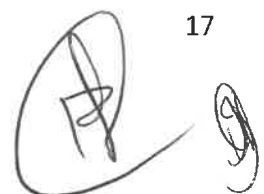
8.2.3 Key persons who do not meet the FAP requirements are prevented from entering the market. In other words, people who are not fit and proper are prevented from controlling, or participating, directly or indirectly, in the directorship, management or operation of an AI due to adverse findings and their details must be recorded on the Debarment Register if they meet the debarment criteria as per the Disqualification and Rehabilitation Directive.

8.2.4 The same principle is applied to key persons who became unfit and not proper post market entry. These key persons are eligible for listing on the debarment list (debarment register), and they have to leave the market. Debarred key persons can only re-enter the market after they are rehabilitated as per the procedures set out in the Disqualification and Rehabilitation Directive.

8.2.5 The screening of key persons will be done in terms of the Screening Procedure Manual, and in accordance with the FAP Standard Operating Procedures.

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<sup>4</sup> FATF (2015).



### 8.3 Outreach/awareness

8.3.1 Pursuant to Section 35 of the FIA, the Authority has the responsibility to promote an understanding and effective implementation of the AML/CFT/CPF obligations that apply to AIs under its supervision. The AML/CFT/CPF obligations should be commensurate with the identified risks. The Authority will develop and implement outreach or awareness programs based on the identified challenges facing AIs. There are four types of outreach / awareness used by the Authority:

8.3.1.1 Industry where challenges are identified;

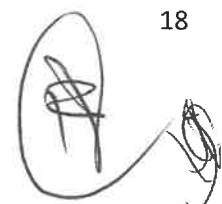
8.3.1.2 category of AIs within an industry that are faced with challenges;

8.3.1.3 Individual AI that are faced with challenges; and

8.3.1.4 Thematic (CDD or establishing a compliance function commensurate with the size of business operations and ML/TF risks of an entity).

8.3.2 At the beginning of the financial year, the Authority must draw up an outreach / awareness programme to be part of the Annual Supervisory Plan, having regard to the areas requiring the most attention. The outreach / awareness activities may be provided jointly with the FIC or any other competent authority. The Authority may offer the outreach or awareness on its own or may use external expertise including staff from the FIC.

8.3.3 In order to achieve maximum outcomes with limited resources, the Authority will always be guided by its understanding and knowledge of its AIs as per the results of the NRA, SRA, and IRA or any other issue relevant to achieving the objectives of the Annual Outreach / Awareness Programme.



- 8.3.4 The aim is to promote a clear understanding of AML/CFT/CPF obligations and ML/TF/PF risks by all AIs under its supervision, including new market entrants.
- 8.3.5 Section 35(15) (d) of FIA requires the Authority to issue guidelines to assist AIs in detecting suspicious patterns of behavior in their clients. These guidelines shall be developed taking into account modern and secure techniques of money management and will serve as an educational tool for AIs' personnel.
- 8.3.6 As part of its supervisory activities, the Authority will provide guidance and advice to AIs on their AML/CFT obligations and ML/TF risks. Guidance and Advice will also be provided on request by any AIs or at the Authority's own accord where it is deemed necessary.
- 8.3.7 The Authority will therefore develop typologies on the manifestation of ML/TF/PF risks in the sectors under its supervision to promote an understanding of the ML/TF/PF activities. In terms of Section 54(2) of FIA, the Authority is also empowered to issue directives to any AI or category of AIs, to perform acts necessary to meet obligations imposed by FIA. These directives are issued to overcome ambiguities in regulations and compliance expectations to ensure that AIs are able to fully meet their compliance obligations.
- 8.3.8 In addition to the above, the Authority's AML and Inspections department will also provide input/articles for publication at its own accord or upon request by the Consumer Education Unit.

## 8.4 Supervision

- 8.4.1 Section 35(15) (c) of FIA requires the Authority to supervise AIs, regulate and verify through regular examinations that an AI adopts and

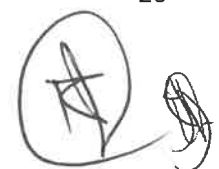


implements compliance measures consistent with the requirements under FIA.

8.4.2 The Authority will conduct risk-based on-site and off-site inspections to assess whether FIs under its supervision are adequately and effectively implementing preventative measures consistent with FIA and subordinate instruments. The intensity of inspections will depend on institutions' ML/TF/PF risk profiles.

**Table 2: Illustrates the frequency and intensity of supervision:**

Risk category (Residual Risk rating)	Frequency	Intensity
High	Ideally every year depending on the compliance history.	<b>High intensity:</b> a) On-site inspections. b) A combination of onsite and offsite monitoring of remedial actions.
Medium –High	Ideally every 2 (two) years, depending on the compliance history.	<b>High-Moderate intensity:</b> a) Onsite inspections. b) Offsite monitoring of remedial actions.
Medium Low	Seldomly, and when there is a trigger event.	<b>Moderate-Low intensity:</b> a) Mostly thematic desk review. b) Event triggered onsite inspections.



<b>Low</b>	When necessary, particularly when there is a trigger event.	<b>Low intensity:</b> a) Thematic offsite review. b) Outreach/industry forums and provision of guidance.
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8.4.3 Inspections are one of the main activities carried out by the Authority to assess compliance of AIs under the FIA, PACOTPAA and subordinate instruments.

8.4.4 The deployment of human resources will be done in terms of the Annual Supervisory Plan, and it will be dependent on –

8.4.4.1 the risk profile of AI to be inspected.

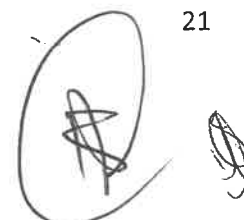
8.4.4.2 the size of the AI to be inspected.

8.4.4.3 the compliance history, and where applicable, the remedial process of the AI to be inspected.

8.4.5 Inspections will be conducted in terms of the Authority's AML/CFT/CPF Inspections Manual, the Annual Supervisory Plan, and in terms of the Off-Site Compliance Program Assessments Manual.

## 8.5 Enforcement/administrative sanctions

8.5.1 As part of its supervisory mandate, the Authority is empowered to impose a range of proportionate and dissuasive sanctions for non-compliance



with legal and/or regulatory requirements. In terms of section 56(1) of FIA, the Authority will impose administrative sanctions when satisfied that an AI or any person to whom FIA applies has –

8.5.1.1 failed to comply with a provision of FIA and PACOTPA or any regulation, order, determination, or directive issued in terms of FIA;

8.5.1.2 failed to comply with a condition of a license, registration, approval, or authorization issued or amended in accordance with FIA or any other law; or

8.5.1.3 failed to comply with a directive issued in terms of section 54(1) or (2) of FIA.

8.5.2 ML/TF/PF Risk exposure, impact and likelihood are essential considerations in any enforcement action. The Authority will consider these essential elements when determining an appropriate administrative sanction for non-compliance. In this regard, all enforcement actions will be risk-based and will be undertaken in terms of the Administrative Sanctions Manual, the Administrative Sanctions Standard Operating Procedures, and the Enforcement Policy attached hereto.

## **8.6 Monitoring of remedial actions and impact of supervision**

8.6.1 The Authority as part of its supervisory mandate also conducts Ongoing Compliance Monitoring of all AIs under its supervision. At the conclusion of any inspection, AIs are required to remedy the identified deficiencies within a given timeframe. The AIs will be required to submit a remedial action plan outlining how and when the deficiencies will be

addressed as well as submit regular progress reports highlighting progress made towards implementation of remedial actions.

8.6.2 The same principle will apply when administrative sanctions are imposed due to non-compliance detected.

8.6.3 Remedial action plans will be submitted to the Authority by AIs as per the directives given in the inspections reports or notices of administrative sanctions. The following actions will be performed on a continuous basis:

8.6.3.1 Review of submitted remedial action plans to assess adequacy thereof;

8.6.3.2 Draft formal response to inspected or sanctioned AI advising whether the planned remedial actions are adequate and proportionate to the deficiencies identified;

8.6.3.3 Review progress on implementation of remedial actions;

8.6.3.4 Follow up on outstanding/late remedial actions;

8.6.3.5 Provide Feedback on implementation of remedial actions;  
and

8.6.3.6 Monitor timeliness, adequacy and effectiveness of remedial actions taken.

8.6.4 If the institution failed to implement its remedial action plan or failed to submit a progress report or in any way fails or neglects to make sufficient remedial progress, administrative sanctions may be imposed in terms of Section 56 of FIA. The aim is to influence behavior and ensure compliance.



### 8.6.5 Indicators of the impact of supervision:

8.6.5.1 the positive findings of follow-up supervisory actions; and

8.6.5.2 change of a particular AI's residual risk profile from high to medium or low (e.g., improvement of the AI's controls from poor to satisfactory or strong, or from satisfactory to strong).

## 8.7 Annual Supervisory Plan

The Annual Supervisory Plan for AML/CFT/CPF activities will be drawn up to ensure the Authority's supervisory and monitoring obligations as per FIA are met. The Annual Supervisory Plan will set out the on-site and off-site activities to be conducted within a period of 12 months starting from 01 April to 31 March of the following year. The Annual Supervisory Plan also sets out the planned on-going monitoring, administrative sanctions, stakeholder engagements, outreach activities, directives, and guidance, and will be approved as per Delegation of Authority.

## 9 COORDINATION AND COOPERATION

9.1 The Authority strives to have effective coordination and cooperation networks internally and externally with national AML/CFT/CPF stakeholders.

9.2 Regional and International cooperation on AML/CFT/CPF related queries will be done through formal platforms with sister regulatory/supervisory authorities.

9.3 The Authority would prioritize international cooperation with foreign counterparts. When doing so, the Authority would be guided by financial integration between AIs under its purview and those in other jurisdictions. In

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this regard, the Authority will prioritize information flow from the SACU countries and the Common Monetary Area (CMA), and any investment destination of funds from Namibia.

9.4 Regular coordination and cooperation amongst the AML & Inspections department, the prudential divisions and other departments is essential to enhance the Authority's supervisory work. The sharing of information and resources within the Authority creates an enabling environment to ensure that the Authority delivers effectively on its mandate.


9.5 Joint inspections, joint stakeholder engagements, sharing of statistics and other related information and guidance define coordination and cooperation amongst departments and divisions within the Authority.

9.6 In terms of section 18(1)(h) of FIA, the CEO of the Authority has been appointed as a member of the Anti-Money Laundering and Combating Financing of Terrorism Council, which is mandated to advise the Minister of Finance on policies and measures to combat ML/TF/PF. At a national level, the Authority will also engage in collaboration and coordination with the FIC.

9.7 The Authority will conduct cross-sector meetings with Anti-Money Laundering Compliance Officers (AMLCOs) of various AIs under its supervision. The Authority will hold workshops with AIs on the updated SRA to have a common understanding of ML/TF risks in the sector.


## **10 EFFECTIVE DATE**

The RBS Framework is effective from the date it is approved by the Authority's Board.

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**11 APPROVAL**

Approved by the Board on 28 September 2023.

  
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Ms. Hettie Garbers-Kirsten  
Board Chairperson

  
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Mr. Bryan Kandjiriomuini  
Board Secretary

Date: 5/10/2023

Date: 05/10/2023