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A THOUGHT LEADERSHIP ON CAPITAL MARKETS IN NAMIBIA: FROM SAVINGS TO SUSTAINABLE GROWTH

Namibia stands at a pivotal moment in the evolution of its financial sector. While Banking has traditionally dominated the financial landscape, capital markets are increasingly emerging as an important engine for economic growth, infrastructure financing, wealth creation and financial inclusion.

The question is no longer whether Namibia needs a deeper capital market, e.g. making the market larger, more liquid and more active, but rather how quickly the country can unlock its full potential.

Who are the key players in Namibia's capital markets?

Capital markets in Namibia involve a broad ecosystem of participants including government, regulators, institutional investors (pension funds, insurance companies, asset managers), securities exchanges, stockbrokers, central securities depository, issuers of securities (listed companies, private companies, public entities) and individual investors.

The Bank of Namibia, the Namibia Securities Exchange (NSX), pension funds and insurance companies, investment managers, corporate and individual investors also play a significant role in mobilizing domestic savings into productive investments.

At the centre of regulation and supervision is the Namibia Financial Institutions Supervisory Authority (NAMFISA), which oversees exchanges, stockbrokers, and

investment managers, collective investment schemes, linked investment service providers and other market participants to ensure fairness, transparency, investor protection and ensure stable financial system.

What are capital markets?

Capital markets are platforms through which long-term funds are raised and invested. They connect those who have capital (savings) with those who need capital or want to borrow to grow businesses, build infrastructure and create jobs, or buy equity.

In Namibia, capital markets include:

- Equities listed on the Namibia Securities Exchange.
- Government and corporate bonds.
- Collective Investment Schemes and unit trusts.
- Investment management products.
- Alternative and unlisted investments

Unlike traditional bank lending, capital markets provide businesses and governments, as main users of capital markets, with access to long-term funding while offering both corporate and individual investors opportunities for wealth creation and portfolio diversification.

When did Namibia's capital markets become strategically important?

The strategic importance of Namibia's capital markets has grown significantly over the past decade as the country continues to seek new sources of economic growth amid fiscal pressures and constrained public finances.

Recent regulatory reforms, including the implementation of the Financial Institutions and Markets Act (FIMA) and approval of the Namibia Financial Sector Transformation Strategy 2025–2035, are aimed at modernizing the sector, broadening and deepening the financial markets and aligning Namibia with international best practice standards. These reforms are expected to improve market efficiency, strengthen investor confidence, support financial innovation and ensure stability.

The approval of Namibia's Central Securities Depository in 2024 marked another important milestone in the modernization of market infrastructure and is expected to improve settlement efficiency and liquidity in the domestic market.

Where is the capital market creating impact?

The impact of capital markets extends beyond Windhoek and the trading floors of the Namibia Securities Exchange.

Capital raised through the market finances infrastructure projects, supports corporate expansion, creates employment opportunities, and channels retirement savings into productive sectors of the economy.

Importantly, capital markets also provide ordinary Namibians with opportunities to participate in economic growth through pension funds, unit trusts (including money market funds) and listed investments, and insurance-linked investment products.

Collective investment schemes in Namibia managed assets worth approximately **N\$123.4 billion by the end of 2025**, representing growth of **19.2 percent** compared to the previous year. Of these assets, **56.5 percent were invested domestically**, demonstrating the important role that local capital plays in financing Namibia's economy. (namfisa.com.na)

Why do capital markets matter for Namibia's future?

Namibia is a nation with substantial institutional savings, particularly within pension funds and insurance companies. The challenge is not a lack of capital, but rather creating sufficient investable opportunities domestically.

Deep and liquid capital markets can:

- Reduce dependence on foreign borrowing.
- Support infrastructure financing.
- Enable SMEs and growing businesses to access capital.

- Promote financial inclusion and citizen participation in wealth creation.
- Improve economic resilience through diversification

A vibrant capital market also allows retirement savings to work harder for Namibians while supporting national development objectives.

How can Namibia unlock the next phase of capital market growth?

Four priorities stand out.

1. Increase the supply of investable assets

More companies need to consider listing on the Namibia Securities Exchange, while government and state-owned enterprises can expand the use of bond markets to finance infrastructure and unlock SME and start-up capital.

2. Expand investor education

Financial literacy remains essential. More Namibians should understand the benefits and risks of investing beyond traditional savings products.

3. Accelerate digital transformation

The introduction of a Central Securities Depository and digital market infrastructure presents an opportunity to make investing more accessible, efficient and transparent and brings financial stability. (omutumwa.com)

4. Foster financial inclusion

To increase the availability, accessibility and diversity of financial products and services, which also caters for the inclusion of marginalised and underserved sectors of the economy. Financial deepening is a process that involves increasing the efficiency, depth (e.g., credit intermediation and market turnover), breadth (e.g., range of markets and instruments), and reach (e.g., access) of financial systems. As such, deepening can confer important benefits for macro stability, financial inclusion and sustained growth.

The road ahead

Namibia's broader capital market ecosystem is valued at approximately **N\$338.2 billion**, while the entire non-bank financial sector has grown to more than **N\$552.8 billion** in assets. These figures highlight the significant role that on-bank financial institutions already play in the economy and the opportunity that exists to deepen domestic capital formation further.

The future competitiveness of Namibia's economy will depend not only on how much we save, but on how effectively we mobilise those savings into productive investment.

Capital markets are therefore not merely financial infrastructure; they are national development infrastructure.

The countries that succeed in the coming decades will be those that transform savings into investment, investment into productivity and productivity into prosperity.

Namibia has the capital.

The next challenge is to put it to work.

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Editor's note - About NAMFISA

The Namibia Financial Institutions Supervisory Authority (NAMFISA) is Namibia's supervisor of the non-bank financial sector. It was originally established under the Namibia Financial Institutions Supervisory Authority Act, 2001 and continues to exist under the Financial Institutions and Markets Act, 2021 as a juristic person.

The Authority is commonly known as **NAMFISA**.

NAMFISA's mandate is to:

1. Supervise and regulate Namibia's non-bank financial institutions and their business activities.
2. Advise the Minister of Finance on matters relating to the non-bank financial sector.
3. Supervise compliance with Anti-Money Laundering, Combating the Financing of Terrorism and Combating Proliferation Financing (AML/CFT/CPF) requirements by accountable institutions under its supervision.

THE VISION OF NAMFISA is to have a safe, stable, and fair financial system contributing to the economic development of Namibia in which consumers are protected.

THE MISSION OF NAMFISA is to regulate and supervise financial institutions and financial intermediaries to foster a stable and fair non-banking financial sector, promote consumer protection, and provide sound advice to the Minister of Finance.