SUPPLY-SIDE DATA AND MEASUREMENT FOR FINANCIAL INCLUSION: A CASE STUDY OF NAMIBIA.

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ABSTRACT

Appropriate measurement, data and information are crucial pillars in facilitating the design of financial inclusion policies and interventions. The lack of reliable data is a barrier to financial inclusion and related evidence based policy making in developing nations. Whereas substantial work has been done on the gathering of demand-side financial inclusion information in Namibia through the FinScope consumer surveys of 2007 and 2011, comparatively less has been done on compiling the required supply side data. The purpose of this study is to develop the supply-side measurement and data required to support financial inclusion in Namibia and propose an appropriate framework of supply-side measurement and data in Namibia.

A qualitative method is employed in this study with the case study strategy being to target the supply-side financial inclusion actors in Namibia including the commercial banks, specialized financial institutions, and registered non bank financial institutions as well as the regulatory authorities. The technique used for data collection is document analysis of annual reports, records and other publications of the identified institutions. A developed descriptive framework is used to organize the case study analysis with the content analysis being performed with the aid of the qualitative analysis software ATLAS.ti 7. The ideal financial inclusion measurement landscape, obtained using the International Finance Corporation analytical framework, is compared with the actual landscape to identify gaps in measures.

The main study findings are that there is a lack of supply-side measures pertaining to usage, quality and impact perspectives of financial inclusion. It was also found that some financial inclusion policy objectives did not have corresponding indicators by which they could be consistently monitored and evaluated. The identified gaps are incorporated in a proposed framework. The study concludes that the current financial inclusion supply-side data and measurement in Namibia is inadequate to support evidence based policy making and monitoring and evaluation of financial inclusion programmes in Namibia and that an appropriate framework such as that proposed in this study would substantially improve the situation.

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DEDICATION

I dedicate this work to my wife Florence and my mother Eunice Samundengu- two most wonderful women in my life whose support and belief in me is immense. I further dedicate it to Kuwunda and Luyando, my two sons who graciously put up with my absence on many an evening.

DECLARATIONS

I, Chinemba Samundengu, hereby declare that this study is a true reflection of my own research, and that this work, or part thereof has not been submitted for a degree in any other institution of higher education.

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..... Date.....

Chinemba Samundengu

ACRONYMS

AFI	Alliance for Financial Inclusion
AfDB	African Development Bank
BoN	Bank of Namibia
BOP	Bottom of the Pyramid
CGAP	Consultative Group to Assist the Poor
FAS	Financial Access Survey
FI	Financial Inclusion
FII	Financial Inclusion Index
FIDWG	Financial Inclusion Data Working Group
FLI	Financial Literacy Initiative
FSS	Financial Sector Strategy
GTZ	Gesellschaft für Technische Zusammenarbeit
ICTs	Information and Communication Technologies
IFC	International Finance Corporation
IMF	International Monetary Fund
GPFI	Global Partnership for Financial Inclusion
MoF	Ministry of Finance
MFIs	Microfinance Institutions
NABARD	National Bank for Agriculture and Rural Development

NAMFISA	Namibia Financial Institutions Supervisory Authority
NBFIs	Non- Bank Financial Institutions
NFSC	Namibia Financial Sector Charter
NPC	National Planning Commission
NSS	National Statistics System
POS	Point of Sale
SADC	Southern African Development Community
SHG	Self Help Group
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Programme
ZANACO	Zambia National Commercial Bank

CHAPTER ONE

Introduction

1.1 Background

Increasing the availability of low cost credit and extending the reach of basic savings, credit, payments and insurance services to low income people are pressing needs in many African countries (Honohan & Beck, 2007). A large percentage of the continent's households and small and medium scale industries do not have access to the credit and other financial services that they require to grow. The barriers to accessing these financial services are many, ranging from cost penalties that make the services unaffordable to low levels of perceived creditworthiness in Africa. The spread of cellphones and other telecommunication technologies as well as the introduction of credit, information, insurance and risk management is offering encouraging prospects for expanding the bottom of the pyramid access to financial services.

In response, reforms in the financial sector that support financial inclusion are increasing in prominence in international development agenda as well as in policy agenda of many countries. International bodies such as the Alliance for Financial Inclusion (AFI) and the Consultative Group to Assist the Poor (CGAP), whose main objective is to increase financial inclusion of the world's poor have emerged (Ardic,

Heimann & Mylenko, 2011). In addition, a number of countries have developed financial inclusion strategies to focus national efforts.

The state of Namibia's financial system is considered sound and well functioning with the financial sector expected to play a greater role in supporting economic growth through a broadened intermediation role (Ministry of Finance, 2012). In spite of this however, limited access to finances and low financial literacy among others, have been identified as key weaknesses. In order to address these and other key weaknesses, a ten year Namibian Financial Sector Strategy (NFSS) was developed to run for the period 2011 – 2021. This strategy is expected to contribute to the attainment of poverty reduction and wealth creation. These are objectives found in the Vision 2030 and the fourth National Development Plan.

The financial inclusion outlook in Namibia has improved considerably over the past five years. In 2007, a FinScope consumer survey on Namibia found that 51.7 % of the population was excluded, with this figure dropping down to 31% in 2011 (FinMark, 2011). A number of developments of financial inclusion significance have taken place over the last five years. NamPost Savings Bank introduced a smart card that enabled savings and transaction accounts. This was significant because of the distributed presence of NamPost in the country. The NFSS outlines the intended extension of the mandate of the NamPost to increase its contribution to financial inclusion (Ministry of Finance, 2012). Fides Bank, Namibia's first micro finance

bank received its license and commenced operation in 2012. In accordance with one of the strategies of the NFSS, the SME bank commenced operations late in 2012. Further, more flexibility was introduced in the regulatory framework for financial services with the finalization of the Financial Institutions and Markets Bill and the Bank of Namibia setting up appropriate policy framework and structures for financial inclusion (Bank of Namibia, 2011). Along with this was the establishment of the inter-ministerial Financial Inclusion Council.

One of the challenges to financial inclusion, both nationally and internationally, has been the lack of systematic financial inclusion information particularly related to measurement. Efforts to address this have taken the form of the development of country and cross country surveys. An example of country surveys is the FinScope consumer surveys that have been conducted in a number of developing countries. Cross country surveys have been encouraged as they afford the benefit of benchmarking and better tracking and evaluation of policies and strategies. They are however more challenging to carry out as they entail the use of common indicators and common data sets. Examples of these include the CGAP and World Bank Group's Financial Access Survey and the Bill and Melinda Gates Foundation's Global Findex survey. The need for data and measurement to direct financial inclusion efforts in Namibia was clearly outlined in a national workshop held in Windhoek in February 2011 to kick start the formulation of the financial sector

strategy. The current situation in Namibia is that comparatively more financial inclusion data and measurement has come from the demand-side of financial inclusion than from the supply-side. To get a more comprehensive picture of the financial inclusion landscape and to ensure lower cost and more frequent measurement, both demand and supply-side data should be employed in a complementary manner. This research project was designed to add to that effort by enhancing the understanding of the current and required financial inclusion supply-side measures.

1.2 Statement of the problem

Appropriate measurement, data and information were identified as crucial pillars in facilitating design of financial inclusion policies and interventions in Namibia (Bank of Namibia, 2011). The absence of some important baseline data makes objective evaluation of efforts in financial inclusion difficult. Whereas substantial work has been done on the gathering of demand-side information in Namibia through the FinScope consumer surveys of 2007 and 2011, comparatively less has been done on examining the available and required supply side data. The need is to get a clear understanding of the existing financial inclusion supply-side data landscape in Namibia and evaluate this with respect to both country specific and multi-country financial inclusion data initiatives. This study seeks to examine the supply-side measurement and data needed for informing financial inclusion policy making in the

country as well as that needed for monitoring and evaluating financial inclusion policies and targets.

1.3 Research question

This study attempts to answer the main question:

Are the current supply-side data and measurement adequate to support evidence – based policy making as well as monitoring and evaluation of financial inclusion in Namibia?

1.4 Research objectives

The study has the following objectives:

1. To determine the supply-side measurement and data required to support financial inclusion in Namibia.
2. To identify data gaps for supporting country-specific and multi-country data collection and compilation initiatives.
3. To suggest an appropriate framework of supply-side measurement and data to support financial inclusion in Namibia.

1.5 Significance of the study

Broadening of access to financial services remains a challenge in Namibia. The 2011 FinScope consumer survey on Namibia revealed that 31% of Namibia's population is excluded from formal financial services (FinMark, 2012). This limited access compromises long term efforts for equitable development and poverty alleviation. Inclusive finance is an enabler for reaching those that are at the bottom of the pyramid so that they can participate in the formal economy and so, in development.

In order to effectively enhance financial inclusion, reliable and appropriate measurement and data should be employed for policy and strategy development, programme monitoring and evaluation. It is expected that the output from this study may be useful in identifying and enhancing requisite measurement and data for more targeted financial inclusion interventions. In addition, the study may serve as a base for further studies that will establish a robust cause and effect link at the micro level between financial inclusion and welfare of individuals and households. This information is currently lacking in a number of African countries (Honohan & King, 2009). This situation also applies to Namibia.

Apart from policy makers, the output of the study may be of benefit to other stakeholders such as commercial banks, non-bank financial institutions and international financial institutions as it may enhance their ability to select indicators that are more closely related to their financial inclusion goals. Ultimately Namibian society at large may benefit through increase in financial inclusion products and services that are tailored to their needs and environment.

1.6 Limitations and delimitations of the study

The study focuses predominantly on country specific measurements and data requirements for Namibia. However, reference to studies from other countries was made. Due to resource limitations, the study did not seek as a primary objective, the deepened understanding of financial inclusion factors through quantitative cause and effect determinations. The study focuses only on supply-side financial inclusion data. Considering that demand-side data is also important for understanding financial inclusion, the 2011 FinScope consumer survey report was used as a secondary source for demand-side data. The study did not include the informal supply-side due to the challenge of obtaining ample and reliable data from such providers (FinMark, 2012). The focus of the study was on measures and data. It is unlikely that either of these can be collected reliably from informal financial service providers.

CHAPTER TWO

Literature Review

2.1 Introduction

Financial inclusion is aimed at providing access to and promoting usage of quality financial services that range from savings, payments and transfers to credit and insurance. It involves bringing the “unbanked” into the formal financial system. Financial services in a number of developing countries are not available to majority of the population. This has potential to retard growth and development if not addressed and corrected. The employment of reliable and comprehensive data is of utmost importance in the formation of evidence based financial inclusion policies. The monitoring and evaluation of the outcomes of existing financial inclusion policies may be greatly enhanced through the use of appropriate and consistent indicators. The purpose of this chapter is to provide an understanding of financial inclusion, the methods for gathering financial inclusion data and the relevant measures employed particularly from supply side considerations.

The chapter is organized as follows: sections 2.1 to 2.5 give an overview of financial inclusion that is, its definition, importance to economy as well as common barriers to it. Sections 2.6 to 2.9 outline the data and measurement commonly employed in financial inclusion discussions, the commonly used data gathering

methods and the approaches to supply side financial inclusion data landscape determination. Section 2.10 outlines a comprehensive (ideal) data and measurement landscape for financial inclusion using a data stock taking and analytical framework. Section 2.11 concludes the chapter with an overview of supply side financial inclusion in Namibia.

2.2 Financial inclusion definitions

There are a number of variations in the definition of financial inclusion depicting mainly the facets that are seen to be relevant to the context in which financial inclusion is being considered. The Alliance for Financial Inclusion [AFI], (2010) stress that a contextually relevant definition is important as it influences the nature of studies undertaken by guiding what variables to measure and identifying the benchmarks against which success and failure are to be measured. The Bankable Frontier Associates [BFA], (2009) stress that for financial inclusion goals to be measureable, they require a clear definition. They also contend that measurement can also inform definition.

Kendall, Mylenko and Ponce (2010) define financial inclusion simply as providing access to financial services for the poor. A World Bank report is somewhat more elaborate defining financial inclusion as the absence of price or non price barriers to financial services and further points out the difference between access and use of

financial resources as well as the distinction between voluntary and involuntary financial exclusion (World Bank in Mehrotra, Puhazhendi, Gopakumaran & Sahoo, 2009). The position given is that financial inclusion should address the involuntary excluded that is, those who demand financial services but don't have access to them. Mehrotra et al, (2009) suggest the importance of contextualizing the definition of financial inclusion contending that financial exclusion may mean something else in developed countries where financial systems are more developed than in developing countries. They endorse an Indian context definition developed by the Committee of Financial Inclusion in India which states "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost" (Mehrotra et al, 2009, p.14). This definition they find appropriate as it gives importance to accessibility of credit at an affordable cost to the disadvantaged sections of the society.

The AFI outline four commonly used lenses through which a definition of financial inclusion can be fashioned. These include access, quality, usage and welfare. Access is considered as the ability to use the available financial services and products from financial institutions. The number of open accounts across the country considered alongside the population with a bank account can give a basic expression of access.

Quality expresses the relevance of the financial services or product to the lifestyle needs of the consumer. It includes the attitudes and opinions the consumers have to the product currently available to them. Measures of quality include the choices available to the consumer as well as the levels of understanding the choices and their implications.

Usage looks at the adoption of financial services particularly with regard to permanence and depth. Of importance are the regularity, frequency and adoption of use over time in addition to the combination of financial products used.

Welfare is taken as the impact a financial service has on the consumer. This is difficult to measure as the role of financial services to people's lives can be mistaken for another important factor.

Porteus (2009) expresses a view similar to that of the AFI except for replacing 'welfare' with the term 'impact'. Porteus emphasises that the multiple ways to define financial inclusion are determined by varying degrees of complexity and so definition can continue to evolve with evolving measurement. He suggests that the more complex the definition, the higher the measurement resource requirement.

In Namibia, the central bank defines financial inclusion as an inclusive financial system in which all persons who can use financial services have access to a range of

quality financial services, provided at affordable prices, with dignity to clients (Bank of Namibia [BoN], 2010).

The Global Partnership for Financial Inclusion defines financial inclusion as an inclusive financial system that provides access to financial services for all in a reliable, convenient, affordable, continuous and flexible manner by focusing on financially underserved as well as financially excluded (Global Partnership for Financial Inclusion [GPFI], 2011). This definition not only embodies the access and quality lenses but it also specifies the targeted population of financial inclusion efforts. The GPFI definition comprehensively addresses the different facets of the diverse areas of financial inclusion.

Just as the definition of financial inclusion has been evolving, the scope of financial inclusion has correspondingly evolved from being mainly confined to owning a bank account and simple saving products to encompass remittances (payment services), affordable credit, savings, financial counseling and insurance (Sahrawat, 2010).

In addition to the typical elements identified by Sahrawat, the Bank of Namibia includes financial literacy as an important element of financial inclusion scope. The aim of this is to nurture consumer empowerment through financial awareness and consumer education.

2.3 Financial inclusion as a contributor to economic development

The central banks in a number of countries have chosen financial inclusion as a key focus area. It is considered that financial inclusion has a direct impact on poverty alleviation and serves as an engine for inclusive growth (BoN, 2010).

Ardic, Heimann and Mylenko (2011) identify a number of sources that document a strong relationship between financial development and economic growth. They further identify a number of sources that show empirical evidence from household and small and medium enterprises data that indicate that access to basic financial services such as savings, payments and credit can considerably improve poor people's lives.

Hannig and Jansen (2010) state that there is evidence of the impact of financial inclusion on both aggregate growth and individual welfare. They discuss that the research focus has initially been on macroeconomic evidence with microeconomic impacts being considered increasingly in the recent years.

With regard to macro economic evidence, Beck et al. (as cited in Hannig and Jansen, 2010) found a link between financial development, reduced income inequality and poverty alleviation. The aggregate usage of financial services appears to reduce the Gini coefficient, which is a measure of inequality. Pande and Burgess

(as cited in Hannig and Jansen, 2010) found that new branching regulations in India that incentivized expansion of banks in underserved areas had a strong positive effect on rural poverty. The aggregate benefits were however outweighed by the high cost of the expansion policy making a case for technology-enabled, lower-cost branch expansion.

Microeconomic evidence supporting claims that financial inclusion positively affects the poor has been adduced through Randomized Controlled Trials (RCTs). Hannig and Jansen (2010) give an example of such a study taken in Kenya where a group of rural poor were offered savings accounts. This resulted in a significant, highly positive impact on daily expenditure levels over a six month period especially for female clients and female market vendors. Dupas and Robinson in Hannig and Jansen (2010) discuss RCTs undertaken in India that found that the effect of microcredit depended on household characteristics. Business owners used credit to expand their businesses (demonstrated by an increase in spending on durables and an increase in business profits) whereas those initially identified as having a low propensity for business did not increase investment but rather increased consumption. The eighteen month study did not show any evidence that savings crowded out other investments or that savings accounts allowed for more efficient covering of bad shocks such as sickness. Also, while the study did show more significant positive impact of savings accounts for women than for men, despite claims to the contrary, evidence of female impact could not be established. It

was thought this could have been due to the limited time horizon. The authors point out that the establishment of a causal link from the use of financial resources to improvement of lives of the poor is methodically challenging and very expensive as it requires eliminating self selection and survivor influences as well as a number of unobservable effects. Field experiments such as RCTs do address this problem although they in turn present a challenge of weak external validity that is, difficulty in generalizing beyond the experiment context.

A study aimed at determining the resultant impact of increased access to credit was conducted using a microfinance practitioner in South Africa. This study used a range of tangible and subjective outcomes 6-12 months following the experiment, and found significant and positive effects on job retention, income, food consumption quality and quantity, and household decision-making control and mental outlook (Karlan & Zinman, 2010). Further, Adraianaivo and Kpodar (2011) carried out a study in 44 countries investigating evidence relating information and communication technologies, financial inclusion and economic growth. They found that mobile financial services helped increase access and reduce the financial infrastructure gap. They also found that the joint impact of mobile phone diffusion and financial inclusion on economic growth was greater than that of financial inclusion alone. The study however utilized a very limited definition of financial inclusion. This was done for ease of measurement.

A number of studies show the general positive relationship of financial inclusion and economic development. There remains a need for more studies to produce empirical evidence that will provide better understanding of causative linkages and will consequently support financial inclusion policy making.

In developing countries, policies that promote inclusive financial sector development can go some way in helping to attain global development goals. An appropriate financial inclusion goal would be that developing countries should have institutions, supported by a legal and regulatory framework, that work together to offer appropriate products and services to all segments of the population (United Nations, 2006). This would be shown by:

- Access of households and enterprises, to a range of financial services that include savings, short and long term credit, leasing and factoring, mortgages, insurance, pension payments, local money transfers and international remittances.
- Institutions that are guided by appropriate internal management systems, industry performance standards, and performance monitoring by the market, as well as by sound prudential regulation where required.
- Financial and institutional sustainability as a means of providing access to financial services over time.
- Multiple providers of financial services to ensure cost effectiveness and the provision of a wide variety of products.

Further, financial services to poor people should not be seen exclusively as part of social policy distinct from the rest of the financial sector (United Nations, 2006). Financial inclusion should therefore be a concern of poverty reduction as well as financial sector strategies. The provision of financial services to the poor and low income people should be seen as an emerging business opportunity.

2.4 Barriers to financial inclusion

In a survey of financial inclusion policies in developing nations, Alliance for Financial Inclusion (2010) identified a number of barriers to financial inclusion including poor market response, need for greater stakeholder coordination, lack of reliable data and the need for greater consumer understanding, trust and protection. The survey stressed the importance of evidence based policy making. Demirguc-Kunt (2008) outlines some of the barriers to access as being:

- Physical barriers along the dimensions of branch and ATM penetration
- Eligibility to use financial services in terms of lack of documentation, lengthy paperwork procedures.
- Affordability in terms of interest rates, fees and minimum balances.

An analysis of the South African financial inclusion landscape revealed that South Africa still faces considerable challenges such as the highly uneven access to and use of financial services and the concentrated ownership structure of the banking sector (World Bank, 2013). Other challenges identified were distance and travel

costs, policy-induced distortions to incentives such as interest rate caps on lending and limitations on the competition in the retail payment sector.

The concentrated banking sector (South Africa has four major banks) has negatively affected incentives for financial inclusion. The business profile and cost structure of these large banks have not been conducive to inclusion. This notwithstanding, the big four banks have made efforts to innovate in their products for the less developed economy. Of particular note is the introduction of the Mzansi accounts. The Mzansi account is a low cost, basic account launched through the South African Financial Sector charter in 2004. The main South African banks collectively developed this account that met potential clients' needs, such as affordability and availability. The holders of these Mzansi accounts are able to utilize any of the participating banks' ATMs without a charge. One in ten South African adults has a Mzansi account (Pearce & Ortega, 2012). Whereas the Mzansi Initiative reached the aggregate charter target of 2,173,930 active accounts by December 2008, it is reported that in terms of revenue, the private banks generally reported losing money on each account even when only the direct costs were considered (Bankable Frontier Associates, 2009).

The World Bank analysis however outlines that the major challenge of developing innovative initiatives that bridge financial inclusion gaps remains unaddressed. It reveals that initiatives that have been targeted at increasing financial access have not

lived up to expectation and that South Africa lacked institutions devoted to the needs of the unbanked and under banked.

In Namibia, the Government of Namibia is on record as having expressed dismay at the perceived slow pace at which transformation of the banking sector to ensure that the poor have access to banking services has taken place (Masawi & Kaze, 2012). Among other causes, the Ministry of Finance identified high bank charges, stringent conditions attached to opening accounts and lack of collateral as being barriers to increased access to financial services. Given that most Namibian banks are owned by South African banks, it is most probable that many of the factors stemming from bank concentration that compromise incentives for financial inclusion may also be attributed to the perceived lack of pace by the banking sector to broaden financial inclusion.

As in South Africa, there have been some notable efforts emanating from discussions among government, private financial intermediaries and regulators. These include the launching of the Financial Literacy Initiative, the adoption of the Namibian Financial Sector Charter (BoN, 2012). In addition, a basic bank account, intended for individuals earning N$2 000 per month or less, was introduced in four of the commercial banks. No proof of income is required to open this account and there are no monthly or management fees charged on the account. All banking institutions have implemented the standards developed for this account. The products offered by commercial banks that comply with basic bank accounts

requirements include Nedbank4All from Nedbank, Basic Blue from Standard Bank Namibia, EasySave from Bank Windhoek and CardWise Zero from First National Bank Namibia.

2.5 Solutions to financial inclusion

Sahrawat (2010) proposes some features of products and processes that would be required by the financially excluded customer. These include:

- Small denominations that match the small size of the financial needs.
- Repayment schedules that are flexible enough to accommodate the often cyclical and unpredictable nature of the poor's income.
- Collateral-less lending of small loans below a certain threshold. In addition, physical collateral requirements can be replaced by guarantors with a well established credit history.
- Appropriately designed products and new distribution channels to reduce costs, simplify processes and increase outreach. Insurance firms should balance risk aversion with the large market opportunity.
- Innovative products that combine risk cover with savings and encourage group insurance.
- Non life risk covers needed by rural population such as crop and weather insurance, livestock and health insurance.

- Processes need to be simplified, made less document intensive and aligned with the profile of the financially excluded customer.
- Use of biometric based identity validation.
- New distribution models for increasing outreach rapidly to address the costs and long periods taken to establish more permanent structures.
- Leveraging of existing distribution networks such as use of post offices to provide POS- based access for small value transactions.
- Financial counseling and mentoring to raise financial literacy.
- Market development activities that target the financially excluded. These should, ideally be undertaken collectively by all those in formal sector.
- Institution staff that are mentored to empathize with the financially excluded.

Information and Communication Technologies have the potential to substantially increase financial inclusion. Most notably, technology is set to reduce the cost of providing service. This is often cited as an impediment for financial institutions to provide service to the poor due to the high cost of servicing low value transactions (Sahrawat, 2010). Technologies like mobile, wireless connectivity and bio-metrics have led to the development of innovative products such as Kenya's M-PESA where Safaricom developed a mobile phone money transfer service that has reached more than 7 million registered users (Hannig & Jansen, 2010). The service offers convenience and flexibility and does not require the normal banking infrastructure.

This results in reduced costs making it feasible to serve those from less dense areas and those with small balances and making small transactions.

Another notable success story often referred to is the Mzansi accounts in South Africa. The Mzansi account was launched through the Financial Sector Strategy in South Africa in 2004. While working collaboratively, the major South African banks established an account that met potential clients' needs of availability and affordability. Four years after establishment the success was that 4 million such accounts had been opened and account holders could use the ATMs of the participating banks at no additional cost (Bankable Frontier Associates, 2008). The rapid growth of the number of Mzansi account holders showed an existence of unmet, sizeable need for financial services in South Africa. It also gives an example of potential impact of supply side institutions working collaboratively on financial inclusion.

Pearce and Ortega (2012) characterize a financial inclusion strategy framework that comprises six components: stock-taking: data and diagnostics; targets and objectives; strategy building or revision; public sector actions: policies, regulation and financial infrastructure; private sector actions; and progress monitoring. This framework has particular strong points in that the authors acknowledge that each nation differs in terms of context, availability of data, institutional capacity and level of financial infrastructure. In response, the framework permits the selective use of recommendations given. Also, the framework provides for the interlinking of

financial inclusion with financial stability, financial integrity, market conduct and the financial capability of consumers. Strategy should be prepared with reference to analysis and objectives for these areas.

2.6 Microfinance and financial inclusion

Badajena and Gundimeda (2008) define microfinance as the provision of thrift, credit and other financial services and products of very small amounts to the poor for enabling them to raise their income levels and improve their living standards. It is an approach to provide financial services to the common sector of society. In Namibia, the terms micro-credit and micro-finance are often used interchangeably. Micro-credit is provided by microlenders who include payday lenders, providing short term credit the purpose of which is largely consumption and term lenders. Micro-finance on the other hand, is much broader as it may in addition include savings, insurance and payments (United Nations, 2006). It in fact encompasses micro-credit. Whereas term lenders are taken to be microfinance institutions, payday lenders are often not put in this category.

According to Consultative Group to Assist the Poor (CGAP) quoted in Subasinghe (2011), there are an estimated 1200 microfinance institutions reaching more than 152 million borrowers globally. There are also a wide array of donors and commercial and social investors that support the growth of these institutions. Hammond, Kramer, Katz, Tran and Walker (2007) review several strategies that are

being used to bring financial services to the Bottom of the Pyramid (BOP). These include a growing number of traditional microcredit banks that have become profitable on a fully commercial basis and have sustainable microlending as a part of their core business. Examples of such banks include Cooperative Bank of Kenya, Financera Compartamos of Mexico and BRI of Indonesia. However, the industry estimates that microcredit had reached only 82 million households by the end of 2006. The industry's target for 2015 is 175 million households. This is still small compared to the 556 million BOP households worldwide. In addition, some major financial institutions have begun using their capital, expertise and back office systems to access this market.

The AFI survey report on financial inclusion policy in developing countries (AFI, 2010) identified that the emerging policy trends indicated that microfinance can be used as an entry point for issues of access. Many of the developing country policy makers' exposure to financial inclusion were most likely through microfinance. As microfinance institutions grew and matured, it necessitated the development of policies targeted at supporting financial intermediation and dealing with non-bank financial institutions that intermediate funds.

Martinez and Jasmina (2012) investigated the role microfinance institutions (MFIs) play in financing small enterprises and found that unlike most of the other finance service providers, microfinance institutions focus on enterprises that are small and

often informal. They surveyed 300 microfinance institutions from 69 countries and found that 78% reported that small enterprises are already part of their strategy. The survey found that in serving a small enterprise, some of the challenges encountered included:

- Lack of appropriate risk assessment methodologies. Existing risk assessment tools were used for clients at different levels.
- Inadequate Microfinance institution (MFI) products with many MFIs offering standard short term credit to their core micro clients at the expense of other required services such as overdraft facilities, transfers and payments facilities.
- Lack of specialized department and staff. Unlike mainstream commercial banks, most MFIs surveyed did not have specialized departments for small enterprise.
- Weak portfolio management and data analysis. A number of surveyed MFIs did not have management information systems and were sometimes engaged in reconstructing the basic financial records of loan applicants.

Prominent among the microfinance systems used are the Grameen Bank systems (pioneered in Bangladesh in 1976) and the Self Help Group (SHG) system (which was founded by NABARD in India in 1992). Badajena and Gundimeda (2008) make comparison of the two systems and find that although both approaches are based on the organization of members into groups that make regular saving

contributions and obtain regular loans, the Grameen bank system is more supported by a bank whereas the SHG system is more or less an autonomous financial institution. They used empirical results to establish a positive relationship between SHG bank linkage model and financial inclusion.

A number of studies have been done to evaluate the impact of these systems. Pokhriyal and Ghildiyal (2011) found that while there was clear evidence of the positive impact of SHG in India, there were regional disparities in terms of economic impact. Badajena and Gundimeda (2008) used empirical results to establish a positive relationship between SHG bank linkage model and financial inclusion. Although the two methods have shown economic impact, they may be hampered if accompanying factors such as limited rural network of banks are not taken care of.

Another model named the Business Correspondent model (BC model) has been used in Brazil and in India to allow access to mainstream banking infrastructure by the poor and hard to reach. In this model, banks appoint BCs who may be NGOs, teachers or local businesses to provide services such as deposits, withdrawals and transfers, mobile phone top ups, bill payments, sourcing of loans and credit cards, collection of repayments, and other financial services. The participating bank was made fully responsible for the service provided by the agents in terms of quality and compliance to regulations and laws. Sa-Dhan (2012) reports that in Brazil, largely as a result of the correspondent banking model, between 2000 and 2008 the number of

bank accounts doubled in the country with 50% of the simplified savings and current accounts opened remaining active and operative. The Brazilian BC model has faced some challenges such as agents claiming parity in wages with bank employees and federal policies that insist on the same level of security as in banks.

Although not much literature can be found on microfinance in Namibia, studies performed by United Nations Development Programme (UNDP), Gesellschaft für Technische Zusammenarbeit (GTZ) and Bank of Namibia (BoN) have pointed to some problems in the performance of microfinance institutions. The UNDP study found that the general performance of microfinance services had been poor, due to limited outreach, high default rates, low efficiency and profitability while the GTZ study attributed the poor performance to outreach, sustainability, high loan arrear rates and high operational costs (Mushendami et al., 2004).

The BoN survey found a bias in gender, with 64% of microfinance clients being male, and outreach with 61% of the clients being from urban areas (Mushendami et al., 2004). Of note also was that most of the loans were found to be of a short term nature.

In Namibia, microlenders are regulated and supervised in terms of the provisions of the Usury Act No. 73 of 1968 and the exemption notices issued with it (NAMFISA, 2011). The NAMFISA 2012 annual report showed that although there had been a

growth in credit extended to households over the past five years, the credit is mainly of a short term nature indicating that it is used to supplement household incomes and is for consumption purposes (NAMFISA, 2013). The report further reveals that the number of microlenders registered with NAMFISA is 388 which is an increase of 11.8% from the previous year. Over 90% of the registered microlenders were close corporations and sole traders. There are still challenges with the number of unregistered microlenders. Through their full compliance inspections in 2010, NAMFISA revealed the following problems:

- Reckless lending (disbursing loans exceeding the 50 percent threshold of take-home salary; disbursing loans to borrowers who had not settled a previous loan).
- Original identification documents (ID's) taken from borrowers.
- Absence of foundational documentation, e.g. bank statements and pay slips, to establish take-home salary before granting a loan.
- Some microlenders still practice loan rollovers.
- Over exposure to term lenders where pay-day lenders were issuing loans to borrowers who were servicing term lender loans.

2.7 Financial inclusion data

Hannig and Jansen (2010) found that reliable and comprehensive data that capture various dimensions of financial inclusion are a critical condition for evidence-based

policy making. They stressed the need for defining consistent financial inclusion indicators that not only set a clear direction for policy making by translating the financial inclusion concept into operational terms, but also allow for tracking progress and measuring outcomes of policy reforms. Furthermore, they identified access, quality, usage and impact as the broad measurement areas (perspectives) for financial inclusion.

Access

This refers to the ability to use financial services and products from formal institutions. This indicator may provide insight into and analysis of barriers to, for example, opening and using a bank account. This may be cost or distance to a bank service point. A basic measure used is counting the number of open accounts across financial institutions and estimating the proportion of the population with an account.

Quality

Quality indicates how relevant the service or product is to the lifestyle of the consumer. This looks at the nature of the relationship of the consumer and the financial service provider, the choices the consumer has and the understanding of the choices and their implication by the consumer.

Usage

This looks at the permanence and depth of financial service and product use in terms of details about the regularity, frequency, and duration of use over time. The required data is gathered through a demand-side survey as this measures the user's point of view.

Impact

This measures impact on the life of the consumer that can be attributed to the usage of the financial product or service. Measurement of such indicators is not straightforward and poses a particular challenge to survey design.

In response to increasing demand for data and measurement for financial inclusion, the World Bank group initiated an annual cross country survey called the Financial Access Survey (FAS). Initially the pilot survey was implemented and published as *Banking the Poor* in 2008. This was based on data from both regulator and bank surveys, covering 54 countries around the world with a strong focus on Sub-Saharan African countries (Ardic et al., 2011). Following this was the *Financial Access 2009* as a first in a series of reports designed to inform policy debate and monitor financial access statistics worldwide. As more countries provide more and better quality data, the survey focus has evolved over the years from predominantly access

focused to include analysis of financial inclusion policies in various parts of the world.

The International Finance Corporation (IFC) advocates for the use of the AFI core set which is similar to the Hannig and Jansen approach as it comprises three broad areas namely: access, usage and quality (International Finance Corporation [IFC], 2011). The AFI core set (Table 1) is a set of five indicators developed by the AFI Financial Inclusion Data Working Group (FIDWG) in response to requests by AFI members in 2009 (IFC, 2011). It is seen as a tool for guiding quantitative FI data collection that is consistent across countries and yet sufficiently flexible to meet country specific needs. The core set focuses on the more basic aspects of financial inclusion (access and usage) and as such is not positioned as a comprehensive catalogue of indicators. It is seen as a starting point that is within reach of most policy makers and countries are expected to go beyond this to collect additional indicators. The IFC/GPFI data stock taking and analytical framework for financial inclusion (described later in this chapter) can be employed for this purpose of developing further indicators.

Table 1

The AFI core set.

Indicator Type	Indicator
Access	Number of access points per 10,000 adults at a national level and segmented by type and by relevant administrative units. Percentage of administrative units with at least one access point. Percentage of total population living in administrative units with at least one access point.
Usage	Percentage of adults with at least one type of regulated deposit account. Percentage of adults with at least one type of regulated credit account Number of deposit accounts per 10,000 adults* Number of loan accounts per 10,000 adults*

* These indicators are identified as proxies where data for the two usage indicators above are unavailable*:*

Note. From "Financial inclusion data: assessing the landscape and country level approaches," by International Finance Corporation, 2011.

The IFC approach however does not yet include the areas of quality and impact. Whereas mention is made to ongoing work on developing quality indicators, little is mentioned with regard to impact measurement. The inclusion of impact measure, though challenging, is crucial in evaluating the effectiveness of policy over time and

in determining a causal relationship between certain financial inclusion-related policy factors and economic development. The creation of an appropriate data set is dependent on factors such as the policy and research objectives and resource availability (Bankable Frontier Associates, 2010).

The foregoing discussion on the broad measurement areas (perspectives) shows that measurement of financial inclusion serves two primary objectives: measuring and monitoring levels of financial inclusion and obtaining a better understanding about the factors that correlate with financial inclusion. Thus, two types of data are required.

Mehrotra, Puhazhendi, Nair and Sahoo (2009) proposed that outreach of the banking sector can be indicated by geographic and demographic penetration. Geographic penetration is measured in terms of the number of bank branches per 1000 sq km and number of ATMs per sq km. They propose the use of a Financial Inclusion Index (FII) for comparison of financial inclusion in different states in India. The FII is a weighted average of the selected dimensions.

The form of the dimension index (Z) and the FII is given as under:

Dimension Index (Zi) = $\frac{\text{Ai}-\text{mi}}{\text{Mi}-\text{mi}}$

Where:

Zi = Dimension Index

Ai = Actual value of ith dimension

mi = minimum value of ith dimension

Mi = maximum value of ith dimension

Financial Inclusion Index (FII) = $\frac{1}{n} \sum_{i=1}^{n} wi\ Zi$

Where:

Zi = Dimension Index

n = number of dimensions

w_i = weight of the ith dimension.

The study used the following four dimensions:

- Number of rural offices. Indicator: coverage
- Number of rural deposit accounts. Indicator: access and availability
- Volume of rural deposits. Indicator: input of the banking system
- Volume of rural credit. Indicator: use/output of the banking system.

There have been efforts to introduce new financial access indicators. Kendall et al. (2010) investigated the relationship between some financial access variables that

could be used as indicators. They found that deposit and loan penetration were positively associated with per capita income, physical and financial infrastructure and macro-economic stability. They did not however find any significant association with policies which have financial inclusion as a central goal.

Kendall et al. (2010) further discussed the importance of having data that is appropriate for understanding and measuring financial inclusion. Some of the challenges they encountered during data collection were that many countries did not collect information on key variables and most had incomplete data on the non-banking sector. In addition, it was found that data were often collected on an ad-hoc basis whereas in order to be useful, indicators ought to be collected on a repeated, regular basis. This would enable policy makers to set priorities and track changes. A recommendation was made that supply- side data should be complemented with other efforts such as household surveys to accurately estimate the characteristics of the population with access to financial systems.

2.8 Financial inclusion data and diagnostics as a component of a country-wide financial inclusion strategy.

An increasing number of countries are making financial inclusion a priority within financial sector development through policy formulation and setting up of

regulations. With over 60 countries initiating financial inclusion reforms in recent years, the World Bank responded by developing a financial inclusion Reference Framework to serve as a reference point for existing approaches or for preparing new financial inclusion strategies (Pearce & Ortega, 2012). Such strategies aim to bring together initiatives from various stakeholders: public sector, financial and non financial institutions and other stakeholders, to increase financial inclusion while maintaining the required attention on financial stability, integrity and market conduct.

The Reference Framework purports that, to varying degrees, all country- level financial inclusion actions comprise the following six components: stock taking (data and diagnostics); targets and objectives; strategy building or revision; public sector actions (policies, regulations and financial infrastructure); private sector actions; and progress monitoring.

The three components: stock-taking of data and diagnostics, targets and objectives and progress monitoring are of importance in underpinning strategy design and monitoring progress. Here, the Reference Framework is informed by the GPFI Sub-Group on Data and Measurement's recommendations on financial inclusion, data stock-taking and gap analysis, key performance indicators, and initial approaches to country-level target-setting. Indicators are used to set national targets as well as monitor progress to those targets. Adoption of the Group of finance leaders from

twenty developed and emerging economies (G20) Basic Indicators is proposed to allow for ownership of each country to set its own targets as well as for benchmarking with peer countries. In addition, to address country priorities, secondary indicators can be chosen. The G20 Basic Indicators include:

- Formally banked adults: Percentage of adults with an account at a formal financial institution.
- Adults with credit from regulated institutions: percentage of adults with at least one loan outstanding from a financial institution.
- Formally banked enterprises: Number or percentage of SMEs with accounts.
- Enterprises with outstanding loan from a regulated financial institution: Number or percentage of SMEs with outstanding loan.
- Points of service: number of branches per 100,000 adults.

The Financial Access Survey (FAS) basic usage and access or infrastructure indicators are collected in the four inclusion areas of savings, credit, insurance and payments. In addition to these statistics gathered in more than 139 countries, the FAS maps a broad range of policies and initiatives supporting financial inclusion, focusing on data collection and measurement challenges and in doing so, is of substantial benefit to formulation of national financial inclusion strategy (Ardic et al., 2011).

Based on the 2010 CGAP/ World Bank Financial Access Survey` it was found that (i) around half of the regulators monitor access to finance through surveys (household, firm and financial institution) with the majority using household surveys, (ii) most of the economies also monitor SMEs and (iii) the majority of countries that had a national strategy on financial inclusion tended to put more emphasis on data and measurement (IFC, 2011).

2.9 Survey designs.

Different survey designs have been used to obtain financial inclusion data. A policy report produced on behalf of the Alliance for Financial Inclusion (AFI) categorised the survey designs as: (i) one time cross sectional view (for diagnosis), (ii) periodic repeats (for monitoring) and (iii) complex design (for impact measurement) (Bankable Frontier Associates, 2010).

Two surveys widely used for financial inclusion data in a number of African countries are the FinScope consumer survey conducted by FinMark and the World Bank's Financial Access Survey. The FinScope survey is a nationally representative, individual-level study of consumers' perceptions on financial services and issues (Bankable Frontier Associates, 2010). It focuses on collecting demographic information, financial usage and psychographic information about respondents.

In Namibia, FinScope surveys were conducted in 2004, 2007 and 2011 with the latest survey showing a reduction in financial exclusion from 51% to 31%. Notable contributions to this reduction being the increase in services by the NamPost Savings Bank with an average of 4500 Smart Cards being issued per month (FinMark, 2012). In addition, the survey outlines that the microfinance bank, FIDES Bank started operation in 2010 and has over 5000 micro borrowers and 200 SME borrowers.

In Zambia, a number of banks have responded positively to headline data provided by a FinScope survey (Bankable Frontier Associates, 2009). Barclays justified the re-opening of a number of branches and service centres in non-urban areas. The bank also created a new brand and business model specifically focused on the unbanked. Another bank, Zambia National Commercial Bank (ZANACO) launched a mobile banking venture. Dunavant an agricultural company created a mobile payment linkage for 150 000 of its cotton growers.

The Financial Access Survey (FAS) on the other hand, is a supply-side, cross country survey measuring key indicators in use of banking services (number of depositors and borrowers and outstanding loans and deposits) (International Finance Corporation, 2011). It also measures access to banks' physical outlets (number of commercial banks branches and ATMs per 100 000 adults or number of commercial

banks branches and ATMs per 1 000 km^2). FAS makes use of International Monetary Fund (IMF) International Financial Statistics country correspondents. Unlike the Finscope surveys, in this survey the policy makers have less "ownership" and control over the survey design. It may also be seen as a limitation of the FAS that it possesses data gaps in that it doesn't track barriers to access neither does it collect data on the regulatory/enabling environment. Both of these elements are important for monitoring and evaluating financial inclusion programmes.

The use of a common conceptual framework to generate pooled cross-country data sets may offer benefits in terms of shared experiences and benchmarking. Honohan and King (2009) however do observe that the complexity of the financial, economic and social systems in different countries lead to considerable variations from country to country thereby limiting the potential use of such data. They propose that there is more that can be learnt from developing and mining individual country data sets. Table 2 shows a comparison of multi-country supply-side data collection efforts and the general data collected.

Table 2

Global or Multi-country Supply-side Data collection efforts: A comparison (IFC, 2011).

		IMF FAS		**WB Payment Systems Survey**		**WB Fin. Inst. Survey**		**The MIX**		**Bankscope**		**FinStats**		**IMF-FS**		**IMF-FSI**	
BASICS	Publicly available	Yes		No		No		No		Partially		No		Yes		Yes	
	Frequency	Annual		Bi-annual		Irregular		Irregular		Irregular		Annual		Varies		Varies	
	Coverage	Global		Global		Global		Selected developing		Selected		Global		Global		Global	
DATA COLLECTED	Basic usage indicators	S	C			S	C	S	C	S	C	S	C	S	C	S	C
		P	I	P		P									I		
	Access/ Infrastructure	S	C			S	C	S	C	S	C	S	C				
		P	I	P		P											
	Barriers to access					Yes											

	Regulatory/ Enabling environment											S	C				
				P													
USER	Aggregated	Yes		Yes				Yes		Yes		Yes		Yes		Yes	
	Firm											Yes					
	Household/Individual	Yes															
PROVIDER	Commercial banks	Yes				Yes				Yes		Yes		Yes		Yes	
	Coops & Credit Unions	Yes												Yes			
	Specialised state fin. Inst.	Yes												Yes			
	Microfinance Institutions	Yes						Yes						Yes			
	Insurance Providers	Yes										Yes		Yes			
	Finance Companies	Yes										Yes		Yes			
	Informal Providers																

*IMF data sets categorise deposit taking institutions as “commercial banks” and “others”. S – Savings, C- Credit, I – Insurance, P – Payments

Note. From “Financial inclusion data: assessing the landscape and country level approaches,” by International Finance Corporation, 2011.

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Table 3 gives more detail on the indicators used for two commonly used cross country surveys (CGAP Global Survey and IMF International Financial Statistics).

Table 3

Cross country Supply-side Surveys.

Survey Name	Institution	No. of countries	Frequency	Data collected
CGAP Global Survey on Accessing Financial Services	CGAP	135	Annual	Number of accounts in regulated institutions, ATM cards, machines and loans, as well as data on costs, collateral and disclosure.
International Finance Statistical	International Monetary Fund	190	Annual	8 indicators using number of all financial institutions , ATMs, number of depositors and borrowers, and financial services, (deposits, loans, insurance technical reserves).

Note. From "The Mzansi bank account initiative in South Africa," by Bankable Frontier Associates, 2009.

2.10 Financial inclusion comprehensive data landscape

Despite the increase in financial inclusion data and measurement at country and multi country scale, there still exist gaps in the data landscape. The IFC/GPFI data stock taking and analytical framework for financial inclusion has been developed as a suggested approach for the definition and development of a comprehensive data set (IFC, 2011). Also given in the report outlining this approach are gaps in the multi-country initiatives as well as country level initiatives gaps. This was based on the 2010 CGAP/ World Bank Financial Access survey.

Financial inclusion is multi faceted and complex. Consequently, the frameworks that define its data landscape need to be correspondingly complex. The IFC recommended framework for financial inclusion data collection and compilation aims to cover the relevant concepts for the functions of finance in the financial institutions as well as ensure consistency, comparability and flexibility enabling country specific needs to be met (IFC, 2011). Elements of the framework comprise:

1. Choice of a widely accepted definition of financial inclusion
2. Identification of the core purposes of financial inclusion in the local setting. This is largely informed by the prevailing policy environment.
3. Identification of ideal qualities of data required. The qualities in this case are based on the Fundamental Principles of Official Statistics as well as the four

dimensions of financial inclusion as identified by the Alliance for Financial Inclusion (AFI, 2010).

2.10.1 Widely accepted definition for financial inclusion.

The Global Partnership for Financial Inclusion (GPFI) definition covered in section 2.2 is comprehensive in that it covers the main areas of financial inclusion. Given that the GPFI is supported by three multinational implementing partners: the Alliance for Financial Inclusion (AFI), the Consultative Group to Assist the Poor (CGAP), and the International Finance Corporation (IFC), its definition for FI may be considered to be widely accepted. It is thus adopted in this ideal data and measurement framework.

2.10.2 Core purposes of financial inclusion.

The link between financial development and economic development is well documented in literature (Honohan & Beck, 2007; Hannig & Jansen, 2010). Empirical studies show that access to finance has had a substantial positive effect on increasing the well being of poor people (Ardic et al., 2011). Despite the dearth of literature showing strong causative relations between financial inclusion and aspects of economic development, there is growing evidence of the expected benefits of

financial inclusion (Kendall et al., 2010). Financial inclusion has thus become a policy priority in a number of nations.

In a survey of the financial inclusion policies of all their member countries, the Alliance for Financial Inclusion found that the more prominent objectives included poverty alleviation, economic growth, increased financial capability (financial education, protection and transparency) and use of technology to leapfrog some obstacles to financial services (AFI, 2010). Other sources identify similar objectives such as inclusive economic growth, reduction of income inequalities, financial literacy, poverty reduction, promotion of savings and increased provision of financing for SMEs (Hannig & Jansen, 2010; Demirguc-Kunt, 2008; Ardic et al., 2011). These primary policy objectives may be broken down into more specific objectives.

The measurement data purposes include identifying priorities, incentivizing reform, monitoring progress, understanding relationship between financial inclusion and other policies, and measuring the impact of certain policies (Hannig & Jansen, 2010). The measures are selected to answer the questions arising from the objectives.

2.10.3 Identification of ideal qualities required.

According to the IFC/GPFI framework, the national statistics capacity to deliver quality statistics can be assessed based on earlier principles. Recommended are the UN Statistical Commission endorsed principles known as the Fundamental Principles of Official Statistics. Also used are the Partnership in Statistics for Development in the 21st century (PARIS21) principles. The principles used for this assessment were selected from the Fundamental Principles of Official Statistics and the IMF Data Quality Assessment Framework ("Good Practices on National Official Statistics," 2007; "Data Quality Assessment Framework [DQAF],"2003). The principles include:

1. Recognition of important place of statistics

   The recognition of statistics in economic, demographic, social and environmental areas of development.

2. Standardization and harmonization

   Methods and procedures (collection, processing, archiving) should be standardized and it should be ensured that there is use of international standards and scientific principles that lead to increasing trust in statistics. Accuracy and reliability of data are also considered.

3. Efficiency of collection

   This is characterized by the data coverage, periodicity, timeliness and coordination of data collection efforts within the country.

4. Transparency

The methodology and data sources should be transparent as possible bearing in mind any confidentiality requirements. Cross checks of data are recommended.

5. Access by the public

   This includes the drawing up of a timetable of release of data as well as the simultaneous release to all stakeholders.

6. Country ownership

   This involves evidence of an institution's ownership and control of the data collection, analysis and dissemination process throughout the country.

7. Focus on data demand as well as supply

   The national statistics system should be flexible to respond to new demands from stakeholders.

8. Dimensions Financial inclusion

   This element is not derived from the afore- mentioned frameworks but is added to ensure that the national statistics system is assessed with particular reference to financial inclusion. It refers to whether the statistics collected relate to the four dimensions of financial inclusion or not. The commonly used dimensions of financial inclusion are access, usage, quality and impact/welfare (World Bank, 2012; Bankable Frontier Associates, 2010). The dimensions together with typical indicators associated with each dimension are shown in Figure 1.

Figure 1. Financial inclusion dimensions and typical indicators (BFA, 2010)

2.10.4 Required measures and indicators as derived from ideal measurement landscape.

The definition, core purposes and perspectives of financial inclusion elements of the landscape define the required measures and corresponding indicators. From the adopted definition measures should cover financial access, nature of usage, quality and how well the targets (financially excluded and underserved) are being reached.

The core purposes suggest that the measures should cover financial inclusion's contribution to economic growth, poverty alleviation, reduction of income inequalities, financial capability (including financial literacy). Most of these aspects have to do with measuring the impact of financial inclusion. Other main aspects include use of technology to leapfrog some barriers to financial services, promotion of savings and provision of finance to SMEs. Although the 'ideal qualities of the data' element of the landscape has more to do with how the data is collected, compiled and disseminated rather than on which measures should be selected, the section on 'dimensions of financial inclusion' further reinforces the need for the measures to cover all four dimensions of financial inclusion. The indicators that may be selected are numerous and in some cases there may be a number of different indicators under each measure. The selection of the appropriate one depends on factors that include cost, country-wide and international standardization and harmonization and compatibility with existing data collection efforts.

It is acknowledged that the building of inclusive financial systems is a process with stages ranging from building basic enabling environment, enabling first entry into formal financial system to ensuring high quality financial products and services. The IFC report proposes that within each stage, it is possible to consider indicators grouped into three categories namely input, output and impact. Input indicators describe key characteristics of the enabling environment while output indicators refer to consequences of input actions. Impact indicators measure improvements of well being and firm profitability that can be attributed to financial inclusion policies.

The general data gaps identified for international initiatives (considered to be not too different from those for country initiatives) were thought to be grouped into those that have to do with statistical capacity and those that were financial inclusion specific. These included:

- The non availability of some data sets (especially demand side) due to confidentiality, transparency and private property concerns.
- Data and measurement on access to finance for households are more developed than for firms.
- Weakened reliability of supply side data on usage due to lack of financial identity which can lead to multiple counting.

- Lack of data on informal providers and informal businesses.
- Lack of harmonized definitions, standardized data collection and indicator construction for terms such as Small and Medium Enterprises (SMEs), active versus dormant accounts and demand side data.
- The incomplete development and inconsistency of next generation indicators such as quality of service and financial literacy.
- Lack of regular and thorough measurement of the key enabling environment in particular, private sector drive and public sector driven enablers.
- Lack of methods and indicators to assess the impact of financial inclusion policies.
- Inadequate cooperation and coordination of data collection in countries where more than one agency collects data.
- The lack of emphasis on measurement and data by countries that do not have strategy documents.

The foregoing data gap analysis was done using aggregated information. For country level, a more detailed analysis country specific case study is required. This was the main rationale for the study undertaken by the researcher.

2.11 Financial inclusion in Namibia

2.11.1 Current situation

Although Namibia's financial system may be said to be well functioning, the key structural weaknesses identified include: a shallow financial market; underdeveloped capital market; inadequate and less effective regulation; limited access to financial services; low financial literacy and lack of consumer protection; limited skills; and low participation by Namibians and thus dominance of foreign ownership (Ministry of Finance [MoF], 2010). The 2011 FinScope consumer survey shows that 31% of Namibia's population is excluded from formal financial services (notably down from 51.7% in the 2007 survey). Broadening of access to financial services remains a challenge in Namibia (FinMark, 2012). Small and medium enterprises also face problems with access to financial services particularly that their ability to pay back is questioned by commercial banks whereas their credit requirements are considered too high by micro-lenders (MoF, 2010). In the Finscope 2011 survey, 13% indicated having made use of informal financial services comprising mainly credit, savings and burial societies (FinMark, 2012).

Policy responses to the key weaknesses are found in the national policy documents: Vision 2030, National Development Plan 4 and the Namibian Financial Sector Charter. The Namibian Financial Sector Strategy (NFSS), developed to guide the

development of the country's financial sector through the period 2011 – 2021, contains an action plan to implement, monitor and evaluate progress towards achievement of policy outcomes (MoF, 2010). A key strategic focus reform area of the NFSS is financial inclusion more specifically, access to financial services and products and, consumer financial literacy and protection.

2.11.2 Supply-side financial inclusion actors in Namibia

The Bank of Namibia oversees and supervises the commercial banks. There are currently six commercial banks in Namibia namely: First National Bank Namibia, Standard Bank Namibia, Bank Windhoek, Nedbank Namibia, FIDES Bank Namibia and the recently formed SME Bank. Most of these are foreign- owned entities resulting in calls for localization through increased participation of Namibians in the sector. The transformation of the sector is addressed in both the NFSS and the voluntary Financial Services Charter (MoF, 2010). The FIDES Bank Namibia is a microfinance bank that is active in the segments of income generating activities financing and micro, small and medium size enterprises financing. The SME Bank has majority stake from the Government of Namibia. At the time of the study, it had yet to take off fully.

According to the 2011 FinScope consumer survey, although Namibia has the second best banking ratio in the SADC region, its people per branch ratio (banking density)

was the lowest in the sub region with the banking infrastructure being highly skewed in favour of urban areas (FinMark, 2012). The survey also identified the following as factors that commercial banks take into consideration when deciding to open new bank branches:

- Prospects of profitability.
- Presence or absence of competition.
- Presence or lack of physical infrastructure.
- Presence or lack of security.
- Presence or lack of trained staff.

A number of these factors are either absent or only available at high cost. This, combined with the low transaction volumes, makes it unattractive for banks to reach the unbanked through opening of new branches in rural areas. Nevertheless, there has been substantial growth in the banking footprint that has been driven mainly by macro-economic growth in the country.

Recent advances in promotion of financial inclusion include the establishment by the Bank of Namibia in conjunction with the commercial banks, of standards for the introduction of basic bank accounts in Namibia. These accounts are intended for individuals earning less than N$2000 per month. The commercial banks have responded well with a number of products such as Nedbank4All from Nedbank,

Basic Blue from Standard Bank, Easy Save from Bank Windhoek and Card-Wise Zero from First National Bank.

There are four specialized financial institutions that are not under the supervision of the Bank of Namibia. These include NamPost Savings Bank (NPSB), Agricultural Bank of Namibia (Agribank), National Housing Enterprise (NHE) and Development Bank of Namibia (DBN). These institutions are regulated by Namibia Financial Institutions Supervisory Authority. Apart from the NPSB, these institutions are involved in the provision of loans and credit for various purposes such as agriculture, housing and business development. Their efforts contribute to increasing availability of rural finance. There are criticisms however, of these institutions ability to reach the poor due to strict criteria, problems with liquidity and inadequate risk assessment capacity (FinMark, 2012).

The services of the NPSB include savings accounts, money transfer services, payment services for insurance and pension payments, account payments, salary and wage services and collection services for selected loans as well as collection for companies. Through Postfin, a wholly owned subsidiary of NamPost, a variety of personal loans are offered to employees of companies who have a Payroll Deduction

Agreement with Postfin or those who receive their monthly income on their NampPost SmartCard.

The registered Non Banking Financial Institutions (NBFIs) are regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA). These institutions include the Namibian Stock Exchange, investment managers, micro-lenders, long and short term Insurance, medical aid funds and pension funds. Under the Usury Act, 1968 and the Inspection of Financial Institutions Act, 1984, NAMFISA, through its micro-lending department, is responsible for the regulation and supervision of micro-lenders and other providers of credit such as hire purchase outlets (NAMFISA, 2012). According to the authority's annual report, there has been a growth in credit extended to households evidenced by an 11.8 percent increase during the year 2012, in total registered microlenders to a total of 388 (NAMFISA, 2012). Most of the microloans issued were short-term in nature indicating that they were for consumption purposes. Government employees though were able to access longer term micro loans through term lenders. Further, in 2012, the authority supervised 17 registered long-term insurers, 128 short-term insurers, 9 medical aid funds, 2 registered friendly societies and a number of insurance brokers and agents. A major challenge faced by the authority is to have adequately skilled human resource to effectively carry out its mandate.

Some informal financial institutions exist in Namibia the bulk of which consist of moneylenders, unregistered microlenders and private savings clubs. Getting information from these is challenging as they tend to fear investigation being not registered institutions (FinMark, 2012).

With regard to payment facilitation, the Bank of Namibia in 2012 gazetted the regulation on e money. Under this regulation, two service providers have been authorized to provide mobile payment services while one bank (First National Bank) has launched an e wallet service which allows the bank's customers to send money to anyone with a valid phone number (Bank of Namibia, 2012).

2.11.3 Supply-side financial inclusion data collection

The Bank of Namibia (BoN), through its department of Strategic Communication and Financial Sector Development has the role of coordinating and advocating the implementation of Namibia's financial sector strategy. Included in the strategy is the collection of information on indicators that measure access as suggested by international bodies such as the AFI (Ministry of Finance, 2011). The BoN is a primary member of the AFI network to which it has made specific commitments one of which was to collect data to compile financial inclusion indicators in 2012 to inform policy making going forward (Bank of Namibia, 2012). The process of

gathering supply side data is still in its nascent stage. Namibia does however have some internationally comparable supply side basic indicator data from the IMF Financial Access Survey for the period 2004 to 2011 (IMF, 2011). The indicators are mainly for access and usage.

2.12 Summary

Substantial effort has gone into promoting of financial inclusion through multi country approaches. This has been the driving force towards common definitions and indicators that can then be employed for building of multi country databases and hence benchmarking. The definition of a comprehensive data landscape for financial inclusion in Namibia in this study is informed by the IFC/GPFI data stock taking analytical framework. This is complemented by the need for the data to meet the four general perspectives of financial inclusion namely access, usage, quality and welfare. The choice of measures needs to be further guided by practicality, cost, efficiency, standardization and harmonization requirements. There remains substantial work to be done, particularly with regard to supply side data, in deriving country specific data and indicators that can better serve local financial inclusion policies and programmes. In Namibia, supply side actors are faced with challenges such as the low population density that contributes to high costs and increased difficulties in their efforts to extend formal financial services to the poorer

population. This brings in sharper focus the need for supply-side data and measurement for financial inclusion.

CHAPTER THREE

Methodology of Research

3.1 Introduction

The methodology of research covers research design, scope of research, sample design in case of sample study, research instruments design and methodology of data collection and data analysis (Silverman, 2006). The detailed aspects stem from broader considerations such as the research philosophy, approach and strategy. The implementation of an appropriate research methodology ensures that the research questions are adequately answered using reliable results, in an efficient and cost effective manner.

This chapter begins by discussing the theoretical and philosophical basis of the chosen methodology. Then it covers the research paradigm, approach and purpose. Following that, the conceptual framework is outlined after which an explanation of the research instruments employed, population, procedure of data analysis method chosen is given. The chapter ends with a brief statement of considerations of trustworthiness and a conclusion.

3.2 Research paradigm

Saunders, Lewis and Thornhill (2007) explain that the research philosophy one adopts contains important assumptions about the way in which one views the world

and that these assumptions underpin the research strategy chosen and the methods that are chosen as part of that strategy. They further identify and discuss three major ways of thinking about research as being epistemology, ontology and axiology.

Epistemology concerns what constitutes acceptable knowledge in a field of study. It comprises positivism, realism and interpretivism. Positivism considers that only phenomena that can be observed lead to the production of credible data. Realism is similar to positivism and holds that objects have an existence independent of the human mind. Interpretivism, on the other hand, advocates that it is necessary for the researcher to understand the differences between humans in their role as participants in social and cultural life.

Ontology deals with the nature of reality raising questions about the assumptions researchers have about the way the world operates and the commitment that is held towards certain views. Its aspects include objectivism, subjectivism and pragmatism. These ontological positions are defined as:

> Objectivism is the view that social entities exist external to and independent of, social actors concerned with their existence. Subjectivity is a position that professes that social entities are created from the perceptions and consequent actions of those social actors responsible for their creation. Pragmatism is a position that argues that the most important determinant of the research philosophy adopted is the research question. (Saunders et al., 2003, p.604).

This research adopted mainly an interpretive paradigm to identify the data requirements for strengthening supply- side financial inclusion efforts in Namibia. This enables the capturing of valuable insights from complex and unique situations of different actors bearing in mind the particular circumstances or context of the actors. However, Kelliher (2005) states that interpretive research is criticized in terms of validity, reliability and the reduced ability to generalize. These drawbacks are counter balanced by the flexibility provided by this paradigm as well as the potential to provide information for future study.

3.3 Research approach

The extent to which the theory of the research is known at the beginning of the research determines whether the research approach should be deductive or inductive. According to Saunders et al. (2007), in deductive approach, the theory and hypothesis (or hypotheses) are developed and a research strategy is designed to test the hypothesis. The test will either confirm the theory or indicate the need for the theory to be modified.

In the inductive approach, data is collected and a theory is developed as a result of the data analysis. This approach is comparatively less structured and is likely to be in the context in which the events are taking place. It is possible and in many cases

desirable, to combine deductive and inductive approaches in the same research (Cooper & Schindler, 2011).

The approach taken in this research involved both deductive and inductive approaches. It was partly deductive in that it used some established theory on the elements of financial inclusions and partly inductive as some of the themes were developed from the data gathered. This combined approach provided the benefit of flexibility as well as the ability to conduct research within its context.

3.4 Research purpose and design

The purpose of a research design can be exploratory or explanatory as per the requirement of the study.

Saunders, Lewis and Thornhill (2007) recommend exploratory research where developed data is limited and one wishes to clarify the precise nature of the problem. It entails a flexibility that enables the research to become progressively narrower as the research progresses. While criticisms of exploratory studies have to do with subjectiveness, non-representativeness and non-systematic design, they do however tend to save on money and time (Cooper & Schindler, 2011). The purpose of this research was a combination of exploratory and to a lesser extent, explanatory in approach.

The chosen method of research can be either quantitative or qualitative. Corbetta (2003) differentiates the two methods by their application particularly in terms of the four basic stages of empirical research: (i) planning, (ii) data collection, (iii) data analysis and (iv) scope of findings. In terms of planning, he explains that quantitative methods rely on pre-determined, structured design based on theory whereas in qualitative methods, procedures emerge and change as research proceeds. With regards to data collection, quantitative methods usually deal with representative sample and aims at collecting data in a standard format. Qualitative methods on the other hand, do not address issues to standardization and representativeness and preferably deal with cases in a differential manner. Further, the author states that quantitative data analysis focuses on variables (characteristics of cases) which can be examined with mathematical procedures. Qualitative data analysis, on the other hand, focuses on subjects in their entirety and tries to understand the subjects rather than identify relationship between variables. Lastly, with regard to scope of findings, the author states that with quantitative methods, the goal is to produce generalizations such as cause-effect relations among variables and in the wider field. In contrast, qualitative methods in general, pay more attention to specific features of the social situation in which the research is carried out and as such, less attention to generalization.

This study was designed to provide a better understanding of financial inclusion efforts in Namibia by focusing on the qualitative aspects of financial inclusion

measures and data. Hence, a qualitative method was considered appropriate for the analysis of concepts and themes derived from an exploration of financial inclusion measures and data in Namibia. This is particularly so, considering that relatively little was known about these measures and data and yet an in-depth understanding was desired.

Creswell (as cited in Bowen, 2005) discusses the five traditions of qualitative research as: biographical research design, phenomenology, grounded theory, ethnography and case study. In this study, a grounded theory based case study design is employed. The grounded theory enables interpretations or common themes to be derived from emerging patterns and these become topics for further analysis. The case study is suited for investigation of contemporary phenomenon within its real life context using multiple sources of evidence (Saunders et al., 2007). Van Belle and Trusler (2005) used an interpretivist case study strategy to gain a deeper and richer understanding of the implementation issues of a multipurpose community telecentre. They performed a detailed study of background documentation and in-depth interviews using a spiral cycle approach which involved holistic reinterpretation followed by subsequent cycles of in depth analysis.

This study is guided by a similar inductive, cyclic approach although the four broad measurement areas for financial inclusion (access, quality, usage and impact) as measured by the Alliance for Financial Inclusion, are used as a foundation on which

the themes are built. This was done so that the output of the study could be of benefit to cross country financial inclusion data collection efforts.

3.5 Conceptual framework

As outlined in the previous chapter, an increasing number of countries have made financial inclusion a priority in their financial sector development policies prompting the World Bank to formulate a reference framework to serve as a reference point for existing approaches or for preparing new financial inclusion strategies (Pearce & Ortega, 2012). The framework acknowledges the different financial inclusion stakeholders and their strategic roles.

Although the general trend is for development and use of common cross-country frameworks, the potential of such data sets is limited due to the complexity of the financial, economic and social systems in different countries (Honohan & King, 2009). This makes the case for financial inclusion data that can to some extent be useful for cross country data sets but more importantly, is of use in its country of generation. Figure 2 proposes a conceptual model for arriving at such an appropriate data set.

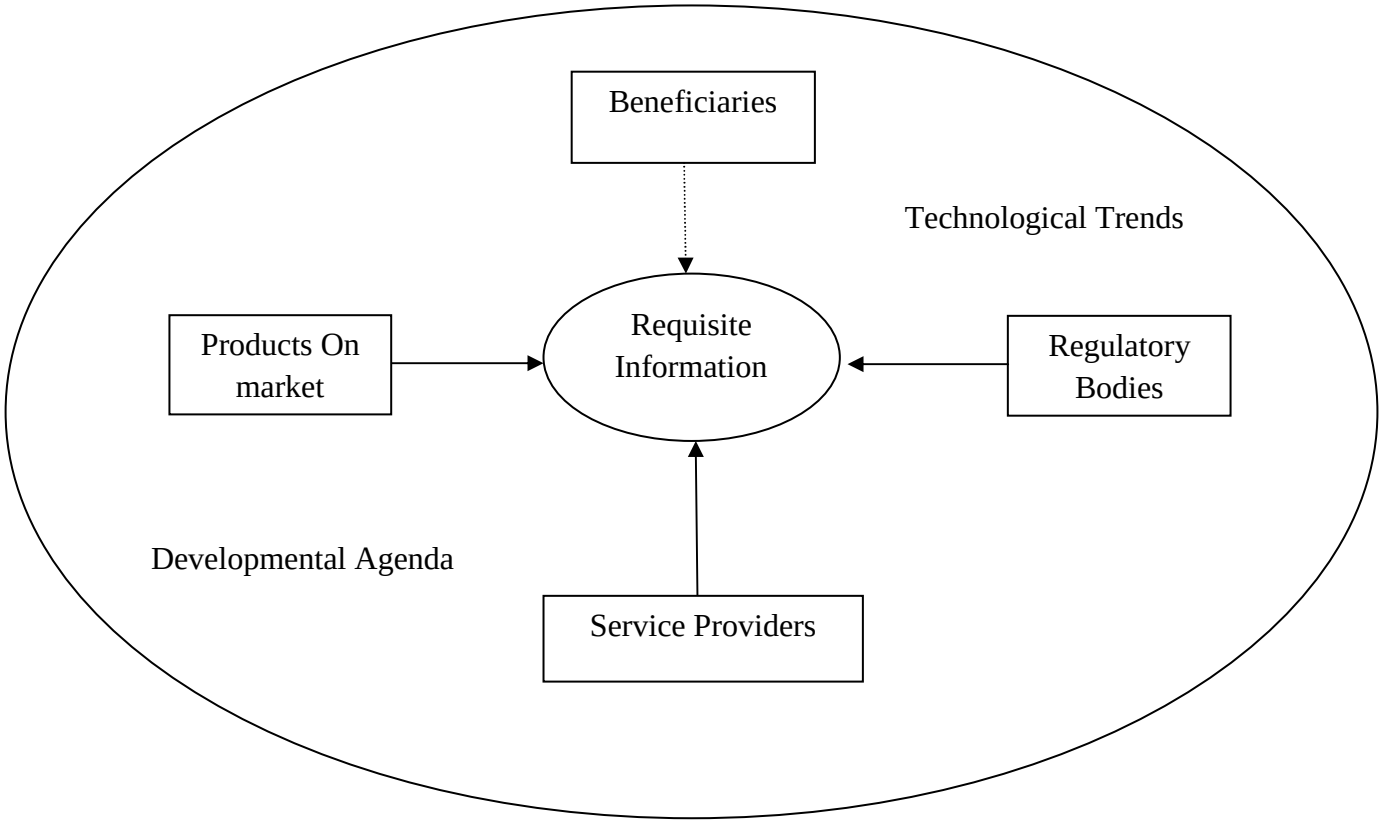

Figure 2. Conceptual model for defining a supply-side data set for financial inclusion in Namibia.

Figure 2 suggests that the information that is cardinal to the drawing up of policies and strategy implementation is to be obtained from the regulatory bodies, financial service providers and beneficiaries. Although this conceptual model is primarily for defining required supply-side data and measurement, it is important to consider input from beneficiaries (a demand-side characteristic) to get a better picture and avoid duplication of efforts in a country. Information from beneficiaries is not however, sought directly rather it is through demand –side surveys reports such as the FinScope survey reports. Knowledge of the financial inclusion relevant products currently on the market and their performance will give insight as to what is feasible. The environment in which this takes place will have an influence on the required information and so it is taken into account. This includes technological trends, experience (local and international) as well as the developmental agenda of the country. Technological trends have increasingly been seen to offer ways of leap frogging barriers to inclusion (United Nations, 2006). These trends may be captured from reports by service providers as having been adopted or as ear marked for adoption. The developmental agenda of the country is an important consideration, as financial inclusion itself is a means to broader economic goals. Understanding these goals helps identify financial inclusion indicators that will help measure the direct contribution of financial inclusion to these goals. In Namibia, this agenda may be obtained from different policy documents such as the national development plans and Vision 2030.

3.6 Population

The population of the study comprised financial inclusion related information as contained in documents (covering the period 2006 -2013) from supply- side financial inclusion actors in Namibia. With regard to commercial banking, these actors included the six commercial banks (Standard Bank Namibia, First National Bank Namibia, Nedbank Namibia, Bank Windhoek, Fides Bank and the SME bank). Documents from the four specialized financial institutions (NamPost Savings Bank, Agricultural Bank of Namibia, National Housing Enterprise and Development Bank of Namibia) were also included. The Namibia Financial Institutions Supervisory Authority (NAMFISA) documents were also included. NAMFISA regulates 377 Non Banking Financial Institutions (NBFIs) whose activities are directly related to financial inclusion. These NBFIs include micro lenders and insurance companies. Other institutions whose documents were included in the population were the Ministry of Finance and the Bank of Namibia. These institutions play a regulatory role. Also included in the population was Namibian data from international financial inclusion supply-side databases.

3.7 Sample

A sample was not drawn as all the supply-side institutions were targeted. Otherwise put, the sample comprised the population. The NBFIs engaged in financial inclusion

activities are numerous, these are covered as NAMFISA the regulatory body that collects their information is included in this study.

3.8 Research instruments

The popular qualitative research data gathering methods are interviews, observation, and (archival) document review. Document review was predominantly used in this study as it provided the study of data and measures in its context. Archival document review included both electronic or internet-based documents as well as hard-copy issues of annual reports, relevant publications, official statements, policy documents and similar documents. An important advantage document review has over interviews is that the documents are generated at about the same time as the event and so they are less likely to be subject to distortion. A major disadvantage is that it may be influenced by biases in selection of which type of information to record or archive. A descriptive framework, shown in Table 4, was used to identify actual financial inclusion data landscape using documentation from different sources.

Table 4

Descriptive Framework

Dimension of FI	Indicator Categories	Regulatory Bodies	Service Providers	Multi country FI Surveys – Namibian data
Access	Physical proximity			
	Affordability			
	No. of access points			
	Other- document analysis			
Usage	Percentage of adults using formal financial services			
	Regularity and Frequency			
	Length of time			
	*Oth*er- *document analysis*			
Quality	Product attributes versus needs			
	Product development considering needs			
	Other- document analysis			
Impact	Welfare/consumption			
	Personal/ business productivity			
	Other- document analysis			

Note. Author's *o*wn source

The descriptive framework was built using input from theory and past multicountry financial inclusion studies. An example of this is the inclusion of the widely adopted four perspectives of financial inclusion as outlined by the Alliance for Financial Inclusion (AFI, 2010). Structured questionnaires with mainly open ended questions were used to test appropriateness and comprehensiveness of the developed financial inclusion supply- side data and measurements framework.

3.9 Procedure

The procedure followed in conducting this research involved four steps. Firstly, an ideal (comprehensive) data and measurement landscape was defined using the IFC/GPFI proposed data stock taking and analytical framework (IFC, 2011). This included identification of an accurate and widely accepted definition of financial inclusion followed by the identification of the ideal core purposes financial inclusion and its accompanying data. This was done by reviewing theoretical literature and multi country study reports on supply-side financial inclusion. The ideal qualities of the data (with regards to standardization, efficiency of collection and dimensions of financial inclusion) were defined by the Fundamental Principles of Official Statistics. This also yielded a description of an ideal national statistics capacity. Recommended indicators meeting the ideal landscape were noted. The comprehensive landscape so identified is contained in section 2.10.

Secondly, to determine the actual or existing landscape, documents were obtained from the main supply side actors including service providers and regulatory bodies. Additional documents employed included reports on Namibia from multi country supply side surveys as well as other relevant local and internationally authored reports focused on financial inclusion. Content analysis, using the descriptive framework was used to identify categories of financial analysis relevant indicators currently used as well as identify those that are desired but not currently in use. Documents review was done to identify the core purposes for which financial inclusion was chosen as a policy objective by the Namibian government. This entailed collecting documents that were known to contain financial sector policy related information. Further documents were collected in a snowball manner as they were referenced to in other documents. The gathered documents served as primary documents. The ATLAS.ti 7 software was used to perform content analysis. An iterative procedure was used to identify text relating to purposes that have been recorded in reports as being linked to financial inclusion (see section 4.2.2). These purposes were used as initial codes and quotations (relevant text) were recorded accordingly. New codes were assigned for purposes that did not fit existing codes whereas similar codes were eventually merged. Some of the codes were further broken down into smaller codes where it was thought sub categories were unique enough to provide useful information. The number of code occurrences were taken to be indicative of prominence or widespread adoption of that purpose.

Thirdly, a gap analysis was done between the ideal data landscape and the existing landscape. Based on the steps outlined above, a framework for supply-side data and measurement in Namibia was proposed. Finally, the framework was circulated along with a questionnaire, to the select staff from organizations engaged in supply-side financial inclusion in Namibia. These staff were selected based on their professional qualification and positions in their respective organizations and known involvement in financial inclusion discussion. Their inputs were captured, analyzed and appropriately incorporated.

3.10 Data analysis

Content analysis, a method of systematic document review was used for data analysis. Content analysis is a strategy that establishes categories, generates inferences through objective and systematic identification of core elements of written communication (Silverman, 2006). Using this strategy, the data was categorized and classified to make inferences about the communication. The aim was to obtain a description of current financial inclusion data and measures.

Descriptive interpretation using tabulation was used to identify prominent measures, data used and data required. The qualitative analysis software ATLAS.ti 7 was used to carry out the content analysis.

3.11 Validity and reliability

Validity refers to the extent to which research findings are really about what they profess to be about whereas reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent results (Saunders et al., 2007). With regard to content analysis, it is of particular concern that validity is achieved by ensuring that the categories chosen are conceptually and empirically grounded whereas credibility entails ensuring that the categories used reflect the subject of the research and cover the data well (Elo & Kyngas, 2007). It is also important to demonstrate a link between the data and the results. Patton (1999) states that in qualitative research, credibility and dependability are analogous terms to validity and reliability terms that are more often used in quantitative analysis. He further points out that credibility can be enhanced by assessing the findings in different ways while dependability can be enhanced by altering research design or data collection as new findings emerge during data collection.

In this study, these concerns were addressed by ensuring that the categories and subcategories were chosen based on a number of multi country studies carried out by notable organizations engaged in promoting financial inclusion. Also, provision was made for creation of concepts arising from aspects derived from the study of Namibian financial inclusion documentation that do not fit the categorization frame. Appendices were used to demonstrate link between data and results whereas

authentic citations were used to increase trustworthiness. In addition, a thorough description of the analyzing process was given when presenting the results.

3.12 Research ethics

Ethical concerns should be considered in the design, conduct and write up of any research. In this study, this was done in several ways. Firstly, informed consent of the participants was secured by fully disclosing the procedures of the proposed study prior to conducting it. Secondly, anonymity and confidentiality were ensured by not disclosing which respondent gave particular information without prior permission being sought. Finally, plagiarism was avoided by ensuring that all used sources were duly cited and acknowledged.

3.13 Conclusion

The methodology chosen for this study was intended to leverage the knowledge already available from a number of studies of methodologies for financial inclusion measurements and surveys. In addition, the paucity of country specific data and measurement was recognized by ensuring flexibility in the design to enable progressive incorporation of categories as more information was learnt through the qualitative analysis. The methodology incorporated measures that minimize validity concerns that often arise when content analysis is employed.

CHAPTER FOUR

Research Findings and Discussion

4.1 Introduction

This chapter presents the definition of the actual financial inclusion data and measurement landscape using the IFC/GPFI data stock taking and analytical framework. The analytical framework elements employed are the same as those used to define the ideal or comprehensive landscape with the difference being that in this case the input into the elements is obtained from document analysis of the gathered supply-side actors' annual reports and other documents. The chapter ends with a discussion of the gap between the ideal and actual landscapes, a proposed framework for financial inclusion supply-side data and measurement and a finalized framework adjusted to incorporate stakeholder critique.

4.2 Actual financial inclusion measurement and data landscape in Namibia.

4.2.1 Financial inclusion definitions in Namibia

The analysis of documents obtained yielded two definitions, both coming from the Bank of Namibia, which has taken a leading role in driving financial inclusion in Namibia. The first is contained in the annual address "Financial inclusion: an imperative towards vision 2030" given by the governor of the Bank of Namibia in Windhoek:

> In our case, Director of Ceremonies, financial inclusion means an inclusive financial system in which all persons who can use financial services have access to a range of quality financial services, provided at affordable prices, with dignity to clients. Inclusive financial services, therefore, go beyond banking products. An inclusive financial system should ensure that the excluded people in our country currently estimated at over 50 per cent of the economically active population have access to affordable financial services. Such services include credit, reliable access to an efficient payment system, insurance services, among others. An informed understanding of how financial markets work, in other words be financially literate is another important element of financial inclusion. An inclusive financial system will ensure that our SMEs have access to the much-needed finance, business support, and relevant financial information required for the SME sector to thrive. Ultimately, financial inclusion nurtures consumer empowerment through financial awareness and consumer education. (BoN, 2010, p.1)

The second definition is contained in the BoN Annual Report for year 2010:

> Financial inclusion, in broad terms refers to a process that ensures the ease of access, availability and usage of the formal financial system for all members of society (Sarma and Pais, 2008:2). This process is two-dimensional; it focuses on elements of providing access to a wide range of

> financial services, while simultaneously advocating for a variety of competitive options for consumers to choose from. (BoN, 2010, p.160)

4.2.2 Core purposes-Financial inclusion in Namibia

The quotation-document matrix shows that out of a total of 19 different documents reviewed, 69 relevant quotations were found (Appendix A). The list of the titles of the documents which contained relevant references is given in Appendix B.

Thirteen purposes for financial inclusion were identified from the documents namely: reform regulations, improve financial literacy, target bottom of the pyramid, improve affordability, increase access to finance, reduce the growth of exploitative informal sources of credit, improve finance infrastructure, improve SME finance support, improve availability of data and information, embrace new technologies, increase local ownership, increase number of innovative finance products and services and, reduce income inequalities. The identified purposes were further grouped into broader purposes or goals. The identified goals were three economic growth, poverty reduction and financial sector development. This is depicted as a network view in Figure 3.

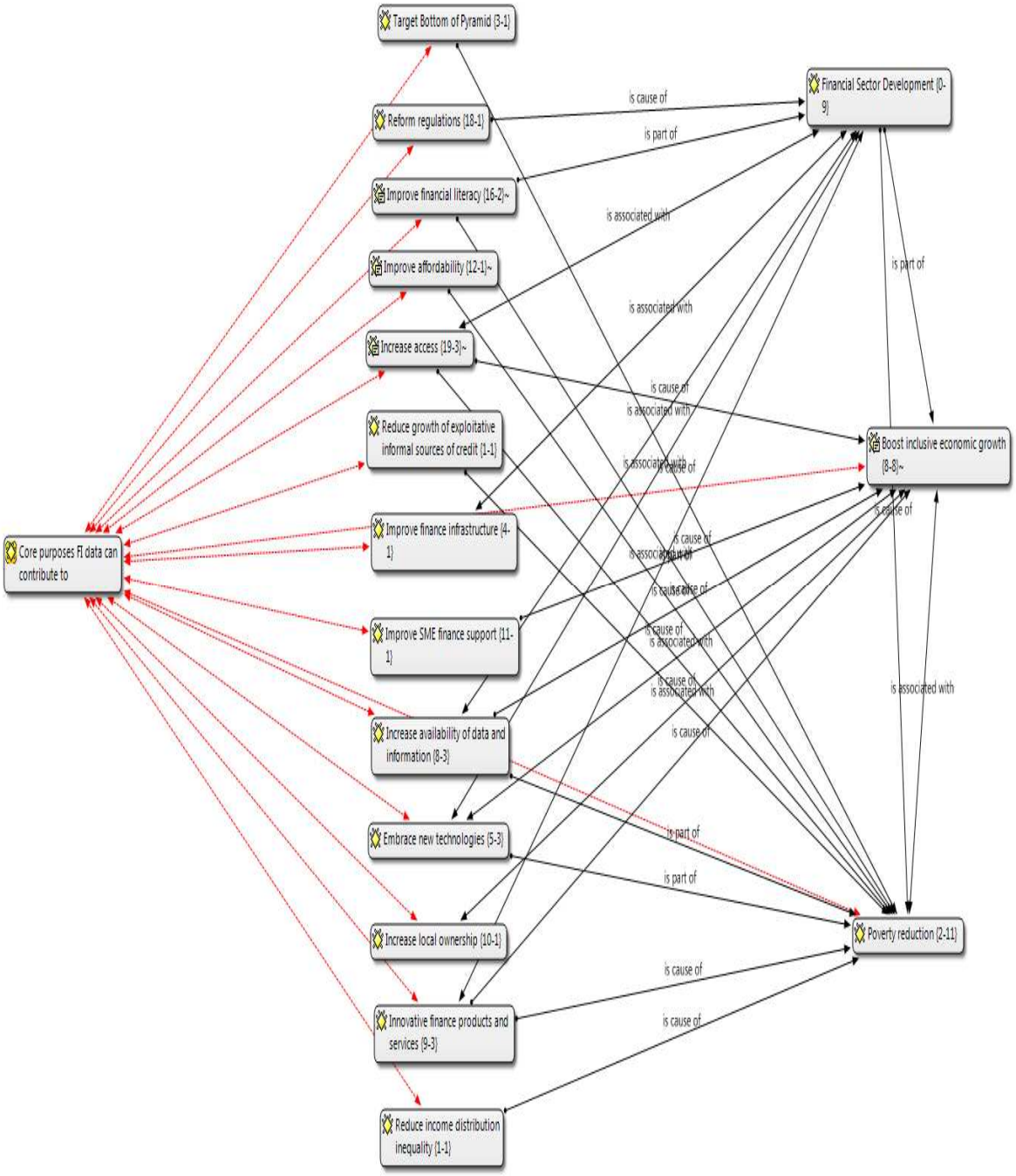

Figure 3. Network of core purposes to which financial inclusion data in Namibia contributes.

The purposes with the highest occurrence (occurrence shown in brackets) in the documents were found to be: increased access to finance (19), reform regulations (18), improved financial literacy (16), improved affordability (12) and, improved SME finance support (11).

4.2.3 Qualities of data required for Namibian scenario

The core elements of the Fundamental Principles of Official Statistics and the Data Quality Assessment Framework (DQAF) were used as codes in a content analysis of Namibia Statistics Agency (NSA) documents and other relevant documents from the National Planning Commission of Namibia. The occurrence of these core elements and the text discussion pertaining to them provided an indication, albeit a cursory one, of the level of the current national statistics system.

Core element 1: Recognition of important place of statistics

The reviewed documents showed that the important role of evidence- based decision making in public and private sectors was acknowledged by the NSA. The drafted Statistics policy relates to demographic, economic, financial, environment, social and similar statistics at national, regional and local levels. Also, a solid legislative and institutional system was quoted as being in place to ensure the establishment of a National Statistics System (NSS). The NSS would support the attainment of the

goals set out by government in Vision 2030 and NDP 4 (Namibia Statistics Agency [NSA], 2012).

The important place of statistics is well recognized and communicated in government's justification of the formation of the NSA and the impending formation of the NSS. The NSA in its reports also acknowledged the importance of statistics in the broad areas of the economy.

Core element 2: Standardization and harmonization

Namibia Statistics Agency prescribes and follows the requirements of the General Data Dissemination Standards (GDDS) in some sectors. A draft policy for National Spatial Data Infrastructure aimed at setting standards and guidelines for collection, sharing and management of spatial data was developed with technical assistance from the World Bank (NSA, 2013). A number of other standards for statistical collection, access to statistics and statistical information, record keeping and protocols were still to be prepared and issued. Namibia is in the process of standardizing all the methods and procedures for collecting, processing and archiving data. Scientific principles were in use in collecting and processing some of the data such as the Consumer Price Index as evidenced by the acceptance of this data by regional bodies such as Southern African Development Community (SADC) and African Development Bank (AfDB). The documents indicated room for improvement in terms of standardization.

Core element 3: Efficiency of collection

Performance varied depending on type of data. For instance, the main report for the 2011 Population and Housing Census was completed on time as were the fourth quarter GDP 2012 and the Preliminary National Accounts 2012. These reports were published, according to the specified periodicity as per General Data Dissemination Standards (GDDS) requirement to which NSA subscribes. While economic data is efficiently collected, there were however, serious challenges with timeliness of trade data.

With regard to coordination of collection, the Statistics Policy intends to ensure that statistics are representative of the country at large, representing concerns and conditions of all regions, sectors and population groups. The NSA is the sector leader for the NSS and as such has the role of not only being a major producer of Namibia's official statistics, but also that of coordinating amongst the various other statistics producers in the country. In practice, coordination of collection is still a challenge with reported weak relationships with other Ministries, Offices and Agencies (O/M/As) in terms of receiving data they collect and in respect of other working arrangements (NSA, 2012). There were however actions already in place to address this such as the establishment of a Statistics Steering Committee.

Core element 4: Transparency

One of the principles of the NSS is that statistics should be compiled, produced and analyzed in a scientific and transparent manner. Revalidation, verification and cross checking were reportedly being carried out (NSA, 2013). Transparency of sources and methodology was set to improve with ongoing development of standards.

Core element 5: Access by the public

User friendly access to statistics was facilitated by NSA website. Timetable of release for some data such as national accounts were also made available. The statistics were quoted as being extensively used and valued by the users (NSA, 2013). The attendance of stakeholders at press conferences and the number of visits to the NSA web site as well as the number of downloads were reported to be an indicator of the growing value and access the public had to the statistics.

Core Element 6: Country ownership

The NSA was created by an Act of Parliament, Statistics Act No 09 of 2011. Under this Act the NSA is the central statistics authority and the central repository for all statistics produced in Namibia. At the time of study, the organization was in the process of developing measures to ensure compliance to the set standards and procedures for Namibian Official Statistics –through regular committee meetings, visits, audits and inspections.

Core element 7: Focus on data demand as well as supply

The importance of having statistics that are fit for purpose in an ever-changing world was highlighted by the Director General of the National Planning Commission (NPC) in his opening speech for the Statistics User-Producer workshop held in Windhoek in July 2013 (National Planning Commission [NPC], 2013). At the time of this study, NSA was to conduct a user survey to assess the level of responsiveness from users and to determine the use of statistics in planning, monitoring, evaluation and user satisfaction. Improvements in planning were to be made based on survey feedback. In addition, the NSA business plan outlined its intention to obtain, analyse and report the feedback from users on their specific user needs received through returning questionnaires at the back of publications and through online feedback. These measures were not yet fully in place.

Core element 8: Dimensions of Financial Inclusion

The four widely used dimensions of financial inclusion include access, usage, quality and impact. Under these dimensions, the actual measures and indicators can be numerous and sometimes context specific although typical examples of indicators of each dimension are given in reports and studies such as World Bank (2012) and Bankable Frontier Associates (2010). The documents reviewed showed no evidence of the NSA collecting financial inclusion statistics in a comprehensive and distinct manner from which indicators could be derived. The Bank of Namibia as role players in Nambia's national statistics, does collect some financial inclusion

data directly as well as indirectly such as through the joint sponsorship of the 2011 FinScope consumer survey.

4.2.4 Financial inclusion measures and indicators currently in use in Namibia

The gathered documents were grouped into four groups according to the supply-side institution that served as the source of the document. The groups were banking institutions, regulatory institutions, specialized financial institutions and survey databases (documents of organizations that carry out multinational surveys). These groups were also used to group the documents in the document analysis while the four financial inclusion perspectives were taken as the codes. The resulting extended quotations aggregated using ATLAS.ti 7 software are shown in the Appendices (C1 to C15). Table 5 shows the number of types of indicators occurring in the different groupings, arranged according to the financial inclusion perspective in which the indicator falls.

Table 5

Totals of measures occurring in documents categorized by source of documents

FI Perspective	Document Source				Total
	Banking Inst.	**Regulatory Inst.**	**Specialised Fin. Inst.**	**Survey Database**	
Access	2	2	0	15	19
Usage	10	8	14	16	48
Quality	3	2	1	2	8
Impact	1	1	1	0	3
Total	16	13	16	33	78

Note. Author's own source.

It should be noted that the occurrences in each group were not frequencies as repeated occurrences in the same group were counted as one. The survey database group yielded substantially more indicators than the other groups. The usage perspective yielded many more indicators than the other perspectives. Some of these though were variants measuring similar things in the same group. Quality and impact perspectives had few indicator types. This was expected as both perspectives are considerably more difficult to measure particularly from the supply- side perspective. Impact is particularly difficult to measure but is more likely to be measured using demand- side data.

The indicators and measures identified in the documents from the banking institutions, regulatory institutions, specialized financial institutions and survey databases respectively and presented according to the financial inclusion

perspective. The indicators identified in documents obtained from banking institutions are shown in Table 6.

Table 6

Information from Banking Institutions- Financial Inclusion Measures and Indicators

FI Perspective	Measure/ Indicator
Access	1) Number of Points of representation such as number of branches, agencies and ATMs around the country in how many regions? 2) Number of Point of Sale (POS) devices
Usage	1) Number of actively transacting clients 2) Growth in asset book value of Emerging Small and Medium Enterprises (ESME) branch. 3) Microfinance company loan book growth as well as number of clients 4) Microfinance company number of clients as well as disaggregation to gender and employment 5) Microfinance :Average loan size 6) Number of credits provided to micro entrepreneurs 7) Transactional account volume growth. 8) Number of new low cost savings accounts opened 9) Transaction volumes growth rate 10) Number of SMEs benefitting from credit
Quality	1) Number of people given training in financial matters. 2) Number of customer care calls per year. 3) Number of cellphone banking customers registered.
Impact	1) Number of jobs created due to credit extended

Note. Author's own source.

The banking institutions' indicators found in reviewed documents were fairly uniform across the institutions for access perspective but had some variations in other perspectives. For instance, disaggregation into SME related usage data was only found for one commercial bank (Bank Windhoek) and the microfinance related measures came from only one bank (Bank Windhoek) that has shares in a microfinance company. This would present a challenge for an organization wishing to collect and aggregate such data for commercial banking institutions. Generally for the banking group, the degree of disaggregation in the indicators was low.

The indicators identified in documents obtained from regulatory institutions are shown in Table 7.

Table 7

Information from Regulatory Institutions- Financial Inclusion Measures and Indicators

FI Perspective	Measure/ Indicator
Access	1) Number of POS terminals 2) Number of microlenders (disaggregated by type: Term lenders and payday lenders).
Usage	1) Number of transactions captured at POS terminals 2) Value of transactions through POS terminals (total electronic money value). 3) Number of smartcards issued 4) Number of members of friendly societies 5) Value of credit extensions by microlenders disaggregated by term lenders and pay day lenders. 6) Average value per loan. 7) Loans outstanding 8) Volume of loans by microlenders
Quality	1) Number of complaints recorded of financial inclusion services offered. 2) Number of consumer education bulletins printed and distributed in country
Impact	1) Direct and indirect jobs created by SMEs

Note. Author's own source.

The regulatory institutions had indicators that were an aggregation of the data from the different organizations they regulated. A number of the indicators, among these were related to microlending institutions.

The indicators identified in documents obtained from specialized financial institutions are shown in Table 8.

Table 8

Information from Specialized Financial Institutions- Financial Inclusion Measures and Indicators

FI Perspective	Measure/ Indicator
Access	-
Usage	1) Total amount extended to SMEs through line of credit to banks 2) Number of SMEs benefitting from credit extension disaggregated by gender, sectoral and regional spread and whether previously disadvantaged or not. 3) Number of projects in SME sector approved 4) Percentage of value of loans approved that went towards the SME sector. 5) number of new savings accounts opened during the year. 6) increase in value of client savings in savings accounts (growth of deposit book). 7) Number of transaction cards issued in year 8) Increase in transaction volumes (savings account) 9) Increase in number of savings account holders 10) Value of the investor's book. 11) Increase in transaction volumes 12) Number of granted loans (disaggregated by purpose of loan) 13) - Number of indebted clients 14) Number of beneficiaries of special loan scheme disaggregated to previously disadvantaged
Quality	1) Number of customers with smart cards

Note. Author's own source.

There were substantial variations in the types of indicators related to the specialized financial institutions group. This was expected given the specialized nature of their individual mandates. For instance, savings indicators were applicable to only one organization in the group (NamPost Savings Bank). In this group, more disaggregation of indicators was observed than in the bank institutions group.

Table 9 shows the indicators that were observed in documents from databases of surveys undertaken in Namibia.

Table 9

Information from Surveys Databases- Financial Inclusion Measures and Indicators

FI Perspective	Measure/ Indicator
Access	1) Barriers to financial inclusion (FinScope- Namibia) 2) Growth of commercial bank physical infrastructure in country (FinScope- Namibia) 3) Strength of legal rights index (Ease of doing business). Legal rights index measures the laws that are better designed to expand access. 4) Depth of credit information index (Ease of doing business). Measures, rules and practices affecting coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. 5) Public registry coverage- percent of adults. (Ease of doing business). 6) Private bureau coverage - percent of adults. (Ease of doing business). 7) Growth of ATMs and points of sale in the country (World Bank Global Payments Systems Survey). Country data not available for Namibia. 8) Growth in number of payment cards in circulation (World Bank Global Payments Systems Survey). Country data not available for Namibia. 9) Number of institutions providing financial services to the poor- disaggregated by type (BoN Survey, 2002). 10) Intermediaries disaggregated by requirements (collateral, ATM card, savings and property) (BoN Survey, 2002).

FI Perspective	Measure/ Indicator
	11) Number of MFIs with savings facility (BoN Survey, 2002). 12) Commercial bank branches per 1,000 km^2 (IMF Financial Access Survey). 13) Commercial bank branches per 100,000 adults (IMF Financial Access Survey). 14) ATMs per 1,000 km^2 (IMF Financial Access Survey). 15) ATMs per 100,000 adults (IMF Financial Access Survey).
Quality	1) Payment services (cash, current account transfers and payment cards in remittances) (World Bank Global Payments Systems Survey). 2) Factors that triggered reforms being undertaken in payments and settlements (World Bank Global Payments Systems Survey).
Impact	-

Note. Author's own source.

The survey databases group had more measures than the other groups. This is understandable considering that surveys were undertaken for collecting data on financial inclusion or related data for a broader purpose, whereas the other groups were more focused on establishing measures that would be primarily useful for enhancing their own operations and achieving their own specific goals. The survey databases for instance were the only group that had barriers to access indicator as well as indicators that had to do with gauging the regulatory environment. It should be noted that although some measures in this category were derived from the local

surveys conducted by a regulatory institution, it was decided to include those measures in this group rather than in the regulatory institutions group, because of the once –off nature of the surveys. It was not clear whether some of the country indicators employed by multi-national surveys were obtained independently or from data compiled by the individual financial institutions, which did not refer to this data in their own reports. Of further concern is the periodicity of some of the supply-side survey indicators. Latest Namibian figures found for some relevant indicators in the Enterprise survey date back to 2006 while those of the Global Payments System survey are only updated to 2010. Compounded to this is the fact that some of the multi-national data bases such as the Microfinance Institutions (MIX) are not easily accessible to the public.

Also, comprehensive national supply-side financial inclusion relevant surveys are few and far between with the documents obtained showing only two surveys, both done in 2002 by German Agency for Technical Cooperation (GTZ) and Bank of Namibia (Mushendami et al., 2004). These issues highlight that although the results may show the occurrence of certain indicators, the usefulness of such indicators for intended purpose may in reality be limited.

Although no evidence was found in the documents of an indicator or measure directly pertaining to the embracing of new technologies, there were a number of quotations from all the different groupings on the incorporation of emerging technologies and their benefits (see Technology and infrastructure quotations in

Appendix D). The technology advancements were mainly in the area of cellphone banking and card based technologies. Some identified benefits were cost efficiency, increased representation points, increased access to basic financial services and increased healthy competition in the banking sector. In terms of infrastructure, improvements in the Namibia Payments Systems (NPS) and the related localization of the core banking system were poised to optimize access to the payment system, support financial inclusion and lower production costs while providing clearance for payments made through all channels.

4.3 Analysis

4.3.1 Objective

The analysis of the gathered results was done to determine the existence of data and measurement gaps between the comprehensive financial inclusion supply-side data and measurement landscape and the actual financial inclusion supply-side data and measurement landscape. The analysis also serves the purpose of getting a better understanding of the appropriateness of suggested measures given Namibia's measurement landscape. This would provide a basis for recommendations for improvement in the manner these data are collected, compiled and made available for various purposes.

4.3.2 Methodology

Three categories of elements were used to characterize both the comprehensive and actual landscapes. These included definitions, core purposes and identification of qualities of data required. The comparison of the two landscapes was done according to the corresponding category. The difference (the resulting gaps) were then determined. Measures/ specific indicators that are considered appropriate in filling the gap, were proposed. The analysis was augmented by discussions to provide further clarity and context.

4.3.3 Use of ATLAS.ti 7 software

The ATLAS.ti 7 software was used for obtaining relevant quotations from the project documents. It was also used to analyse the gathered information through cross tabulations. This enabled comparison of the different measures in use, among the different supply-side groups. The number of occurrences provided by the software gave indication of how widespread the use of certain measures was in a particular group.

4.3.4 Gap analysis: Definition

The definition obtained from the Bank of Namibia and that adopted for the ideal framework (from GPFI) are similar and clearly bring out the dimensions of access, usage and quality. While access is explicitly referred to in the GPFI definition, usage and quality elements are implied. The specific terms “reliable, convenient,

affordable, continuous and flexible" all reflect important elements for defining quality and to some extent, usage in financial inclusion. In the adopted (GPFI) definition, the focus of the effort is deliberately identified as the financially underserved as well as the financially excluded. This is in agreement with Demirguc-Kunt, Beck and Honohan (2008) who suggest that due to the benefits of indirect effects of financial development on the poor, it is important to improve financial access for all and not just only for the poor. In Namibia, although SMEs generally have some access to finance, they can be justifiably categorized as underserved and are rightfully included in financial inclusion discussion. The targeting of SMEs is clear in the BoN (actual) definition. It can be said that the two definitions (ideal and actual) are similar in their main aspects. This implies that the indicators that would be derived from the definitions should also be similar. In reality however, whereas the ideal landscape has numerous indicators making it probable for all aspects of the definition to be meaningfully covered, the situation is different for the actual landscape. The aspect of targeting particular categories of people who are vulnerable to financial exclusion, is lacking. This calls for increased disaggregation of data and indicators.

Disaggregation of data

The disaggregation of data by gender, geographical location and size of firm was generally low for the banking institutions and the regulatory institutions particularly concerning usage and quality indicators. Hannig (2010) shares a similar concern and goes on to state that prioritizing aggregate volumes over numbers and characteristics

of clients in some indicators may introduce important distortions into data analysis prior to policymaking discussions. Bankable Frontier Associates (2010) also state that in certain cases more relevant and disaggregated supply-side financial inclusion data may be required.

Kendall, Mylenko and Ponce (2010) state that having data disaggregated into multiple categories and data on which specific institutions are included in each category helps mitigate problems of differential reporting when comparing data across countries. Nevertheless, aggregation is required for the purpose of reporting to most of the more prominent multi country surveys. To this effect, Porteous (2009) proposes a framework for aggregating supply-side data from regulated institutions. In Namibia, the Bank of Namibia and NAMFISA as regulatory bodies would be better placed to aggregate the disaggregated data coming from the suppliers.

4.3.5 Gap analysis: Core purposes

The core purposes that inform the ideal measurement landscape are covered by the core purposes found in literature. The purposes found in the project documents are used for the actual measurement landscape. Although the identified actual purposes seem more than the ideal ones and at first sight somewhat different, when aggregated into broader goals or purposes, it can be seen that they correspond to the ideal ones. For instance, financial sector development which in this study is

categorized as a broader goal, may be seen to be contributory to economic growth and poverty alleviation. The core purposes of the two landscapes then engender similar measures.

However, gaps of measures or indicators may be identified not because of gaps in the purposes of the two landscapes, but rather because of gaps between indicators that ought to be in place for identified purposes and those that are currently present. This may be termed as the comprehensiveness of the indicators. An analysis of the comprehensiveness of the actual indicators with regards to their contribution to the identified actual purposes was done by means of cross-tabulation (Table 10).

Table 10

Cross Tabulation of purpose of Financial Inclusion data and number of indicators/ measures found in documents.

Purpose	**Indicators/ Measures in documents**			
	Banks Inst	**Regulatory Inst.**	**Specialised Financial Inst.**	**Surveys databases**
Reform regulations	0	0	0	1
Improve financial literacy	1	1	0	1
Improve affordability	1	0	0	0
Increase access	2	2	1	15
Reduce growth of exploitative informal sources of credit	5	4	0	5
Improve financial infrastructure	0	2	2	7
Improve SME finance support	2	1	3	2
Target Bottom of Pyramid	1	0	1	1
Embrace new technologies	1	0	1	1
Innovative finance products and services	1	0	0	2
Reduce income distribution inequality	0	0	0	1
Increase local ownership	0	1	0	0
Increase availability of data and information	1	1	0	2
	0	0	0	0

Note. Author's own source.

Generally it was observed that the fewer the indicators found in documents related to the purpose, the weaker the connection or the less apt these indicators were to the purpose. The following purposes had relatively fewer or no indicators allocated to them indicating possible gap in indicators:

1. Reform regulations.

   The reforms and the factors that triggered reforms in payment and remittances and financial inclusion in general. There are several reforms suggested by the World Bank's Global Payment Systems Survey.

2. Improve financial literacy.

   Measures suggested by Organisation for Economic Co-operation and Development (OECD) and International Network on Financial Education (INFE) may be used as financial literacy indicators. For the youth, the Programme of International Students Assessment (PISA) can be used.

3. Target bottom of the pyramid.

   This information may be inferred from measures on micro finance institutions as it may be assumed that users of Microfinance Institutions (MFIs) are from the BOP. Also, measures on new, low cost savings accounts may be proxy for this). There is a need to have a more direct measure.

4. Embrace new technologies.

   There is need for more direct measurement such as Mobile Money for the Unbanked (MMU) deployment tracking or number of new technology based financial services.

5. Innovative finance products and services

   A harmonized indicator can be introduced by the supply-side actors to track the number of innovative, new products or the number of product features.

6. Reduce income distribution inequality

   Although a measure specifically relating to income distribution inequality to financial inclusion was not found, this indicator is already being compiled at national level in the form of the Gini coefficient.

7. Increase local ownership

   The Namibian Financial Sector Strategy in its action plan and monitoring activities section addresses the need for monitoring this measure. It is reasonable to assume that this will be put into place in the near future as the strategy is operationalised.

8. Increase availability of data and information.

   There have been three national FI surveys done by FinScope with the last one being in 2011. These were all demand- side oriented with approximately three years in between each. Some of the indicators, were collected by these demand-side surveys and were also made reference of in supply-side institutions documents. Some of the indicators from the 2011 FinScope consumer survey could be used to supplement the supply-side data in terms of contributing to purpose of FI data collection and use. In particular, the FinScope indicators that can enhance supply-side data include: awareness of financial product; knowledge of financial product; barriers to banking; usage

of banking and other financial products; and factors for choosing loan and savings products. A limitation would be the lower periodicity of the FinScope surveys.

4.3.6 Gap analysis: Ideal qualities of data

The key quality characteristics in the ideal landscape were identified as standardization, flexibility and coordination of collection. The standardization applied to definitions, measurements and methods with an aim to ensuring transparency, consistency, comparability and harmonization (locally and internationally). The comparison of the actual landscape and the ideal one indicated that the Namibia Statistics Agency (NSA) has already embarked on standardization and it is well placed to establish standardization in the national statistics system. There is need for actualization of harmonization and standardization intentions between the different actors not only to ensure ease of national aggregation, but also to facilitate Namibian input to multinational surveys and so derive the shared lessons from such studies.

Flexibility to meet country demands while maintaining standardization is a challenge that will become more prominent once the channels for obtaining feedback from users and other relevant stakeholders are fully functional. The NSA would then be faced with the task of responding to specific user needs without

compromising on the standardization required for multi country reporting. The capacity to do this, needs to evolve with the challenge.

The reported weak relationships with other Ministries, Offices and Agencies (O/M/As) in terms of receiving data they collect and in respect of other working arrangements raise concerns as to the capacity to run the current system in a coordinated and efficient manner. There are likely to be duplicated data collection efforts leading to cost inefficiencies and inconsistencies unless the NSA steps up its leadership and coordination role through planned activities such as visits, audits, inspections and regular Statistics Coordinating Committee meetings. There was therefore need for more coordination in the national collection and aggregation of the data.

From the reviewed documents, it was observed that the statistics currently produced by the NSA did not include annual financial statistics. It would be expected that a large share of the financial inclusion data would be collected under these statistics. The NSA business plan does schedule 2013/2014 as the commencement of the production of annual financial statistics (NSA, 2012). There are however other surveys done by the NSA that contain some statistics that are of relevance to financial inclusion. An example would be the National Household Income Survey

that contains some measures of relevance to demand side financial inclusion. The analysis of the quality of financial inclusion data in the country in general with regard to the dimensions of financial inclusion is central to this study and is thus handled separately in the following section.

With regard to actual qualities of national data, an overview of the national statistics capacity showed that there was need for more coordination in the national collection and aggregation of the data. Along with the general coordination is the need for harmonization and standardization of definitions, methods and indicators between the different actors not only to ensure ease of national aggregation, but also to facilitate Namibian input to multinational surveys and so derive the shared lessons from such studies.

4.3.7 Gap analysis: Dimensions of financial inclusion

The ideal landscape contains all four of the dimensions of financial inclusion and thus includes the whole array of corresponding indicators that are not itemized in this study as they are too numerous and varied. The actual landscape on the other hand addresses the four dimensions to varying degrees through the identified indicators. Practically, not all possible indicators can be used because of cost, time and other resource limitations. The gap analysis therefore in this section has to do with identifying where the indicators may be lacking not only in terms of the

dimensions of financial inclusion, but also in the context of the priority implied by the actual landscape purposes and definition. These gaps are discussed by dimension.

Access indicator gaps

Whereas the reviewed documents showed that the common access indicators were being employed particularly at banking institutions level, aspects to do with barriers to access, in particular affordability and eligibility were lacking. From the supply-side perspective, affordability could be expressed in terms of fees for maintaining bank account or for services such as bill payments or transfer of money and minimum balance requirements, while eligibility could amongst others, look at documentation required to open an account. Demirguc-Kunt, Beck and Honohan (2008) provide comparative figures for several developing countries which illustrate the severity of these barriers.

Usage indicator gaps

Commonly used usage indicators refer to regularity, frequency and length of time used. The data gathered showed no indication of these aspects although other relevant measures were used instead such as number of low cost savings accounts opened and volume of loans by microlenders. This may be because the common usage indicators may present more of a challenge when dealing with supply-side actors. Without financial identity, it is difficult to avoid problems of multiple

counting as one person may have more than one account or more than one loan. It may be argued that aspects of regularity, frequency and length of time may be better collected through demand-side surveys. At the same time, the use of these common indicators by supply-side actors may be helpful for planning purposes and internal evaluation.

Quality indicator gaps

The study found a lack of quality perspective indicators measuring the degree to which the financial services or products match the lifestyle needs of the consumer. There were no indicators found regarding the range of options available to the customer or their levels of understanding of these choices and their implications. Such indicators would relate to product fit, convenience, transparency, financial literacy and safety. This lack of quality indicators on the supply-side is not unexpected in some sense as it has been pointed out that demand- side surveys such as the 2011 FinScope survey on Namibia tend to measure quality better than supply-side surveys as they focus on the individual level (Bankable Frontier Associates, 2010). On the other hand, Pearce and Ortega (2012) state that both supply-side and demand-side surveys can be used to measure quality of financial inclusion provided the surveys contain more complex information such as detailed product characteristics, terms of the contracts, or awareness of consumers.

Impact indicator gaps

The study revealed that supply-side impact indicators were almost nonexistent except for the measure that captured the number of jobs created. Again, this was expected given the complex nature of measuring impact accurately. In the case of impact measurement, even the common demand-side surveys are inadequate since impact evaluations need more data than that obtained through simple financial information and statistics so that a relationship of causality can be established. This notwithstanding, impact remains a crucial perspective of financial inclusion and where possible, data should be gathered that would make the impact evaluation process easier. Pearce and Ortega (2012) propose the adoption of the Impact Assessment for SME Finance Policies Framework being developed by the World Bank.

4.3.8 Stage of financial inclusion

Although not considered as part of the elements defining the landscape in this study, the stage of financial inclusion is considered to have some effect on determining which indicators are of immediate priority. An initial diagnostic tool or archetype (Figure 4) that was developed by the IFC and McKinsey was used to determine the stage Namibia has reached in terms of financial inclusion.

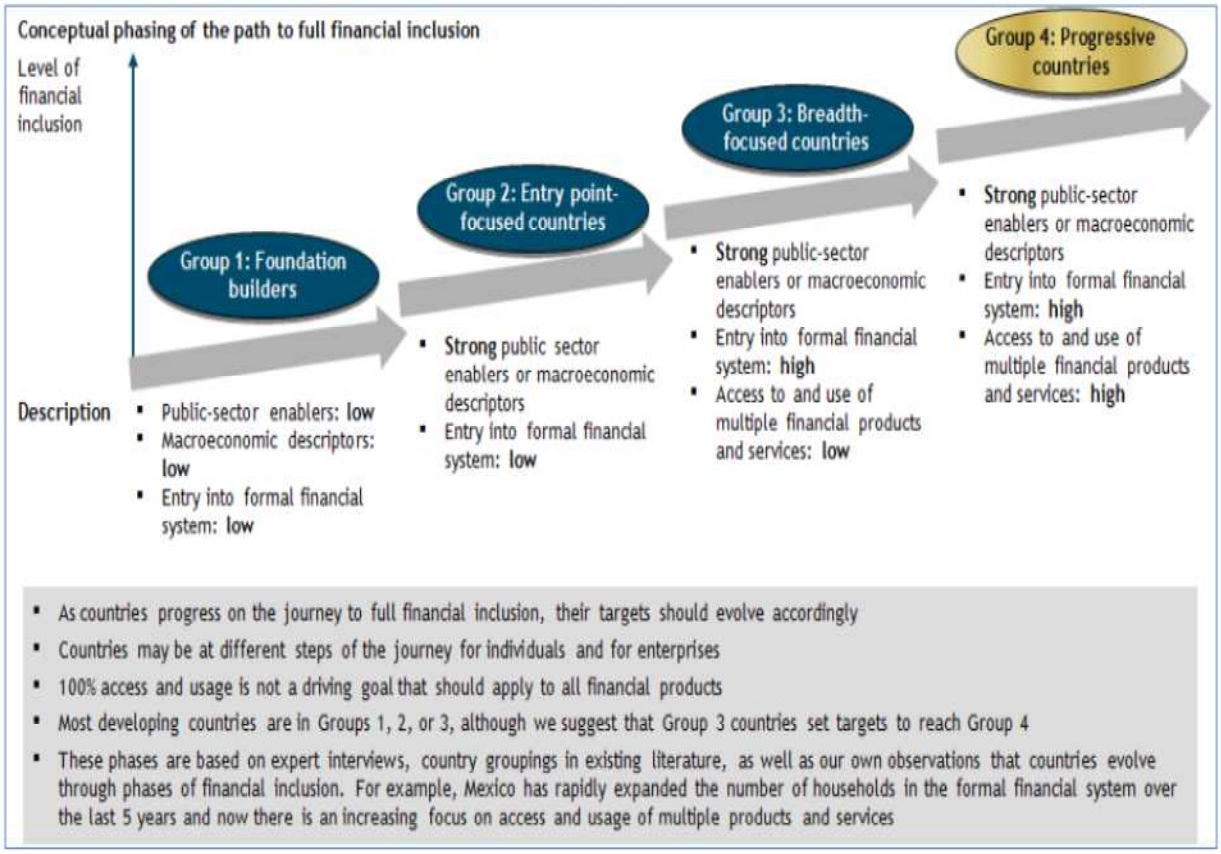

Figure 4. Target-setting archetypes guiding framework (IFC, 2011)

Input for locating the group that best represents Namibia was obtained from the FinScope Consumer Survey Namibia 2011 report. The report summarises, “Savings and transaction products mainly drive the Landscape of Access in Namibia” and goes on to mention “This also shows that although the percentage of financially included adults has increased significantly, there is scope for deepening the extent and quality of inclusion in Namibia” (FinMark, 2011, p.3). Namibia was thus

categorized as a Group 3 (breadth focused) nation. The tool describes Group 3 nations as those for which access to and usage of multiple products and services are currently primary targets with quality, barriers to access and financial literacy issues in the process of becoming prioritized targets. Consequently, indicators and measures in the areas of quality, financial literacy and barriers to access are likely to be more prominent going forward and should be incorporated in an ideal measurement framework for Namibia. It was noted that the categorization was not very clear cut as there were some elements of Groups 2 and 4 that were applicable to Namibia. Group 3 was chosen as it better represented the characteristics of Namibia's current financial inclusion efforts and achievements than the other two groups.

Quality, financial literacy and barriers to access indicators are considered to be emerging indicators which are yet to be measured consistently in many countries (IFC, 2011). Quality indicators can be employed to measure the nature and depth of relationships between the financial intermediary and consumer, the consumer choices available and the levels of the consumers' understanding of their choices and implications (Hanig, 2010). The barriers to access indicators include price barriers, information barriers and product and service design barriers. These can be informed by supply-side data (AFI, 2010) as well as demand-side data (FinMark, 2012). Financial literacy indicators are more likely to be derived from demand-side data. Nationally, it is expected that the constituted Financial Literacy Working

Group will develop indicators that can be used country-wide enabling a comparison with a national baseline as well as comparison with multi country targets and averages (Ministry of Finance, 2011).

4.3.9 Informal sector gap

Although the consideration of informal supply-side actors was not included in the scope of this study, it is recognized that they play a role in financial inclusion in Namibia. Finmark (2012) in the 2011 FinScope consumer survey on Namibia report, collected some data from some informal institutions. These institutions were mainly cash loan institutions and informal savings institutions. From the cash loan institutions, some of the data collected included number of loans provided per month; average size of loans; typical interest rates and repayment times and requirements to qualify for lending. From the informal savings institutions, the data collected included number of members; requirements for joining initiative; withdrawal procedures and other services offered. Gathering of data from these informal institutions is quite a challenge due to the lack of registration of many of them. The relative diminished importance of informal finance compared to formal finance is outlined by Honohan and Beck (2007). The authors further acknowledge that formal and informal systems will continue to function side by side in the foreseeable future. They forecast that formal finance is likely to increase faster as it presents greater ability to provide a wide range of services at a larger scale than informal finance.

4.4 Proposed framework for financial inclusion supply-side data and measurement

Having considered the actual financial inclusion supply-side data landscape and the identified gaps, a framework for supply-side data compilation and measurement was proposed (Figure 5). This study output suggests a framework that could be used to fill the afore-mentioned gaps.

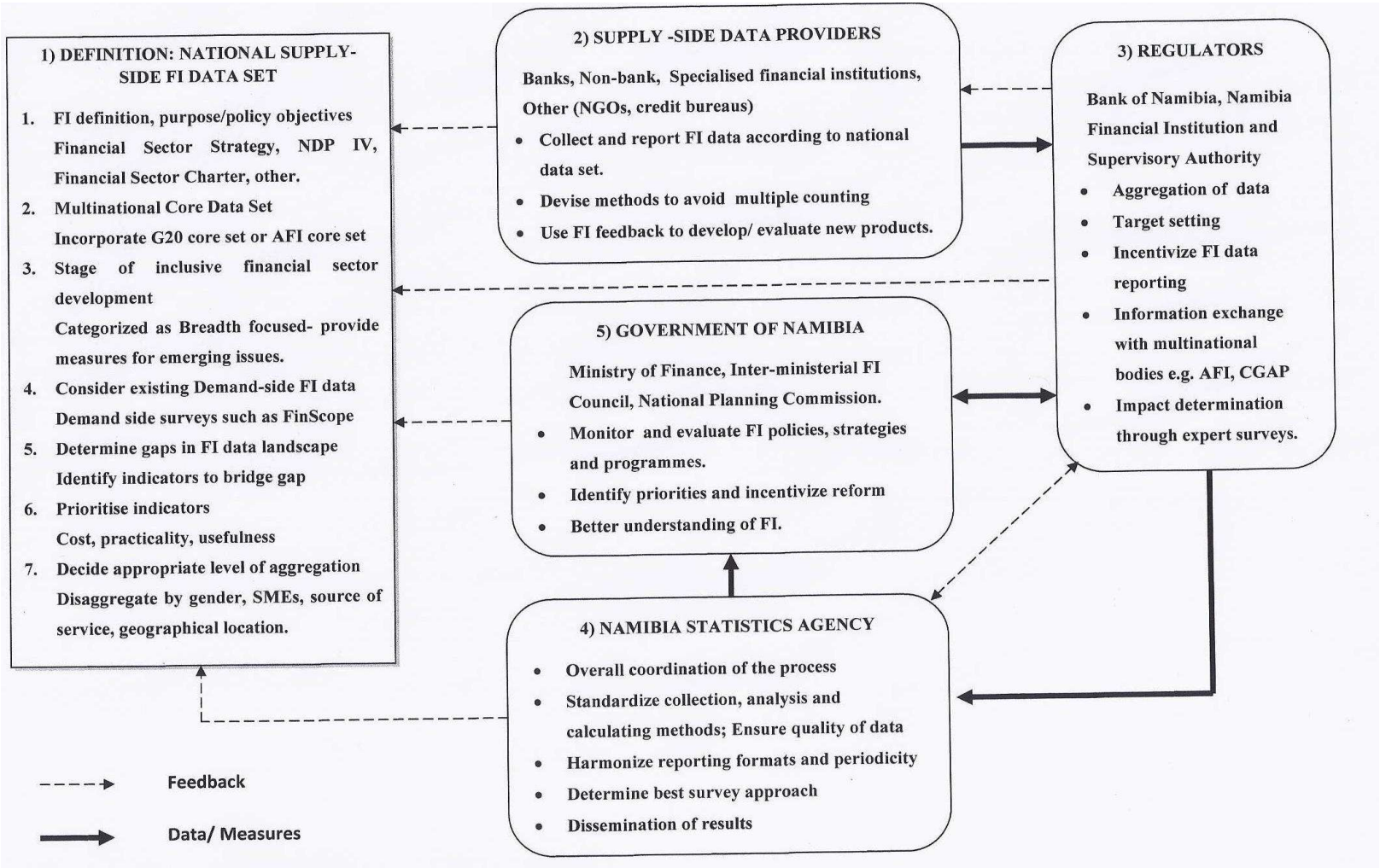

Figure 5. Proposed framework for Namibian supply-side financial inclusion data collection and compilation as circulated to stakeholders.

The framework shows (in frame 1) a suggested process for definition of a core national supply-side financial inclusion core data set. The remaining frames depict the main roles that the different category of actors will be required to take. The arrows indicate the direction of flow of data as well as the feedback of indicators and findings. It takes into consideration:

- The complementary relationship between demand-side and supply-side financial inclusion data as recommended for national measurement and as a way to avoid duplication of efforts.
- The need for harmonization and standardization of methods and measures given the number of different sources.
- Need for aggregation of data for national reporting versus the need for disaggregation of measures for better understanding of the landscape.
- Periodicity of reporting or surveys in order for the indicators to be of use for monitoring of FI strategies and programmes
- Financial inclusion indicators are not static as they are defined by a changing environment, hence the need for a framework that is flexible enough to respond to environmental changes.
- The need to avail data in a format suitable for utilization by multi-national financial inclusion bodies for building multi-national data bases.
- That at the time of reporting, the Namibia Statistics Agency had not yet began compiling financial statistics. The NSA strategic plan earmarked this activity for commencement in 2013/2014.

4.5 Testing of the product

The product (proposed framework, figure 5) was circulated to the selected officials from select institutions for evaluation and feedback. The selection of the officials was based on their familiarity with financial inclusion as well as the data collection and measurement systems in Namibia. The selected institutions include Bank of Namibia, Namibia Statistics Agency, NAMFISA, Development Bank of Namibia, Fides Bank, Kongalend, SME Bank, Bankers Association of Namibia and the Micro-lenders Association of Namibia. A questionnaire (Appendix E) was the tool employed to solicit feedback. The feedback obtained was analysed and where appropriate, incorporated in the proposed final product model.

4.5.1 Product testing feedback

Feedback obtained from the respondents highlighted the following:

1) All the respondents found the proposed roles of the different categories of supply-side actors to be appropriate.
2) All the respondents found the elements in the proposed data set definition process to be appropriate.
3) Concern was raised as to whether the proposed engagement of the NSA was in line with the NSA's mandate.
4) Concern was raised over the lack of direct reference to buy-in of all stakeholders as an important implementing factor.

5) It was stressed that efforts of FinScope should not be duplicated as there was already a feeling among many stakeholders of being over burdened by reporting, not to mention the financial contributions already being made to FinScope by some stakeholders.
6) A suggestion was made to make the framework easier to understand by including a key for the abbreviations.
7) The inclusion of the Financial Literacy Initiative was also suggested given their work on measuring and reporting financial literacy.

4.5.2 Comments on feedback

The proposed engagement and roles of the NSA was arrived at as a means of leveraging existing national data collection and compilation capacity given the country-wide nature of financial inclusion measurement. Furthermore, with regards to roles and mandate of the NSA, the proposed engagement is in line with mandates, responsibilities and plans of the NSA as outlined in their Strategic Plan, Management Plan and Performance Agreement with the Government of Namibia. It is the plan of the NSA to commence compiling financial statistics in 2013/2014. It is assumed that financial inclusion measurement coordination efforts could be tied in with this effort thereby lessening added resource requirements. It has to be mentioned that the only feedback provided by NSA regarding the questionnaire was that, at the time of the study, they were not engaged in financial inclusion data compilation and did not therefore feel competent to respond.

The point raised concerning buy-in is indeed critical. It has been added in the framework as a key role that the government has to play. Whether this engagement is to be procured through regulation or voluntarily is an implementation issue that is beyond the bounds of this framework.

The concerns regarding the danger of duplicating FinScope work are well founded. However, the framework already incorporates this element as step number 4 in the definition of a national data set. To this step is added the Financial Literacy Initiative as per the recommendation. Further, a key was added to the framework to make it easier to comprehend.

As a general note, the response rate (four out of the contacted nine institutions) was poor. There appeared to be reluctance or uneasiness with the subject particularly among the private institutions contacted. It was however significant that the Bank of Namibia, the current coordinating institution of financial inclusion efforts did provide feedback.

4.6 The final product

The finalised framework recommended for financial inclusion supply-side data and measurement in Namibia is presented in Figure 6.

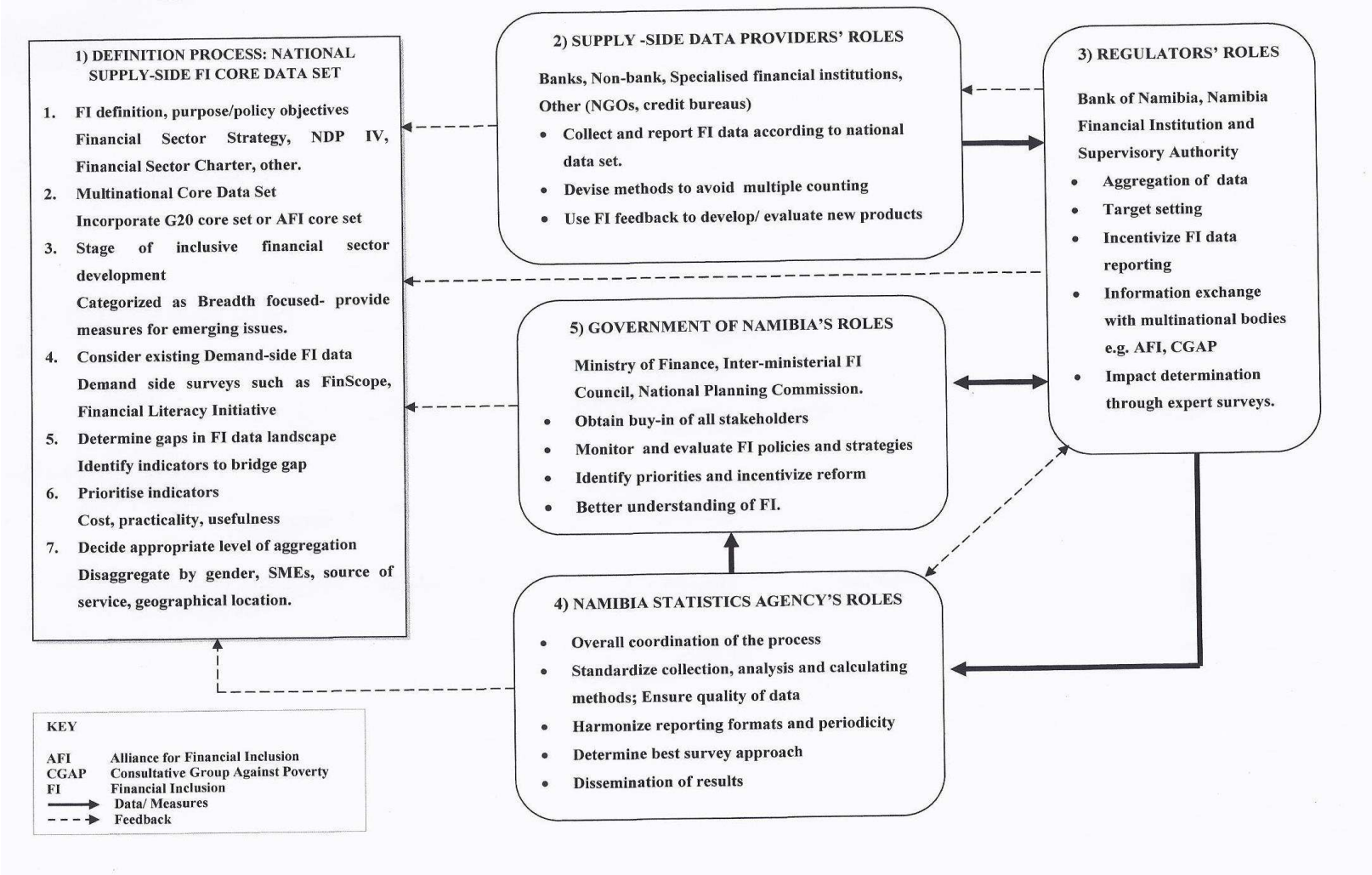

Figure 6. Final framework proposed by author for Namibian supply-side financial inclusion data collection and compilation.

4.7 Conclusion

This chapter presents the results of the document analysis that was used to determine the actual financial inclusion data and measurement landscape. The comprehensive and the actual data and measurement landscapes are compared. The gap between the two comprised lack of disaggregated data indicators, financial inclusion purposes that did not have robust indicators and some common indicators from the general four financial inclusion perspectives. A framework aimed at filling the identified gaps for supply-side data collection compilation and measurement in Namibia is recommended after testing.

CHAPTER FIVE

Summary, Conclusions and Recommendations

5.1 Introduction

Supply-side measurement and data of financial inclusion can play an important role in facilitating evidence- based policy making as well as monitoring, evaluation and impact assessment of financial inclusion strategies and interventions. A study of which measurements and indicators should be employed is best informed by other multi-country prior studies as well as by the local data and measurement landscape. In this study, the combination of these two components has led to a picture of what could be added to the current supply-side data and measurement landscape to make it more useful. This chapter summarizes the study and outlines the important findings. It ends by providing recommendations on a framework for financial inclusion supply-side data and measurement in Namibia.

5.2 Summary

5.2.1 Study question, objectives and limitations

The study was intended to answer the question “Are the current supply-side data and measurement adequate to support evidence –based policy making as well as monitoring and evaluation of financial inclusion in Namibia?”

The study had the following objectives:

1. To determine the supply-side measurement and data required to support financial inclusion in Namibia.
2. To identify data gaps for supporting country-specific and multi-country data collection and compilation initiatives.
3. To suggest an appropriate framework of supply-side measurement and data to support financial inclusion in Namibia.

Due to resource limitations, an in depth understanding of the supply-side measurement and data landscape was not pursued. Such a study would require detailed records and data many of which are not presently available given the stage of Namibia's financial inclusion efforts. The understanding obtained in this study however is sufficient to give direction as to where current gaps in the measurement landscape lie. The study did not endeavour to include the informal supply-side due to the challenge of obtaining ample and reliable data from such suppliers (FinMark, 2012). The contribution of these to the main financial inclusion picture is relatively small and unlikely to have as great an impact on financial inclusion as the formal suppliers.

5.2.2 Literature Reviewed

A number of studies have been done on financial inclusion both at country and multi-country level. Those reviewed in this study include studies aimed at obtaining a better understanding financial inclusion in terms of the different definitions used and its impact. It was clear that the country differences in definition, financial structures and data collection pose a serious challenge to multi country studies. On the other hand, the literature reviewed on the barriers and possible solutions to financial inclusion showed less variation from country to country when countries of similar developmental stages were considered. Access to banking services was found to be a common barrier in a number of studies carried out in developing countries whereas the increased adoption of information and communication technologies has been documented as a pragmatic solution in the same region.

Studies on financial inclusion measurement and data were also reviewed. These included studies carried out by or on behalf of international institutions actively involved in financial inclusion such as the World Bank, Alliance for Financial Inclusion and the Consultative Group to Assist the Poor. The studies reveal a trend towards harmonization of financial inclusion perspectives and indicators. The multi country studies' conclusions and recommendations were used to define a comprehensive financial inclusion data landscape. This process was guided by the IFC/ GPFI data stock taking and analytical framework.

With regard to financial inclusion measurement and data in Namibia, the FinScope consumer survey provides substantial demand- side data and, to a lesser extent, some supply- side data. The National Development Plan 4, Namibian Financial Sector Strategy, Financial Services Charter and the Bank of Namibia annual reports provide most of the supply side financial inclusion policy responses and strategies. They also highlight some of the challenges faced by supplied side actors. Outside data collection efforts driven by a need to report to the AFI, literature on supply- side financial inclusion is very scant.

5.2.3 Overview of methods and procedure

Document review was employed in this study to identify the actual financial inclusion landscape. The definition of the landscape followed a data stock taking and analytical framework developed by the World Bank's International Finance Corporation and the Global Partnership for Financial Inclusion. The comprehensive landscape was determined using reports from multi-country studies and documents produced by international financial inclusion promoting organizations. Content analysis was done using ATLAS.ti 7 software. The gap between the two and any inconsistencies between the different elements of the actual landscape (for instance core purposes that did not have indicators) was used to propose additional measures and indicators. The findings were used to propose a financial inclusion supply-side

data and measurement framework for Namibia. This draft was circulated to key stakeholders and relevant comments were analysed and incorporated.

5.2.4 Summary of findings

The comparison between the comprehensive and the actual supply-side financial inclusion data and measurement landscape in this study showed that the definition and purposes of financial inclusion and the purposes of the data collected were not substantially different implying that the main measures or indicators should be correspondingly similar. The reviewed documents however found that whereas there were quite a number of access indicators in use, there were very few usage, quality and impact indicators. It was also found that the national statistics capacity to deliver quality statistics for financial inclusion was lacking particularly with regards to standardization, harmonization, flexibility and coordination. With regard to the proposed framework for Namibian supply-side financial inclusion data collection and compilation, the respondents that reviewed the document found it to be appropriate.

5.3 Findings

The following are the main findings of the study:

1) There was no substantive difference in definitions for ideal landscape and the actual landscape. The dimensions of access, usage and quality were either stated or clearly implied. The lack of disaggregated data in the actual landscape however weakens the ability to use indicators to assess progress on some elements in the definition. The definition could be strengthened by including the targeting of particular category of individuals who are vulnerable.
2) It was observed that the actual and ideal core purposes corresponded well. This implied similar indicators could be derived from them. Within the actual landscape however, it was found that some identified purposes had no or at best weak indicators. In particular, these purposes included reform regulations, improve financial literacy, target BOP, embrace new technologies, increase innovative financial products and increase data and information.
3) The national statistics system in Namibia in general requires strengthening in areas of standardization, harmonization, flexibility and coordination across institutions in the country. These elements are crucial for a sound and efficient data measurement framework. In addition, at the time of the study, the NSA did not collect annual financial statistics although this was planned in their 2013/2014 business plan. It is envisioned that when this is operational, some of these statistics would be pertinent for supply-side financial inclusion measurement
4) With regard to the access dimension, it was found that a number of the common access indicators were being employed particularly at bank level. However,

affordability and eligibility indicators which are very appropriate for Namibia were not part of the actual landscape.

5) The usage indicators: regularity, frequency and length of time were absent from the actual landscape. These indicators are important in that they are widely used as core indicators for multi-country survey purposes such as CGAP and G20. There was however, evidence of use of some other usage indicators that are not commonly used in multi country databases.
6) Quality indicators were either absent or weak in the actual landscape. Financial literacy for instance, was widely mentioned in the documents but did not have a direct, strong indicator. This is not surprising as quality indicators tend to be more easily collected by demand-side surveys. There is however incentive for supply side actors to use quality indicators for development of new product offerings or improvement of existing products and services.
7) Except for the indicator “number of jobs created” there were no impact indicators observed in the actual landscape. This was not unexpected as impact evaluations require substantially more data than that provided by simple financial systems.
8) Although ‘embracing new technology’ was repeatedly presented in reviewed documents as an important means to furthering the financial inclusion agenda, no indicator or measure was observed for it.
9) The access indicators for the banking institutions were fairly constant for different banks. This bodes well for aggregation of data across banks. The

indicators for the other three perspectives in the banking sector were however, varied.

10) All the respondents who reviewed the proposed framework for Namibian supply-side data collection and compilation found it to be appropriate particularly in terms of roles of the different actors and the elements in the data set definition process. The need to avoid duplication of efforts of the FinScope survey and over burdening stakeholders with reporting was stressed.

5.4 Conclusions

The study objectives were met and the research question was answered in that the following conclusions were made from the study:

1) The required data and measurement landscape for supply-side data for financial inclusion was determined to be that which covers the four perspectives of financial inclusion and help monitor and evaluate the contribution of financial inclusion policies and strategies to the core purposes of boosting economic growth, poverty reduction and financial sector development. It should be part of a national statistics system that embraces the core elements of the Fundamental Principles of Official Statistics.
2) The current Namibian supply-side financial inclusion data and measurement landscape is lacking in disaggregated indicators particularly in the perspectives of usage, quality and impact. There is a lack of a data and measurement system

among the supply-side actors that enables standardization, harmonization, flexibility and coordination of data collection and compilation. Therefore, the current supply-side data and measurement for supply-side in Namibia is inadequate to effectively support evidence-based policy making and, monitoring and evaluation of financial inclusion programmes.

3) A framework that outlines a process for determining a country specific core set of indicators and shows the roles and interrelationships of all the main supply-side actors in the collection, compilation and use of supply-side data for financial inclusion was developed. The framework was deemed appropriate by key stakeholder respondents.

5.5 Recommendations

5.5.1 Proposed framework for supply-side financial inclusion measurement and data

It is recommended that the proposed framework (Figure 6) may be used to collect and compile supply-side data in a coordinated, effective and timely manner. The data and indicators so collected should be of benefit not only to the policy makers, but also to the different players. In using the framework, it should be ensured that supply-side data and demand side data complement each other to avoid duplication and produce a comprehensive picture of financial inclusion in Namibia.

5.5.2 Further recommendations

It is further recommended that:

1) The data provided to multi country surveys and databases such as the Global Payments Systems and Microfinance Institutions (Mix) be continually updated to benefit from bench marking and other outputs from such studies.
2) Access perspective indicators be strengthened by including affordability and eligibility.
3) Usage perspective indicators be strengthened by including the core multi country indicators on regularity, frequency and length of time. It should be determined however as to which of these can be better collected by demand – side surveys.
4) Quality and impact perspective indicators be introduced. Again, this should be done judiciously bearing in mind that some of these may be easier to collect from the demand –side surveys.
5) An indicator tracking the use of technology to further financial inclusion should be introduced.
6) Supply-side data at access and usage perspectives be disaggregated to correspond to measurement objectives.
7) A financial identity system should be considered that will remove the weakness of possible multi counting of people with more than one account. This is particularly useful for usage indicators.

8) The regulator institutions should intensify efforts to identify and communicate benefits to supply-side actors for collecting financial inclusion data. This would provide incentive for these actors to collect and convey the required data.
9) The regulator institutions should take advantage of international trends in financial inclusion sector, to combine demand side and supply-side data to obtain a more comprehensive landscape.

5.5.3 Further research

There is need for further research to be carried out particularly in the area of establishing the nature of any causative relationship between financial inclusion factors and core objectives such as reduction in poverty. Such a study is required to identify the high impact factors within financial inclusion that would need priority in implementation and monitoring. Also required are longitudinal studies aimed at establishing the impact of financial inclusion policies and strategies. This research would require consistent collection of data over a few years. Given that some of the data that would be required is not currently being collected, there is a need of defining and commencing the collection of that data. To increase the understanding of financial inclusion and its importance, studies are recommended that will use financial inclusion data to investigate the relationship between financial inclusion and other financial sector considerations such as financial stability, financial integrity and consumer protection.

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APPENDICES

Appendix A

Number of core purpose quotations found in documents
CODES-PRIMARY-DOCUMENTS-TABLE
Report created by Super - 11/09/2013 09:57:11 AM
HU: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]

Code-Filter: All [39]
PD-Filter: All [102]
Quotation-Filter: All [248]

Core Purpose	Purpose_for_data
Boost inclusive economic growth	4
Embrace new technologies	4
Financial Sector Development	0
Improve affordability	5
Improve finance infrastructure	2
Improve financial literacy	11
Improve SME finance support	6
Increase access	11
Increase availability of data and information	5
Increase local ownership	7
Innovative finance products and services	6
Poverty reduction	1
Reduce growth of exploitative informal sources of credit	0
Reduce income distribution inequality	1
Reform regulations	4
Target Bottom of Pyramid	2
Technology enhancements	0
TOTALS:	**69**

Appendix B

List of primary documents containing quotations on core purpose.

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P 2: EconomicChallengesofNamibia.pdf {2}~ [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\EconomicChallengesofNamibia.pdf] text/pdf

P 3: Financial Sector Development and Economic Growth in Namibia (2).pdf {14}~ [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\Financial Sector Development and Economic Growth in Namibia (2).pdf] text/pdf

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P 5: FINANCIAL SECTOR STRATEGY.pdf {19} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS

DOCUMENTS\Policy Nam FI\FINANCIAL SECTOR STRATEGY.pdf] text/pdf

P 6: MR - Outcome of the workshop on Coordinated Policy Making for Financial Inclusion in Namibia.pdf {1} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\MR - Outcome of the workshop on Coordinated Policy Making for Financial Inclusion in Namibia.pdf] text/pdf

P 7: Namibia - African Economic Outlook.txt {0} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\Namibia - African Economic Outlook.txt] text/plain

P 8: National Statistics Dev StrategyGuide-Nov04.pdf {0} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\National Statistics Dev StrategyGuide-Nov04.pdf] text/pdf

P 9: NFSC Part 1.pdf {3} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\NFSC Part 1.pdf] text/pdf

P10: Prime Minister Speeches.txt {8} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\Prime Minister Speeches.txt] text/plain

P11: Background _ v2030.pdf {0} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\Background _ v2030.pdf] text/pdf

P12: chapter3_v2030.pdf {0} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\chapter3_v2030.pdf] text/pdf

P13: create_enabling_environment_v2030.pdf {0}~ [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\create_enabling_environment_v2030.pdf] text/pdf

P14: Namibia_overview_v2030.pdf {0} [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\Namibia_overview_v2030.pdf] text/pdf

P15: peoples_quality_life_v2030.pdf {0}~ [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\peoples_quality_life_v2030.pdf] text/pdf

P16: sustainable_resource_base_v2030.pdf {0}~ [Managed in My Library -> C:\Users\Chinemba\Desktop\FIN INCLUSION MAIN\FI REPORTS DOCUMENTS\Policy Nam FI\vision 2030\sustainable_resource_base_v2030.pdf] text/pdf

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FI\NPC\Speech_Statistics_User_Producer_Workshop_9_Jul%2013.pdf] text/pdf

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Appendix C1

Access: Banking Institution
Selected Quotations (11). (Extended version)

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P20: BankInst_4_2011.pdf - 20:3 [Bank Windhoek maintains a repr..] (10:2647-10:2750) (Super)
Codes: [Meas_Access]
No memos

Bank Windhoek maintains a representative footprint of 52 branches and agencies countrywide

P21: BankInst_4_2012.pdf - 21:3 [Bank Windhoek maintains a foot..] (14:380-14:885) (Super)
Codes: [Involved_Access] [Meas_Access]
No memos

Bank Windhoek maintains a footprint of 53 retail branches and agencies countrywide. As part of the bank's expansion strategy, a new agency was opened in Swakopmund during the year under review. For the convenience of our clients, existing branch operations at Rundu were expanded, whilst the Lüderitz, Swakopmund and Kudu branches were upgraded and refurbished.

P21: BankInst_4_2012.pdf - 21:8 [Key Performance Indicators for..] (@660-@583) (Super)
Codes: [Meas_Access]
No memos

P37: BankInst_4_whk_distr_2010.pdf - 37:1 [At Bank Windhoek, we believe b..] (1:287-1:532) (Super)
Codes: [Meas_Access]
No memos

At Bank Windhoek, we believe banking is about changing the lives of others for the better. As of September
2009, Bank Windhoek has become the widest distributed bank across the whole of Namibia with 50 retail branches and agencies and 86 ATMs

P47: BankInst_1_2007.pdf - 47:1 [As part of efforts to rapidly ..] (12:157-12:946) (Super)
Codes: [Involved_Access] [Meas_Access]
No memos

As part of efforts to rapidly expand our branch network throughout the country, we opened new branches at Eenhana, Katima Mulilo, Grootfontein and Outapi as well as setting up a much-needed automatic teller machine ("ATM") facility at Okongo. A significant increase of our ATMs and pointof-sale ("POS") devices is in the offing for the next few years, which will enhance banking convenience for our clients. By 2010, we expect to have 58 ATMs (up from 33 currently) and 320 POS devices, of which we had 288 at the end of 2007, located country-wide. Perhaps more importantly, some 120 relationship managers will be employed by 2010, which represents an increase of over 50%, underpinning the emphasis that we place on efficient and quality customer service.

P47: BankInst_1_2007.pdf - 47:4 [A concerted effort was made to..] (16:2722-16:3226) (Super)
Codes: [Meas_Quality]
No memos

A concerted effort was made to expand the Bank's footprint to address a historic under-investment in distribution as well as strengthening our presence in new areas. The expansion programme, which was initiated in the second half of the financial year, included the installation of eight new ATMs (half of these earmarked for areas not previously serviced) and the opening of five new branches. We also increased point-ofsale devices to 288 in a bid to improve client service delivery.

P53: BankInst_3_2005.pdf - 53:1 [Our E Plan accounts are an att..] (17:922-17:1238) (Super)
Codes: [Involved_Access] [Involved_Usage] [Meas_Access] [Meas_Usage]
No memos

Our E Plan accounts are an attractive option for many customers, providing them with access to a range of products, services and the convenience of being able to transact at any of our 11 0 ATMs countrywide. In 2005 we opened 43 974 new E Plan accounts.

Comment:
- number of ATMs country wide measure
- number of new E Plan (affordable) accounts opened

P54: BankInst_3_2006.pdf - 54:1 [In terms of ATMs, we have the ..] (8:2059-8:2393) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

In terms of ATMs, we have the highest number of machines and the best availability rate with an average of 95.76% in 2006. Our ATM network grew from 110 to 119 machines country-wide. Transaction volumes continued to grow in excess of inflation and exceeded 11 million in 2006. We continue to be a market leader in this space.

Comment:

- number of machines and best availability rate of ATMs
-ATM transaction volume growth rate

P54: BankInst_3_2006.pdf - 54:4 [Our electronically based trans..] (18:1960-18:2784) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

Our electronically based transactional product, E Plan, which is aimed at the mass consumer market, continues to bring affordable banking to a large sector of the previously unbanked community.Our E Plan product remains an attractive option for many customers, providing them with access to a wide range of products and services, and the convenience of being able to transact at any of our 119 ATMs country-wide. In 2006 we opened 42 600 new E Plan accounts. In October we launched a new savings product, PureSave. The product is aimed at addressing the low savings culture in the country and at the same time is affordable with built-in cost saving features. Take up of the product has been above expectations with 4 600 accounts opened in two months and attracting total balances of N$3.5 million.

Comment:
number of new affordable accounts opened

P56: BankInst_3_2010.pdf - 56:1 [Operates in 45 points of repre..] (2:482-2:555) (Super)
Codes: [Meas_Access]
No memos

Operates in 45 points of representation in Namibia– 136 ATMs in Namibia

Comment:
- number of points of operation.
number of ATMs

P83: BankInst_2_2007_CEOReport.pdf - 83:2 [It offers a complete range of ..] (2:201-2:563) (Super)
Codes: [Meas_Access]
No memos

It offers a complete range of products through 36 branches and 10 agencies, 116 ATM machines, 121 mini ATMs and more than 1 300 point-of-sale devices across all 13 regions. This network, the biggest in the country, makes banking ever more accessible to all communities, urban and rural. Internet and cellphone banking add to the accessibility of our services.

Comment:
number of ATM s, mini ATMs, Point of sale devices, branches, agencies

P89: BankInst_2_2009_CEOReport.pdf - 89:1 [The bank continues to offer a ..] (3:2719-3:2975) (Super)
Codes: [Meas_Access]
No memos

The bank continues to offer a wide range of solutions in the form of products and services through 50 points of representation, as well as more than 212 ATMs, almost 2 000 point of sale devices and full service online and cellphone banking across Namibia

Comment:

Points of representation
number of ATMs
number of points of sale devices

Appendix C2

Access: Regulator Institution

Selected Quotations (5). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:26:35

P59: Reg_1_2008.pdf - 59:1 [By the end of 2008, NamPost Lt..] (22:4367-22:4703) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

By the end of 2008, NamPost Ltd had issued 110,844 Smartcards, with a total electronic money value of N$213.1 million. Smartcards are used to undertake retail transactions at various retailers across the country. In 2008, a total of 4,000 transactions were captured at 554 POS terminals, with total value of N$422 million.

Comment:
BoN assessment of NamPost smart card scheme. Data gathered:
- no of cards issued
- total electronic money value
-no of transactions at no. of POS terminals with total value

P63: Reg_1_2012.pdf - 63:7 [The FinScope Consumer Survey N..] (48:1539-48:2116) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

The FinScope Consumer Survey Namibia 2012 revealed that the percentage of financially included adults has increased significantly from 48 percent in 2007 to 69 percent in 2012, which means that only 31 percent of adults are financially excluded. Affordability and a lack of financial resources are the key factors that inhibit uptake of formal financial services for those who remain financially excluded. As a country, Namibia still needs to improve access to
financial services and products by reducing financial exclusion to the NFSS target of 26 percent.

P97: Reg_2_2011.docx - 97:5 [microlending overview] (6:6) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

Investment Institutions

Microlending

Overview

The Authority registered 20 microlenders during the year, which brought the total registered microlenders to 347 as at the end of the year. Of these lenders, six were term lenders and the rest pay-day lenders. Term lending is for periods from six months to 60 months, and pay-day lending is for a period up to 30 days.

The Authority issued cancellation notices to two microlenders due to breaches of terms and conditions of registration in terms of section 5(1) of the Exemption Notice No. 189, 2004. Pursuant to voluntary de-registration requests, the Authority also issued cancellation notices to seven microlenders, of which two were de-registered and others were pending at year-end.

Performance

Credit extension by microlenders, as measured by the returns submitted by the lenders, rose by 19 percent from the prior year to N$1,1 billion (see table 20). Term loans increased by 35 percent, while the pay-day loans declined by 66 percent.

The volume of loans also increased during the year. The total number of loans rose to over 600,000 or by 9 percent. The pay-day lenders extended most of the loans by volume, while the term lenders, by nature of the long-term loans, extended over 95 percent of the loans by value.

The average lending rates for the year were 22 percent for term loans and 30 percent for pay-day loans. The maximum lending rates, in terms of the Usury Act and the Exemption Notice, are 1.6 times average prime rate and 2.0 times average prime rate, respectively. The higher rate, i.e. 2.0 times, applies only to registered microlenders.

The Authority registered different types of legal entities as lenders. Lenders registered as sole proprietors made up 48 percent while close corporations made up 45 percent of the lenders.

Comment:

- number of registered microlenders
- types of micro lenders (eg term lenders)
- volume of loans
- average lending rates

Credit extensions by value increase (according to type: term and pay day)

Appendix C3

Access: Specialised Financial Institution

Selected Quotations (2). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:29:56

P76: SpecFinst_3_2006.pdf - 76:4 [Savings Bank The Smart Card wa..] (11:1-11:550) (Super)
Codes: [Involved_Access] [Involved_Quality] [Meas_Access] [Meas_Usage]
No memos

Savings Bank
The Smart Card was introduced to the market this year, with phenomenal success. Only a basic Savings Account was launched, with additional functionalities planned for the new year. These functionalities should broaden the scope of our products and services. Individual clients' savings grew in Namibia Dollar value by a further 11% while 50,000 new Savings Accounts were opened during the year. The latter significant growth may be attributed to the introduction of the Smart Card and an aggressive marketing approach.

Comment:
Involved Access: setting up basic savings account.
Involved Quality: smart card introduction
measured access: percent increase in value of client savings; number of new savings accounts opened during the year.

Appendix C4

Access: Surveys/Databases

Selected Quotations (6). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:32:51

P39: ease_ doing_business_2013.docx - 39:1 [This index measures the degree..] (186:190) (Super)
Codes: [Meas_Access]
No memos

Indicator	Namibia	Sub-Saharan Africa	OECD
http://www.doingbusiness.org/methodology/getting-credit**Strength of legal rights index (0-10)**	8	6	7

Comment:
legal rights index measures the laws that are better designed to expand access

P39: ease_ doing_business_2013.docx - 39:2 [Depth of credit information in..] (197:259) (Super)
Codes: [Meas_Access]
No memos

http://www.doingbusiness.org/methodology/getting-credit**Depth of credit information index (0-6)**	4	2	5
http://www.doingbusiness.org/methodology/getting-credit**Public registry coverage (% of adults)**	0.0	4.2	10.2
http://www.doingbusiness.org/methodology/getting-credit**Private bureau coverage (% of adults)**	63.9	5.6	67.4

Depth of credit information index (0-6)	**Private credit bureau**	**Public credit registry**	**Score**
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Score ("yes" to either public bureau or private registry)			**4**

Comment:
Credit information index measures the scope, access and quality of credit information through public registries or private bureaus.

P44: global_paymentsurvey_worldbank2008.pdf - 44:4 [Country atMs growth 2006 vs. 2..] (@714-@80) (Super)
Codes: [Meas_Access]
No memos

Appendix C5

Usage: Banking Institution

Selected Quotations (15). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:37:33

P20: BankInst_4_2011.pdf - 20:4 [As a result the number of acti..] (11:323-11:393) (Super)
Codes: [Meas_Usage]
No memos

As a result the number of actively transacting clients grew by 3.5%.

Comment:
Note the use of 'actively transacting clients".

P21: BankInst_4_2012.pdf - 21:4 [The continuous refinement of t..] (14:890-14:1081) (Super)
Codes: [Meas_Usage]
No memos

The continuous refinement of the bank's sales and service processes contributed to a growth of 3.9% in actively transacting clients compared to the growth of 3.5% in the previous year.

P35: BankInst_4_op_over1_2010.pdf - 35:3 [The Product Channel Insurance ..] (9:846-9:1101) (Super)
Codes: [Meas_Quality] [Meas_Usage]
No memos

The Product Channel Insurance and Sales Department has increased the Bank's point-of-sale footprint by more than 40%, the CellPhone Banking footprint by more than 25% and the Internet Banking footprint by more than 15% during the period under review

P35: BankInst_4_op_over1_2010.pdf - 35:4 [ESME Finance The Emerging Smal..] (15:1-15:430) (Super)
Codes: [Involved_Usage] [Meas_Usage]
No memos

ESME Finance The Emerging Small and Medium Enterprises (ESME) branch grew steadily to an asset book in excess of
N$90 million during the year under review. The strategic partnership with the Development Bank of Namibia (DBN) continued to make a significant contribution towards fulfilling the financial needs of this high priority economic sector.

Comment:
measurement on SME asset book growth.

P35: BankInst_4_op_over1_2010.pdf - 35:5 [Micro Finance BW Finance (Pty)..] (15:801-15:1685) (Super)
Codes: [Involved_Usage] [Meas_Usage]
No memos

Micro Finance
BW Finance (Pty) Ltd continued to provide micro finance to clients employed by Government as well as selected private companies on the basis of a payroll deduction agreement. During the year under review, the Company grew its loan book to more than N$200 million, servicing in excess of 23000 clients. The main purpose of the micro finance product is the consolidation of debt, enabling clients to alleviate the pressure on their monthly cash flows. The Bank continues to leverage from its partnership with Nam-m ic Financia l Sol utions in offering micro finance to clients at market related interest rates

Comment:
Microfinance company loan book growth as well as number of clients

P38: bankInst_5_ generalinfo.docx - 38:1 [Number of clients: 10 698 Aver..] (34:37) (Super)
Codes: [Meas_Usage]
No memos

Number of clients:
10 698
Average loan:
281 USD / 216 EUR

Comment:
all clients benefit from micro finance as it is a microfinance bank.

P38: bankInst_5_ generalinfo.docx - 38:3 [Today, the pilot project alrea..] (69:69) (Super)
Codes: [Meas_Usage]
No memos

Today, the pilot project already serves more than 6 000 clients, of which 91% are women and 98% are not formally employed.

Comment:
measurement of number of clients as well as disaggregation to gender and employment.

P38: bankInst_5_ generalinfo.docx - 38:4 [So far about 20 000 credits ha..] (69:69) (Super)
Codes: [Meas_Usage]
No memos

So far about 20 000 credits have been provided to micro-entrepreneurs, mainly in rural areas in Northern Namibia.

Comment:

number of credits provided to micro-entrepreneurs.

P47: BankInst_1_2007.pdf - 47:3 [The Retail Banking division in..] (16:2497-16:2719) (Super)
Codes: [Meas_Usage]
No memos

The Retail Banking division increased its net number of new clients for the first time in three years. We achieved a net growth of 23% in retail client savings accounts, mainly
due to our branch expansion programme.

P48: BankInst_1_2008.pdf - 48:2 [Year-on-year growth of 9,3% wa..] (26:561-26:701) (Super)
Codes: [Meas_Usage]
No memos

Year-on-year growth of 9,3% was achieved in retail liabilities, with growth in several key areas. Transactional
account volume rose 8,1%.

Comment:
Measuring transactional account volume growth

P50: BankInst_1_2010.pdf - 50:1 [In the business environment, a..] (17:153-17:301) (Super)
Codes: [Meas_Usage]
No memos

In the business environment, all units in Nedbank Namibia recorded growth in 2010, with total loans increasing by more than 8% to N$5,18 billion.

Comment:
growth in value of total loans

P53: BankInst_3_2005.pdf - 53:1 [Our E Plan accounts are an att..] (17:922-17:1238) (Super)
Codes: [Involved_Access] [Involved_Usage] [Meas_Access] [Meas_Usage]
No memos

Our E Plan accounts are an attractive option for many customers, providing them with access to a range of products, services and the convenience of being able ttransact at any of our 11 0 ATMs countrywide. In 2005 we
opened 43 974 new E Plan accounts.

Comment:
- number of aTMs country wide measure
- number of new E Plan (affordable) accounts opened

P54: BankInst_3_2006.pdf - 54:1 [In terms of ATMs, we have the ..] (8:2059-8:2393) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

In terms of ATMs, we have the highest number of machines and the best availability rate with an average of 95.76% in 2006. Our ATM network grew from 110 to 119 machines country-wide. Transaction volumes

continued to grow in excess of inflation and exceeded 11 million in 2006. We continue to be a market leader in this space.

Comment:
- number of machines and best availability rate of ATMs
-ATM transaction volume growth rate

P54: BankInst_3_2006.pdf - 54:4 [Our electronically based trans..] (18:1960-18:2784) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

Our electronically based transactional product, E Plan, which is aimed at the mass consumer market, continues to bring affordable banking to a large sector of the previously unbanked community.Our E Plan product remains an attractive option for many customers, providing them with access to a wide range of products and services, and the convenience of being able to transact at any of our 119 ATMs country-wide. In 2006 we opened 42 600 new E Plan accounts. In October we launched a new savings product, PureSave. The product is aimed at addressing the low savings culture in the country and at the same time is affordable with built-in cost saving features. Take up of the product has been above expectations with 4 600 accounts opened in two months and attracting total balances of N$3.5 million.

Comment:
number of new affordable accounts opened

P89: BankInst_2_2009_CEOReport.pdf - 89:4 [Our partnership agreement with..] (5:3072-5:3269) (Super)
Codes: [Meas_Usage] [Meas_Impact]
No memos

Our partnership agreement with the Development Bank of Namibia, in existence for close to 12 months, has yielded positive results. More than 60 SMEs have benefited and more than 600jobs created.

Comment:
SME access.; loan impact

Appendix C6

Usage: Regulator Institution

Selected Quotations (3). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:39:40

P59: Reg_1_2008.pdf - 59:1 [By the end of 2008, NamPost Lt..] (22:4367-22:4702) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

By the end of 2008, NamPost Ltd had issued 110,844 Smartcards, with a total electronic money value of N$213.1 million. Smartcards are used to undertake retail transactions at various retailers across the country. In 2008, a total of 4,000 transactions were captured at 554 POS terminals, with total value of N$422 million.

Comment:
BoN assessment of NamPost smart card scheme. Data gathered:
- no of cards issued
- total electronic money value
-no of transactions at no. of POS terminals with total value

P62: Reg_1_2011.pdf - 62:3 ["The Bank of Namibia's Nationa..] (23:1080-23:1918) (Super)
Codes: [Meas_Usage]
No memos

"The Bank of Namibia's National Payment System Oversight Framework". In this process, the Bank analysed the incidents and statistical data of the NISS, EFT, CLC, NamSwitch, MasterCard, VisaNet and other systems, within the
framework of the day-to-day oversight. Within the framework of payment system oversight, the Bank also cooperated with institutions, ensuring operation of the clearing and payment systems (NamClear, Card Associations, Payments Association of Namibia, Financial Institutions Fraud and Security Committee, and banking institutions) and providing its advice and opinion on payment-system issues. To this effect, a Memorandum of Agreement (MOA) was signed between the Bank and the Payment Association of Namibia (PAN), spelling out the roles and responsibilities of the parties concerned.

P65: Reg_2_2010.pdf - 65:2 [Friendly Societies NAMFISA sup..] (@676-@137) (Super)
Codes: [Meas_Usage]
No memos

Friendly Societies

NAMFISA supervises friendly societies in terms of the Friendly Societies Act (No. 25, 1956). The following report on friendly societies is submitted in terms of Section 45 of the Act, and covers activities of the year ending 31 December 2009, and includes unaudited financial figures of the industry.

Industry Overview

Market structure and size

Table 32: Industry size

Name	Membership 2009	Types of benefits
Liberty Friendly Society	Under Curatorship	Maternity support plan
Namibian Federated Friendly Society	0 (all members transferred out. The friendly society is in liquidation.)	Funeral benefit, Retrenchment benefit, Abscond benefit
Namdeb Friendly Society	0 (all members transferred to Namdeb medical aid fund)	HIV/AIDS treatment assistance
Benevolent Friendly Society	239	Funeral Benefits
Health is Vital Friendly Society	0 (all members and liabilities were transferred out of the fund to various medical aid funds.)	HIV/AIDS benefits
Namcare Friendly Society	1019	Provision of private affordable primary healthcare
Total Membership	**1258**	

Statistics

The table in this report contains statistical information submitted during the period from 30 April 2008 to 31 March 2009. The table only summarises information on membership and type of benefits offered.

Benefits Provided

All friendly societies currently registered are self-administered societies. The type of benefits provided by societies includes funeral, maternity support plan retrenchment, and HIV/AIDS treatment assistance benefits. None of the registered friendly societies have any form of insurance arrangement, thus all societies are self-insured.

Supervisory Matters

Comment:

measurement pertaining to friendly societies: membership (numbers) and types of benefits

P97: Reg_2_2011.docx - 97:5 [microlending overview] (6:6) (Super)

Codes: [Meas_Access] [Meas_Usage]

No memos

Investment Institutions

Microlending

Overview

The Authority registered 20 microlenders during the year, which brought the total registered microlenders to 347 as at the end of the year. Of these lenders, six were term lenders and the rest pay-day lenders. Term lending is for periods from six months to 60 months, and pay-day lending is for a period up to 30 days.

The Authority issued cancellation notices to two microlenders due to breaches of terms and conditions of registration in terms of section 5(1) of the Exemption Notice No. 189, 2004. Pursuant to voluntary de-registration requests, the Authority also issued cancellation notices to seven microlenders, of which two were de-registered and others were pending at year-end.

Performance

Credit extension by microlenders, as measured by the returns submitted by the lenders, rose by 19 percent from the prior year to N$1,1 billion (see table 20). Term loans increased by 35 percent, while the pay-day loans declined by 66 percent.

The volume of loans also increased during the year. The total number of loans rose to over 600,000 or by 9 percent. The pay-day lenders extended most of the loans by volume, while the term lenders, by nature of the long-term loans, extended over 95 percent of the loans by value.

The average lending rates for the year were 22 percent for term loans and 30 percent for pay-day loans. The maximum lending rates, in terms of the Usury Act and the Exemption Notice, are 1.6 times average prime rate and 2.0 times average prime rate, respectively. The higher rate, i.e. 2.0 times, applies only to registered microlenders.

The Authority registered different types of legal entities as lenders. Lenders registered as sole proprietors made up 48 percent while close corporations made up 45 percent of the lenders.

Comment:

- number of registered microlenders
- types of micro lenders (eg term lenders)
- volume of loans
- average lending rates

Credit extensions by value increase (according to type: term and pay day)

P96: Reg_2_2008.pdf - 96:1 [] (@694-@19) (Super)

Codes: [Meas_Usage]

No memos

Figure 35 illustrates a steady increase in the number of loans disbursed by micro-lenders over the year, although Figure 36 indicates that loan values decreased.

Figure 36: Average N$ value per loan per quarter, 2007

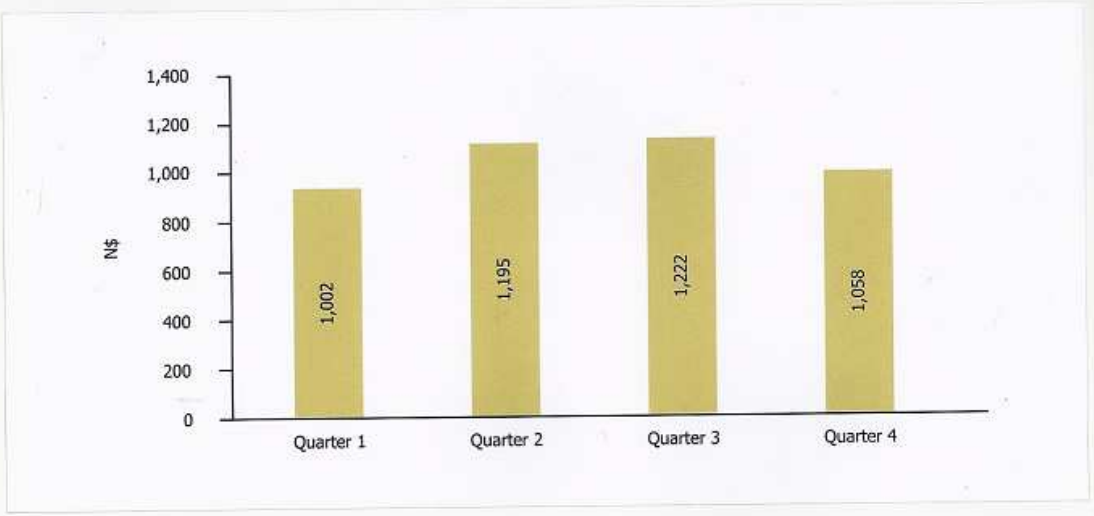
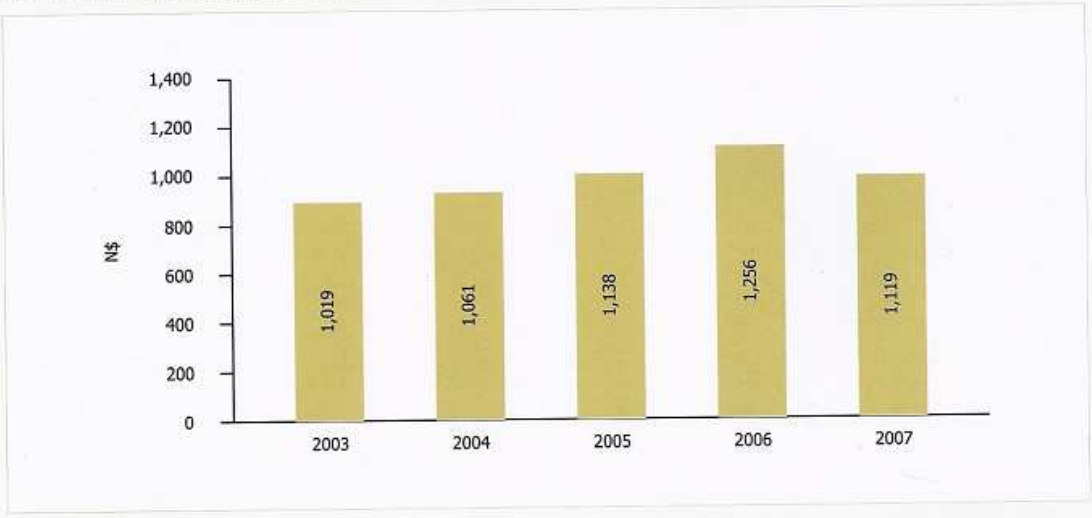


Figure 37: Average N$ value per loan, 2003 - 2007



Note: The chart illustrates that the average loan has remained constant over the past five years. It can be assumed that a high number of borrowers are repeat clients that utilise micro-lenders for consumption to carry them from one monthly pay/salary cycle to the next.

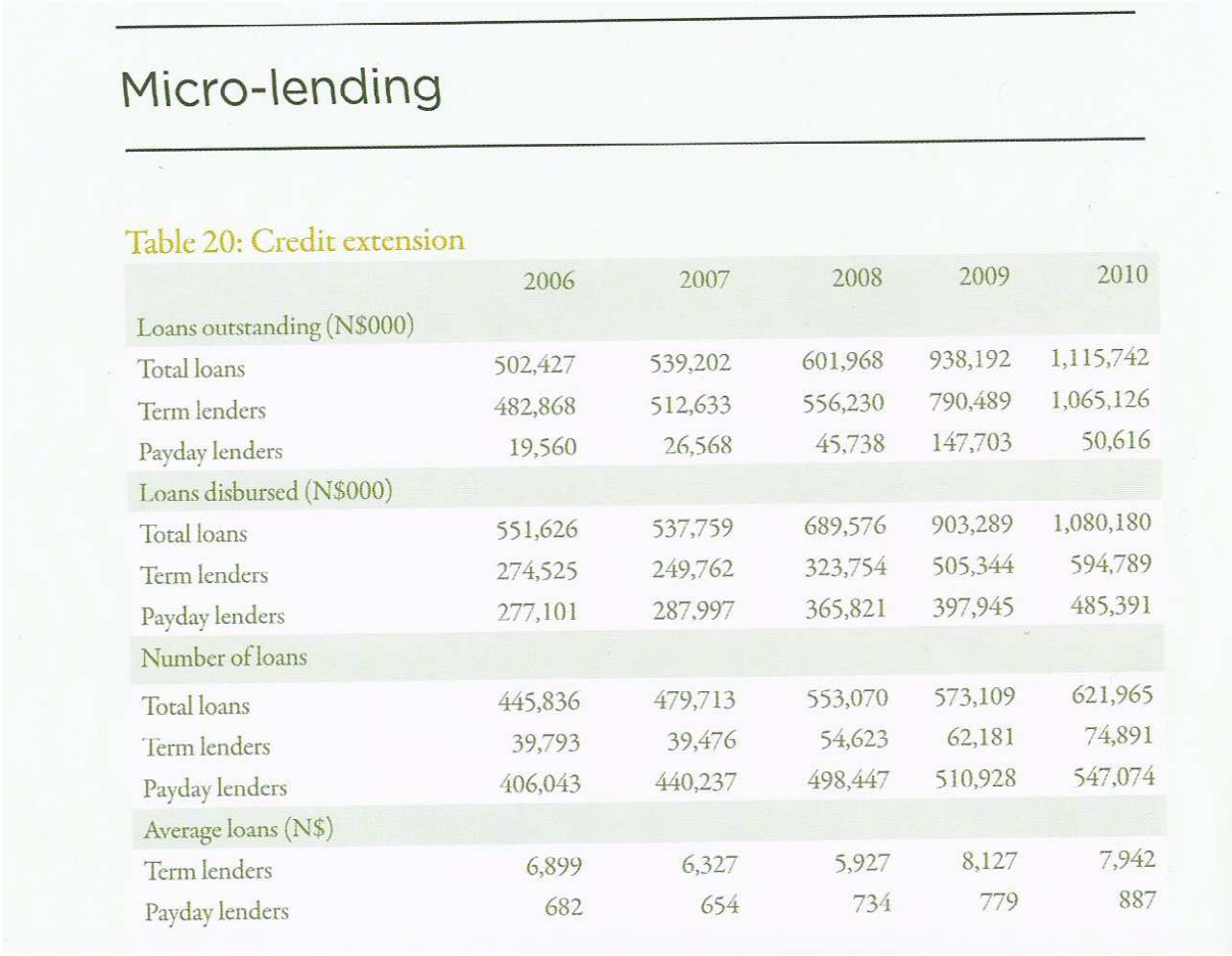
Comment:

measured:

- number and value of micro lendor loans disbursed throughout the year
- average N$ value per loan (about constant over 5 years indicating repeat clients, consumption use , pay to pay

clients.

P97: Reg_2_2011.docx - 97:3 [Micro lending Credit extension..] (8:8) (Super)
Codes: [Meas_Usage]
No memos



Micro-lending

Table 20: Credit extension

	2006	2007	2008	2009	2010
Loans outstanding (N$000)					
Total loans	502,427	539,202	601,968	938,192	1,115,742
Term lenders	482,868	512,633	556,230	790,489	1,065,126
Payday lenders	19,560	26,568	45,738	147,703	50,616
Loans disbursed (N$000)					
Total loans	551,626	537,759	689,576	903,289	1,080,180
Term lenders	274,525	249,762	323,754	505,344	594,789
Payday lenders	277,101	287,997	365,821	397,945	485,391
Number of loans					
Total loans	445,836	479,713	553,070	573,109	621,965
Term lenders	39,793	39,476	54,623	62,181	74,891
Payday lenders	406,043	440,237	498,447	510,928	547,074
Average loans (N$)					
Term lenders	6,899	6,327	5,927	8,127	7,942
Payday lenders	682	654	734	779	887

Comment:
- loans outstanding
- loans disbursed
- number of loans
- average value of loans

Appendix C7

Usage: Specialized Financial Institution

Selected Quotations (11). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:42:13

P71: SpecFinst_1_ 2009.pdf - 71:4 [The year under review marks th..] (14:1385-14:1789) (Super)
Codes: [Meas_Impact] [Meas_Usage]
No memos

The year under review marks the completion of the second phase of lines of credit to improve SMEs' access to finance, to FNB Namibia and Bank Windhoek. N$ 87 million was extended to 128 SMEs, creating 996 jobs through the programme over a 12 month period. It is pleasing to note that 90 per cent of the loans advanced are to previously disadvantaged Namibians of which 20 per cent are women.

Comment:
number of smes benefitted
number of jobs created
number given to previously disadvantaged Namibians
number of women recipients

P71: SpecFinst_1_ 2009.pdf - 71:5 [The regional spread in the SME..] (16:1265-16:1477) (Super)
Codes: [Meas_Usage]
No memos

The regional spread in the SME sector shows the Khomas Region receiving close to a third of the funds. It is, however,
encouraging to see that the rest of the funding is evenly spread throughout the country.

Comment:
Disaggregated - regional spread of SME financing

P72: SpecFinst_1_ 2011.pdf - 72:2 [The Bank financed projects in ..] (15:886-15:1218) (Super)
Codes: [Meas_Usage]
No memos

The Bank financed projects in all regions, in keeping with its objective of spreading economic activity and job creation across the country. A healthy sectoral spread was achieved; with no one sector dominating the entities financed. Effective female ownership increased from 27 per cent in 2010 to 34.7 per cent in 2011.

Comment:
regional spread in financing projects
sectoral spread
gender spread

P75: SpecFinst_1_2010.pdf - 75:1 [In 2010, the DBn approved 153 ..] (8:1251-8:1622) (Super)
Codes: [Meas_Usage]
No memos

In 2010, the DBN approved 153 projects; 131 in the SMe sector, 21 in the private sector and one in the public sector. the Bank approved facilities valued at n$ 365.16 million, with the bulk, 45 per cent, going towards approvals in
the private sector. 44 per cent went towards approvals in the SMe sector and 11 per cent towards approvals in the public sector.

Comment:
Number of SME projects approved for funding.
percentage of value of loans approved that went towards the SME sector.

P76: SpecFinst_3_2006.pdf - 76:4 [Savings Bank The Smart Card wa..] (11:1-11:550) (Super)
Codes: [Involved_Access] [Involved_Quality] [Meas_Access] [Meas_Usage]
No memos

Savings Bank
The Smart Card was introduced to the market this year, with phenomenal success. Only a basic Savings Account was launched, with additional functionalities planned for the new year. These functionalities should broaden the scope of our products and services. Individual clients' savings grew in Namibia Dollar value by a further 11% while 50,000 new
Savings Accounts were opened during the year. The latter significant growth may be attributed to the introduction of the Smart Card and an aggressive marketing approach

Comment:
Involved Access: setting up basic savings account.
Involved Quality: smart card introduction
measured access: percent increase in value of client savings; number of new savings accounts opened during the year.

P77: SpecFinst_3_2007.pdf - 77:3 [The Deposit book has grown fro..] (15:752-15:859) (Super)
Codes: [Meas_Usage]
No memos

The Deposit book has grown from N$915 million as at 30 September 2006 to N$1.3 billion at 30 September 2007

Comment:
growth of deposit book.

P77: SpecFinst_3_2007.pdf - 77:4 [The Smart Card client base gre..] (15:981-15:1230) (Super)
Codes: [Meas_Quality] [Meas_Usage]
No memos

The Smart Card client base grew from 133,343 as at 30 September 2006 to 194,650 at 30 September 2007. This means
61,307 Smart Cards were issued during the year. The number of Smart Card accounts is forecast to reach

250,000 by 30 September 2008.

Comment:
measure: smart card client base growth ie number of smart cards issued in year.

P79: SpecFinst_3_2010.pdf - 79:2 [during the financial year] (36:301-36:632) (Super)
Codes: [Meas_Usage]
No memos
During the financial year under review, SmartCard based savings accounts achieved a portfolio growth of over 13.02%. The value of the investor's book has grown to N$1.6 billion at the end of September 2010 (2009 N$1.3 billion). This reflects a clear continued faith in our product offering and its relevance to its market.

Comment:
value of the investors' book.

P79: SpecFinst_3_2010.pdf - 79:3 [Non-interest income] (36:978-36:1243) (Super)
Codes: [Meas_Usage]
No memos

Non-interest income, however, grew by 84.38%. This can be attributed to the 13.02% increase in the accountholders as well as the increase in transaction volumes. Effective control of our expenses had a positive impact on our profits.

Comment:
non interest income of NamPost Savings Bank
increase in account holders,

P99: SpecFinst_2_2006.pdf - 99:2 [special scheme loans] (@103-@1) (Super)
Codes: [Meas_Usage]
No memos

Performance of Special Scheme Loans during the Past Financial Year 2005/2006

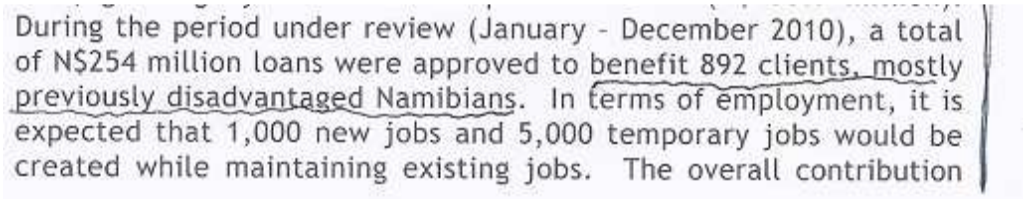
	Affirmative Action		Loans for Labourer's Housing	
	2005	2006	2005	2006
Granted Loans *	86	1	21	19
Amount(s) (N$)	141,239,300	3,066,000	2,945,600	1,492,550
Total number of clients indebted	610	609	182	177
Total capital outstanding (N$)	571,323,382	563,875,695	14,190,491	13,440,768

Comment:
- granted loans
- Loan amount
- number of indebted clients
- total capital outstanding

P100: SpecFinst_2_2009.pdf - 100:2 [AALS benefits] (@116-@5) (Super)
Codes: [Meas_Usage]
No memos

commercial market segment benefited the most with 69 percent (N$69.83 million) share benefiting 872 clients, Affirmative Action Loan Scheme (AALS) scooped 14 percent share benefiting 17 beneficiaries, resettled farmers market segment gained 10 percent share benefiting 342 resettlement farmers while the National

P101: SpecFinst_2_2011.pdf - 101:1 [benefitting clients and employ..] (@80-@7) (Super)
Codes: [Meas_Impact] [Meas_Usage]
No memos



During the period under review (January - December 2010), a total of N$254 million loans were approved to benefit 892 clients, mostly previously disadvantaged Namibians. In terms of employment, it is expected that 1,000 new jobs and 5,000 temporary jobs would be created while maintaining existing jobs. The overall contribution

Appendix C8

Usage: Surveys/Databases

Selected Quotations (4). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-26 02:44:04

P42: fin_intermed1_mixmarket.docx - 42:1 [Namibia Market Profile · HYPER..] (24:60) (Super)
Codes: [Meas_Usage]
No memos

Namibia Market Profile

- Overview
- Organizations
- News

Microfinance institutions reporting data as of 2011	3.2m Loans (USD)	2,731 Borrowers	1.2m Deposits (USD)	49 Depositors
FIDES Bank Namibia	2,764,984	—	1,140,121	—
Koshi Yomuti	406,048	2,731	13,964	49

Read more: http://www.mixmarket.org/mfi/country/Namibia#ixzz2YKJGtANx
Accessed 7 July 2013 at 7 Jul 2013

Comment:
www.mixmarket.org/mfi/country
MFI loans, borrowers, deposits and number of depositors.

P44: global_paymentsurvey_worldbank2008.pdf - 44:3 [Country number in 2006 growth ..] (@702-@78) (Super)
Codes: [Meas_Usage]
No memos

TABLE III.1: CASHLESS RETAIL PAYMENT TRANSACTIONS PER CAPITA (FOR YEAR 2006)

Country	Number in 2006	Growth 06 vs. 04	Country	Number in 2006	Growth 06 vs. 04	Country	Number in 2006	Growth 06 vs. 04
Afghanistan	0.4	nav	Greece	13.1	18%	Norway	264.6	20%
Albania	4.2	nav	Guatemala	3.1	2%	Oman	0.7	2%
Algeria	0.2	17%	Guyana	4.6	nav	Pakistan	2.2	83%
Angola	neg	85%	Honduras	nav	nav	Paraguay	3.5	Nav
Argentina	3.0	38%	Hong Kong	530.9	12%	Peru	3.2	40%
Armenia	1.8	63%	Hungary	11.0	59%	Philippines	4.2	15%
Australia	238.3	10%	Iceland	347.2	15%	Poland	33.3	37%
Austria	228.0	10%	India	1.6	22%	Portugal	132.5	-1%
Azerbaijan	0.8	1152%	Indonesia	1.4	55%	Qatar	3.3	42%
Bahamas	12.2	nav	Iran	4.3	nav	Romania	9.6	1%
BCEAO	neg	nav	Ireland	93.2	19%	Russia	1.5	145%
Belarus	10.4	8%	Israel	216.0	8%	Rwanda	neg	9%
Belgium	190.3	15%	Italy	61.8	5%	San Marino	89.9	6%
Belize	7.5	nav	Jamaica	23.7	25%	Saudi Arabia	4.5	72%
Bhutan	neg	30%	Japan	35.7	0%	Serbia	50.6	38%
Bolivia	0.5	-2%	Jordan	2.0	17%	Singapore	449.8	2%
Bosnia and Herzegovina	4.2	nav	Kazakhstan	6.9	65%	Slovak Republic	53.8	68%
Botswana	0.7	36%	Kenya	1.0	107%	Slovenia	122.2	56%
Brazil	39.8	28%	Kuwait	29.7	65%	Solomon Islands	nav	nav
Bulgaria	18.7	50%	Kyrgyz Republic	0.5	50%	South Africa	18.9	27%
Cambodia	neg	51%	Latvia	73.5	58%	Spain	67.4	19%
Canada	254.1	12%	Lebanon	8.6	18%	Sri Lanka	3.3	28%
Cape Verde	7.4	38%	Lesotho	0.3	-32%	Sudan	0.0	nav
Chile	28.7	24%	Lithuania	46.3	86%	Swaziland	0.9	15%
China	15.9	nav	Luxembourg	228.9	94%	Sweden	191.6	10%
Colombia	5.6	15%	Macao	3.9	10%	Switzerland	137.2	1%
Costa Rica	4.1	7%	Macedonia	17.8	nav	Taiwan	29.5	40%
Croatia	98.9	nav	Madagascar	0.1	nav	Tajikistan	neg	nav
Cyprus	83.4	7%	Malaysia	33.5	28%	Tanzania	0.1	262%
Czech Republic	79.6	6%	Malta	54.0	3%	Thailand	8.4	23%
D. R. of Congo	neg	nav	Mauritius	19.0	21%	Trinidad and Tobago	23.0	26%
Denmark	227.1	13%	Mexico	13.8	94%	Turkey	19.5	17%
Dominican Republic	19.0	20%	Moldova	2.3	75%	Uganda	0.1	4%
ECCU	23.9	26%	Mongolia	nav	nav	Ukraine	15.4	65%
Egypt	0.1	-6%	Morocco	0.9	21%	United Arab Emirates	5.0	19%
El Salvador	6.3	31%	Mozambique	1.5	nav	United Kingdom	174.5	8%
Estonia	148.8	50%	Myanmar	6.5	-14%	United States	312.5	9%
Fiji	3.8	13%	Namibia	2.7	nav	Uruguay	13	266%
Finland	338.3	23%	Nepal	nav	nav	Venezuela	3.6	27%
France	231.0	0%	Netherlands	256.2	16%	Yemen	0.1	198%
Georgia	1.8	435%	Netherlands Antilles	nav	nav	Zambia	0.3	19%
Germany	192.4	nav	New Zealand	351.4	-3%	Zimbabwe	4.5	259%
Ghana	0.2	2%	Nicaragua	0.6	5%			

P58: Promoting Microfinance in Namibia.PDF - 58:2 [A survey conducted by the Bank..] (11:1460-13:915) (Super)

Codes: [Meas_Access] [Meas_Quality] [Meas_Usage]

No memos

A survey conducted by the Bank of Namibia (BoN) in 2002, indicated that there were about 125 institutions,

i.e. banks, NGOs, microlenders, cooperatives, among others which provide financial services to the poor in Namibia. Out of these 125 institutions identified only 92 were selected for survey purposes. The rest have either closed down or could not be tracked down due to lack of contact details. Most of the institutions identified were relatively new.

.

The BoN survey showed that these institutions had about 95 branches country wide in 2001, employing about 374 people of which 123 were loan officers.

The main clients of microfinance were defined as individuals with full time jobs, government officials, and those that do not have access to commercial bank loans. The majority of these clients (61 percent) were located in urban areas, while 39 percent were in rural areas. From the gender perspective, women clients constituted 44 percent, but accounted for only 36 percent of the total loan portfolio, while male clients constituted 56 percent and accounted to 64 percent of the total loan portfolio.

The distribution of loan portfolio by sector was as follows: trade/commerce accounted for 12.1 percent, services 12.7 percent, manufacturing 7.4 percent and others accounted for 67.8 percent

. Out of the total loans offered, 60 percent of them were offered for a period less than 3 months, 30 percent for a period between 3 and 12 months and 10 percent for a period between 1 and 3 years. Most of the providers indicated

that they provide personal loans, while two indicated that they provide educational and stock breeding loans.

This shows that microfinance loans are mainly of short-term nature. The minimum loan provided was N$100,

while the maximum loan provided was N$20 000.

As far as collateral is concerned, 26 percent of the institutions indicated that they did not need any security,

15 percent required ATM cards, while 14 percent needed savings and property. Interest charged was on

Both the GTZ and UNDP studies considered the performance of only NGOs in their studies.

Those that have been in business for less than two years.

This item includes primarily loans for consumption and educational purposes. Average 19 percent monthly, with the lowest at 2 percent and the highest at 35 percent monthly. The report revealed that the total number of outstanding loans amounted to N$68 thousands. Other statistical information on outstanding loans is shown in the table 2.1 below.

Table 2.1 Total outstanding loans in N$ Million, 2001

Source: Bank of Namibia

From table 2.1 above outstanding loans amounted to N$449.5 million. Out of the total outstanding loans an

amount of N$266.1 million was currently outstanding, N$100.0 million was due in less than the past 90 days,

N$25.1 million was due in the past 90-180 days, while N$58.3 million was due in the past 180-360 days.

Refinanced loans stood at N$2.3 million, while provisions made for bad debt during the year totaled N$30.9

million. A total amount of N$10.2 million was set aside for write off.

The analysis from the survey reveals that only one institution had a savings product, at an interest rate of 4 percent per month. This institution had 59 accounts with the balance of N$20 thousand as at the end of 2001.

From the data, it was evident that some MFIs broadened the scope of the types of services they offer to clients to include other services such as training, budget and debt planning. Most of the non-financial services

are managed separately from the financial services.
The total assets of institutions surveyed declined significantly to N$185.6 million in 2001 from a level of N$230.1 million recorded in the previous year. This represents a decline of 19.3 percent. The decline observed over the year was mainly reflected in other short-term assets that declined by 47 percent in 2001 from N$16.6 million in 2000 to N$8.8 million in 2001. This decline was recorded even in the midst of slow down of loan loss provision (the reserves set aside for loan losses) by 30 percent in 2001. On the other hand,
total liabilities of MFIs surveyed increased slightly from N$23.2 million in 2000 to N$23.5 million at the end of
2001.
The slowdown in total liabilities could be attributed to the decline of 56.7 percent in loans obtained by these
institutions from their head-offices. However, loans from commercial banks declined significantly from N$1 052 million in 2000 to N$181 million in 2001
. The total capital declined by 6.4 percent to N$42.2 million in 2001 following a recorded level of N$45.1 million in 2000. The decline was mostly due to negative retained earnings that were recorded since 2000. The income statement recorded a net profit of N$3.4 million in 2001
PROMOTING MICROFINANCE ACTIVITIES IN NAMIBIA
A REGULATORY AND SUPERVISORY PERSPECTIVE

Description N$ Million
Currently outstanding 266.1
Due in less than the past 90 days 100.0
Due in the past 90 to 180 days 25.1
Due in the past 180 to 360 days 58.3
Total amount outstanding 449.5
7
There are approximately 15 SACCOs with a savings product, but it seems only one indicated this in the survey.
In 2000 loans to institutions proving microfinance would represent 8.7 percent of the total assets of commercial banks and 12.1 percent of total credit extended to the private sector by these institutions. These ratios declined sharply to 1.4 percent and 1.8 percent in 2001, respectively. In relation to total capital of commercial banks loans to these institutions declined substantially to 11.8 percent in 2001 from 81.5 percent in 2000. This compares to an exposure limit of 30 percent in relation to total capital of a single bank as determined by the bank of Namibia.

PROMOTING MICROFINANCE ACTIVITIES IN NAMIBIA A REGULATORY AND SUPERVISORY PERSPECTIVE
as compared with a net loss of N$4.6 million in the previous year. Responsible for the net profit in 2001 was
the increase of 29.3 percent in interest income from N$19.1 million in 2000 to N$24.7 million in 2001. It is worth mentioning that the profit recorded in 2001 is mainly attributed to the micro lenders and banks, as the
NGOs recorded substantial losses during the same period. Table 2.2 shows that most MFI- NGOs portfolios are at risk of default. For example the default is more than 50 percent in the case of the CD, while for COSEDA and Lisikamena this figure is at 100 percent. NHAG-SDFN and OHA on the other hand had lowest default rates of 30 percent and 10 percent respectively.

Table 2.2 Portfolio at Risk for NGOs
in percentage terms
Source: GTZ, 2002

2001 (portfolio at risk/default ratio)

Comment:
BoN survey on MFIs (2002) provided measures on:
- No. of institutions providing services to poor including branches and staffing (Access)
- geographical, sectoral and gender distribution
- term of loans offered
- purpose of loans
- interest charged; collateral required
- outstanding amounts
- number with savings facility

P63: Reg_1_2012.pdf - 63:7 [The FinScope Consumer Survey N..] (48:1539-48:2116) (Super)
Codes: [Meas_Access] [Meas_Usage]
No memos

The FinScope Consumer Survey Namibia 2012
revealed that the percentage of financially included adults has increased significantly from
48 percent in 2007 to 69 percent in 2012, which means that only 31 percent of adults are financially excluded. Affordability and a lack of financial resources are the key factors that inhibit uptake of formal financial
services for those who remain financially excluded. As a country, Namibia still needs to improve access to financial services and products by reducing financial exclusion to the NFSS target of 26 percent.

P103: G20 Basic Set of Financial Inclusion Indicators.pdf - 103:1 [The Indicators Three key dimen..] (@477-@40) (Super)
Codes: [Meas_Usage]
No memos

The Indicators

Three key dimensions of financial inclusion to be measured are: (i) access to financial services; (ii) usage of services; and, (iii) quality of products and delivery. The Basic Set, presented in the table below, captures some elements of access and usage and is a useful starting point. Ideally every country collects and monitors its own financial inclusion indicators, with the table listing the appropriate data sources when country-level data, particularly on the demand side, is not available. Among the existing global data sources listed in the table, the IMF's Financial Access Survey (FAS) data is collected directly from participating governments—mainly central banks. The World Bank's Global Findex is a survey of individuals integrated into the Gallup World Poll (funded by the Bill & Melinda Gates Foundation) and the World Bank's Enterprise Survey is a survey of firms.

The G20 Basic Set of Financial Inclusion Indicators

	Categories	Indicators	Existing Global / Multi-country Source	Dimension of Financial Inclusion Measured
1	Formally banked adults	% of adults with an account at a formal financial institution	Global Findex	Usage
		Number of depositors per 1,000 adults OR number of deposit accounts per 1,000 adults	IMF FAS	
2	Adults with credit by regulated institutions	% of adults with at least one loan outstanding from a regulated financial institution	Global Findex	Usage
		Number of borrowers per 1,000 adults OR number of outstanding loans per 1,000 adults	IMF FAS	
3	Formally banked enterprises	% of SMEs with an account at a formal financial institution	WBG Enterprise Surveys	Usage
		Number of SMEs with deposit accounts/number of deposit accounts OR number of SME depositors/number of depositors	IMF FAS	
4	Enterprises with outstanding loan or line of credit by regulated institutions	% of SMEs with an outstanding loan or line of credit	WBG Enterprise Surveys	Usage
		Number of SMEs with outstanding loans/number of outstanding loans OR number of outstanding loans to SMEs/number of outstanding loans	IMF FAS	
5	Points of service	Number of branches per 100,000 adults	IMF FAS	Access

Appendix C9

Quality: Banking Institution

Selected Quotations (8). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
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P35: BankInst_4_op_over1_2010.pdf - 35:3 [The Product Channel Insurance ..] (9:846-9:1101) (Super)
Codes: [Meas_Quality] [Meas_Usage]
No memos

The Product Channel Insurance and Sales Department has increased the Bank's point-of-sale footprint by more than 40%, the CellPhone Banking footprint by more than 25% and the Internet Banking footprint bymore than 15% during the period under review

P35: BankInst_4_op_over1_2010.pdf - 35:7 [Bank Windhoek received a numbe..] (3:1477-3:2559) (Super)
Codes: [Meas_Quality]
No memos

Bank Windhoek received a number of accolades in the 2009 / 2010 financial year, including the award for Best Bank in Namibia awarded by the international financial magazine, emeafinance. PMR.africa also acknowledged Bank Windhoek with a total of five awards in March 2010. Bank Windhoek was the highest rated in five categories, namely: Banks in Namibia; Investment Services in Namibia; PropertyValuators in Namibia; Companies / Institutions doing the most to promote arts and culture in Namibia; and Companies Institutions held in good esteem as good corporate citizens on corporate responsibility initiatives in Namibia. In the Old Mutual /NSX Executive Opinion Survey conducted in 2009, Bank Windhoek ranked the highest amongst banks. We would not have received these awards without the support of our clients and the trust they bestowed upon us. Bank Windhoek will continue to strive for excellence and to make a difference.

P36: BankInst_4_op_over2_2010.pdf - 36:3 [The 9 road show was concluded ..] (10:2720-10:2902) (Super)
Codes: [Meas_Quality]
No memos

The road show was concluded in June 2010 and to date, more than 130 000 learners from across the country have been educated on financial matters and the importance of saving.

BankInst_1_2011.pdf - 51:1 [The entire Nedbank Namibia ATM..] (18:2256-18:2692) (Super)
Codes: [Involved_Quality] [Meas_Quality]

No memos

The entire Nedbank Namibia ATM base was migrated to a new platform and pilots for a new debit card and cheque and credit cards were successfully completed. The retail home loan application process was automated to facilitate even quicker turnarounds. Enhancements were completed for Nedbank Online, the internet banking channel and the Customer Care Centre extended its reach to clients, handling 12 000 calls over the year.

Comment:
Technology driven quality improvement

P52: bankInst_2_news.docx - 52:2 [FNB Namibia and LEO are proud ..] (25:30) (Super)
Codes: [Involved_Quality] [Meas_Quality]
No memos

FNB Namibia and LEO are proud to announce that as of 24 November 2010 customers of Leo will be able to do Cellphone Banking with FNB. The services include transfers, payments, balance enquiries and viewing of mini statements via their cell phones. Desery van Wyk, Manager Cellphone Banking of FNB Namibia is proud of the milestone as their services are now available to LEO customers banking with FNB Namibia.

She added: "Leo customers will now experience the convenience of FNB Cellphone Banking. Products & services on offer include banking e.g. balance/statement enquiries, transfers, making of payments, getting a mini statement and receiving of free SMS confirmations. All these services will be up and running by 24 November 2010. Pre-paid airtime purchases on cell phones will also be available from February 2011.

Dawn Humphries, Communications Manager of FNB Namibia said that cellphone banking was proving to be a winning formula for First National Bank. "Cellphone Banking from FNB Namibia has reached the milestone of 100 000 registered customers in Namibia, and 2,5 million FNB customers in SA - making it the first bank to record this number of cellphone banking customers. This success is attributed to the affordability, safety and ease of use, backed by FNB's brand promise of helpfulness and the bank's passion for innovation.

FNB is pleased to announced that the customer response to Cellphone Banking has been overwhelming. When launched in Namibia in 2007 FNB Namibia did so with their customers in mind. Humphries: "We wanted to change the way they saw and experienced banking. We wanted them to have access to banking that was quick, easy, affordable and convenient, wherever they are - and this accomplishment is confirmation of our goal to deliver a modern solution of doing banking in a cost effective way."

"Cellphone Banking has enabled us to provide our customers with a convenient, safe and simple channel to do banking. Through Cellphone Banking our customers can transact anywhere, at anytime. It is as simple as that," added Desery van Wyk.

On 14 September 2010, FirstRand reported that the success of their financial results was

partly due to Cellphone Banking. FNB Cellphone Banking doubled its cellphone banking customers during the 2009/2010 financial year and less than six months later it has accomplished a 25% growth rate - pushing up its numbers to 2.5 million customers in SA. In Namibia Cellphone banking has grown in prepaid sales with 118% yoy (year-on-year), and has reached a milestone of 86% active customer base.

Comment:
cellphone banking.
measured: number of customers registered for it in year. also growth rate.
cellphone banking use: 86% active customer base.

P53: BankInst_3_2005.pdf - 53:2 [Our Internet banking service h..] (17:2845-17:2993) (Super)
Codes: [Meas_Quality]
No memos

Our Internet banking service has also shown substantial growth. There were 180 000 transactions a month representing an increase of 10%.

Comment:
internet banking transaction a month growth

P86: BankInst_2_2008_CEOReport.pdf - 86:2 [Fifteen new ATMs were installe..] (4:2412-4:2690) (Super)
Codes: [Meas_Quality]
No memos

Fifteen new ATMs were installed, while card-based sales increased by some 26%. GPRS connectivity for Speedpoints was introduced with improved hardware to make it even more useful. But the low priority the data receives from the cellphone network providers has inhibited growth.

Comment:
card based sales percentage increase.

Appendix C10

Quality: Regulator Institution

Selected Quotations (4). (Extended version)

HU: Financial_Inclusion_Data
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P65: Reg_2_2010.pdf - 65:1 [The most common complaints are..] (@601-@72) (Super)
Codes: [Meas_Quality]
No memos

The most common complaints are listed in the table below.

Type of complaints	Number of complaints	% of Total complaints
Non-cancellation of insurance policy	54	9.26%
Non-cancellation of contract	48	8.23%
Non-payment of pension benefits	39	6.69%
Non-payment of death benefits	35	6.00%
Non-payment of legal insurance claim	34	5.83%
Illegal deduction	31	5.32%
Claim dispute	28	4.80%
Overcharged	23	3.95%
Extension of the loan period	21	3.60%
Overcharged interest	20	3.43%
Query to financial institutions	20	3.43%

- The most common complaint was non-cancellation of policies. These complaints relate to life insurance companies that continue to deduct premiums after a policyholder has given instruction to cancel the policy because he or she cannot afford it. On deeper analysis of these complaints it became clear that agents or marketers do not properly explain the products they sell, a result of which is that consumers buy products that do not meet their needs.

- Non-cancellation of contracts relates to study loans. Loan contracts typically allow cancellation if submitted within three days, after which a cancellation is not accepted.

- Non-payment of pension benefits relates to pension funds that refuse to pay benefits after a member has exited the fund upon resignation or retrenchment. The main reasons indicated for non-payment are delays in the finalisation of benefit allocations in terms of the fund rules, the absence of required documents, pending transfers of fund benefits (in terms of Section 14 of the Pension Fund Act), and pending rule amendments.

- Non-payment of death benefits arises when life insurers reject claims due to medical exclusions.

- Non-payment of legal insurance arises when a miscommunication between an insurer and lawyers appointed for policyholders occurs regarding progress reports or accounts not forwarded to the insurer in a timely manner.

Comment:

- Complaints: Type of complaints; number of complaints; % total complaints.
- indications of consumers not buying products that meet their needs

P98: Reg_2_2012.docx - 98:2 [consumer educ efforts] (4:4) (Super)

Codes: [Involved_Access] [Meas_Quality]

No memos

A major project to review Human Resource policies is being undertaken to ensure that our internal policies meet not only the expectations of our employees but also the market in which we operate. As part of the institutional reform initiatives, the Authority has embarked on an organisational climate survey to identify areas of weakness in our system as well as the areas which need further strengthening in order to create a positive work environment.

To allow for greater effectiveness and focus of resources, the Provident Institutions Division has been split into two divisions: Insurance Division, being responsible for the supervision of both long- and short-term insurance and Provident Institutions Division being responsible for the supervision of pension funds, medical aid funds and friendly societies.

The spirit within which the markets accepted these changes is commendable and I, therefore, sincerely thank them for their willingness to smoothen the transition into a new regulatory dispensation.

Naturally, the market expects the Authority to make certain improvements with regard to feedback on issues raised through various platforms. It is our duty as a regulator to ensure that the regulated entities are satisfied with the turnaround times as well as with the quality of their interactions with us.

We introduced the Electronic Regulatory System, which enables regulated entities to file their periodic returns electronically. The system has been introduced to all the entities and will enhance our service delivery to our stakeholders.

Collaborative Efforts on Consumer Education

The Authority is committed to building a sound and healthy financial sector which serves the needs of the consumers of financial services. We adopted a strategy to educate consumers on financial rights and responsibilities and we have engaged them using a diverse range of media. During the period under review, the Authority has increased its consumer education activities, printing and distributing over 20,000 Consumer Education Bulletins all across the country, engaging in youth educational programmes with tertiary institutions, conducting street theatres and participating in various trade fairs and exhibitions.

We have also continued to participate in local forums and platforms of partner institutions, amongst them the Ministry of Finance, the Bank of Namibia and many others that are committed to ensuring that Namibia's financial system addresses the needs of consumers.

I take pride in reporting that the Authority is part of a cohort of organisations that are actively involved in Anti-Money Laundering initiatives. The Authority also actively took part in the drafting of the Financial Sector Strategy, which aims to address the issue of financial inclusion. Similarly, the Authority is a member of the Financial Literacy Initiative ("FLI"), which was launched during the period under review and seeks to educate Namibians about financial responsibility and choices.

Comment:
number of consumer education bulletins.
FLI efforts

P98: Reg_2_2012.docx - 98:4 [micro lending complaints] (14:14) (Super)
Codes: [Meas_Quality]
No memos

Provident Institutions

The Division conducted 9 on-site inspections during the period under review. In order to improve on its supervisory effectiveness, the division drafted (in conjunction with Investment Institutions) a supervisory enforcement ladder that will provide clear guidelines to the division. The division will further review its business processes in consultation with the IT department to ensure the full automation of these processes.

The Division issued 3 circulars during the period under review, and has approved an application for change in control by one insurer. One short-term insurance company closed its doors without any financial losses to consumers and its insurance portfolio was successfully moved to another insurer in consultation with relevant brokers.

A long-term insurer contravened some provisions of the Long-term Insurance Act after which the Registrar issued directives to the company to take corrective measures to address the non-compliance. The Registrar is currently monitoring the implementation process to minimise the risk of any adverse impacts on the policyholders.

The Pension Funds industry remains problematic in terms of providing annual financial information. The Authority requested financial information from the industry for the period ended 31 December 2011 and only 86 funds submitted such information compared to 140 returns received in 2010.

Consumer Complaints

The Authority received 397 complaints concerning various matters during the year, 23.8 percent less than last year. The most notable decline in complaints occurred in matters related to capital markets, pension funds, and microlending.

The bulk of the complaints, 42.6 percent, related to microlending, followed by long-term insurers (26.4) and pension funds (13.4). Insurers constituted 39.2 percent of the complaints. There were different types of complaints during the year. The types of complaints are indicative of the market conduct of financial institutions. The number of complaints by industry were as follows:

Industry	Number of Complaints	% of Total
Micro lending	169	42.6%
Life Assurance	105	26.4%
Pension Funds	53	13.4%
Short-Term Insurance	51	12.8%
Other	11	2.8%
Capital Markets	5	1.3%
Medical Aid Funds	3	0.8%
Total	397	100.0%

Comment:

measurement: micro lending number of complaints

Appendix C11

Quality: Specialized Financial Institution

Selected Quotation (Extended version)

HU: Financial_Inclusion_Data
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Edited by: Super
Date/Time: 2013-09-15 04:02:38

P77: SpecFinst_3_2007.pdf - 77:4 [The Smart Card client base gre..] (15:981-15:1230) (Super)
Codes: [Meas_Access] [Meas_Quality]
No memos

The Smart Card client base grew from 133,343 as at 30 September 2006 to 194,650 at 30 September 2007. This means
61,307 Smart Cards were issued during the year. The number of Smart Card accounts is forecast to reach 250,000 by 30 September 2008.

Comment:
measure: smart card client base growth ie number of smart cards issued in year.

Appendix C12

Quality: Surveys/Databases

Selected Quotations (3). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-15 04:04:25

P44: global_paymentsurvey_worldbank2008.pdf - 44:6 [Cash Current account transfers..] (@699-@267) (Super)
Codes: [Meas_Quality]
No memos

TABLE V.5: CASH, CURRENT ACCOUNT TRANSFERS AND PAYMENT CARDS IN REMITTANCES

	Cash				Current Account Transfers				Payment cards linked to current accounts			
	Ranking of 1		Ranking of 2		Ranking of 1		Ranking of 2		Ranking of 1		Ranking of 2	
Central Banks' opinions	#	%	#	%	#	%	#	%	#	%	#	%
Worldwide totals (128 c. banks)	48	*38%*	28	*22%*	56	*44%*	33	*26%*	5	*4%*	16	*13%*
By Income												
High-Income (41)	7	*17%*	10	*24%*	23	*56%*	8	*20%*	2	*5%*	9	*22%*
Upper-middle-Income (27)	13	*48%*	4	*15%*	10	*37%*	9	*33%*	1	*4%*	4	*15%*
Lower-middle-Income (37)	18	*49%*	8	*22%*	15	*41%*	10	*27%*	2	*5%*	3	*8%*
Low-Income (23)	10	*43%*	6	*26%*	8	*35%*	6	*26%*	0	*0%*	0	*0%*
By Region												
East Asia and Pacific (10)	4	*40%*	4	*40%*	5	*50%*	3	*30%*	1	*10%*	0	*0%*
Europe and Central Asia (16)	11	*69%*	2	*13%*	4	*25%*	6	*38%*	0	*0%*	1	*6%*
Latin America & Caribbean (23)	9	*39%*	5	*22%*	9	*39%*	6	*26%*	1	*4%*	2	*9%*
Middle East & North Africa (12)	4	*33%*	5	*42%*	6	*50%*	3	*25%*	0	*0%*	1	*8%*
South Asia (6)	2	*33%*	1	*17%*	3	*50%*	1	*17%*	0	*0%*	1	*17%*
Sub-Saharan Africa (20)	10	*50%*	4	*20%*	9	*45%*	4	*20%*	1	*5%*	1	*5%*
European Union-15 (15)	3	*20%*	2	*13%*	8	*53%*	3	*20%*	0	*0%*	4	*27%*
EU-Newer members (12)	3	*25%*	2	*17%*	5	*42%*	4	*33%*	1	*8%*	4	*33%*
Other Developed Countries (14)	2	*14%*	3	*21%*	7	*50%*	3	*21%*	1	*7%*	2	*14%*
By population size												
>30 million (34)	14	*41%*	10	*29%*	14	*41%*	9	*26%*	1	*3%*	1	*3%*
>5 million, <30 million (48)	13	*27%*	9	*19%*	20	*42%*	11	*23%*	1	*2%*	9	*19%*
5 million or less (46)	21	*46%*	9	*20%*	22	*48%*	13	*28%*	3	*7%*	6	*13%*

Note: Percentages do not add up to 100% as not all countries responded this question, while other countries gave the same ranking to two or even more options.

P44: global_paymentsurvey_worldbank2008.pdf - 44:7 [the need to reduce systemic ri..] (@704-@256) (Super)
Codes: [Meas_Quality]
No memos

TABLE VIII.4: FACTORS THAT TRIGGERED THE REFORMS BEING UNDERTAKEN

	The need to reduce systemic risk		Need to improve the overall efficiency of the payment system		Demands from the market for better payment /settlement services		Demands from end-users for better payment and settlement services		Demands from government institutions for better payment services		Response to technological innovations		Other	
Countries reforming their national payments system	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Worldwide totals (125 countries)	86	69%	113	90%	81	65%	56	45%	42	34%	69	55%	20	16%
By Income														
High-Income (34)	17	50%	28	82%	21	62%	8	24%	9	26%	20	59%	10	29%
Upper-middle-Income (30)	22	73%	26	87%	20	67%	15	50%	4	13%	20	67%	3	10%
Lower-middle-Income (36)	25	69%	35	97%	20	56%	16	44%	12	33%	19	53%	4	11%
Low-Income (25)	22	88%	24	96%	20	80%	17	68%	17	68%	10	40%	1	4%
By Region														
East Asia and Pacific (8)	6	75%	8	100%	7	88%	4	50%	1	13%	4	50%	0	0%
Europe and Central Asia (15)	7	47%	14	93%	9	60%	9	60%	6	40%	11	73%	3	20%
Latin America & Caribbean (30)	28	93%	29	97%	20	67%	14	47%	9	30%	19	63%	2	7%
Middle East & North Africa (10)	7	70%	10	100%	8	80%	4	40%	2	20%	6	60%	1	10%
South Asia (5)	4	80%	5	100%	4	80%	3	60%	3	60%	3	60%	1	20%
Sub-Saharan Africa (25)	23	92%	24	96%	17	68%	16	64%	15	60%	10	40%	2	8%
European Union-15 (13)	2	15%	10	77%	9	69%	5	38%	4	31%	8	62%	4	31%
EU-Newer members (6)	0	0%	2	33%	1	17%	1	17%	0	0%	1	17%	3	50%
Other Developed Countries (13)	9	69%	11	85%	6	46%	0	0%	2	15%	7	54%	4	31%
By population size														
>30 million (27)	14	52%	24	89%	20	74%	15	56%	10	37%	18	67%	6	22%
>5 million, <30 million (51)	34	67%	48	94%	31	61%	24	47%	20	39%	22	43%	5	10%
5 million or less (47)	38	81%	41	87%	30	64%	17	36%	12	26%	29	62%	9	19%

Appendix C13

Impact: Banking Institution

P89: BankInst_2_2009_CEOReport.pdf - 89:4 [Our partnership agreement with..] (5:3072-5:3269) (Super)
Codes:[Meas_Impact] [Meas_Access]
No memos

Our partnership agreement with the Development Bank of Namibia, in existence for close to 12 months, has yielded positive results. More than 60 SMEs have benefited and more than 600 jobs created.

Comment:
SME access.

Appendix C14

Impact: Regulator Institution

Selected Quotation (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-15 04:15:01

P70: BudgetStatement_2013.pdf - 70:5 [? Since its inception in 2004,..] (@713-@428) (Super)
Codes: [Meas_Impact]
No memos

- Since its inception in 2004, DBN funding has supported the provision of over 41,175 direct and indirect jobs, especially in the SME sector.
- N$ 235 million of the bank's loan went towards SME funding. The funding supported tenders to SMEs worth N$972 million.
- The opening of a dedicated SME Bank in 2012 is expected to usher in a new era of expanded provision of accessible finance, especially to the SME sector.

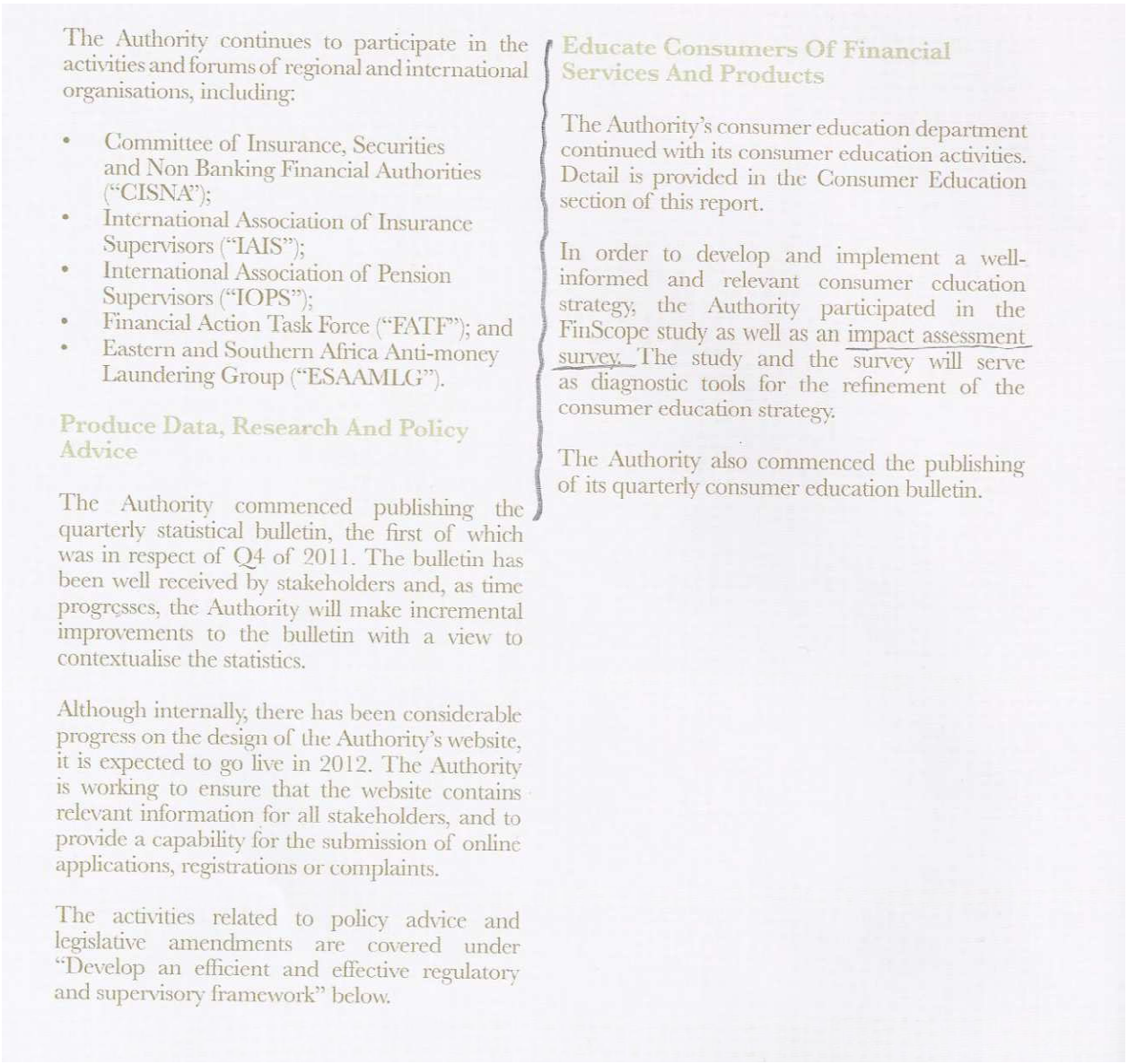
- AgriBank has expanded its loan offerings to the aquaculture subsector. Loan disbursements increased by 8 percent to amount to N$276 million in 2012, benefiting over 640 commercial and small-scale farmers and enabling previously disadvantaged Namibians to acquire land. Over 5,000 jobs were created and maintained during 2012.

Comment:
direct and indirect jobs created

P98: Reg_2_2012.docx - 98:3 [impact assessment survey and ..] (8:8) (Super)

Codes:[Meas_Impact]

No memos



The Authority continues to participate in the activities and forums of regional and international organisations, including:

- Committee of Insurance, Securities and Non Banking Financial Authorities ("CISNA");
- International Association of Insurance Supervisors ("IAIS");
- International Association of Pension Supervisors ("IOPS");
- Financial Action Task Force ("FATF"); and
- Eastern and Southern Africa Anti-money Laundering Group ("ESAAMLG").

Produce Data, Research And Policy Advice

The Authority commenced publishing the quarterly statistical bulletin, the first of which was in respect of Q4 of 2011. The bulletin has been well received by stakeholders and, as time progresses, the Authority will make incremental improvements to the bulletin with a view to contextualise the statistics.

Although internally, there has been considerable progress on the design of the Authority's website, it is expected to go live in 2012. The Authority is working to ensure that the website contains relevant information for all stakeholders, and to provide a capability for the submission of online applications, registrations or complaints.

The activities related to policy advice and legislative amendments are covered under "Develop an efficient and effective regulatory and supervisory framework" below.

Educate Consumers Of Financial Services And Products

The Authority's consumer education department continued with its consumer education activities. Detail is provided in the Consumer Education section of this report.

In order to develop and implement a well-informed and relevant consumer education strategy, the Authority participated in the FinScope study as well as an impact assessment survey. The study and the survey will serve as diagnostic tools for the refinement of the consumer education strategy.

The Authority also commenced the publishing of its quarterly consumer education bulletin.

Comment:

- not in possession of survey and its results
- participation in Finscope

Appendix C15

Impact: Specialised Financial Institution

Selected Quotations (5). (Extended version)

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-15 04:17:56

P71: SpecFinst_1_ 2009.pdf - 71:4 [The year under review marks th..] (14:1385-14:1789) (Super)
Codes: [Meas_Access] [Meas_Impact]
No memos

The year under review marks the completion of the second phase of lines of credit to improve SMEs' access to finance, to FNB Namibia and Bank Windhoek. N$ 87 million was extended to 128 SMEs, creating 996 jobs through the programme over a 12 month period. It is pleasing to note that 90 per cent of the loans advanced are to previously disadvantaged Namibians of which 20 per cent are women.

Comment:
number of smes benefitted
number of jobs created
number given to previously disadvantaged Namibians
number of women recipients

P72: SpecFinst_1_ 2011.pdf - 72:3 [DEVELOPMENT IMPACT: JAN - DEC ..] (@741-@95) (Super)
Codes: [Meas_Impact]
No memos

Appendix D

Technology and Infrastructure quotations

Report: 14 quotation(s) for 3 codes

HU: Financial_Inclusion_Data
File: [C:\Users\Chinemba\Documents\Scientific Software\ATLASti\TextBank\Financial_Inclusion_Data.hpr7]
Edited by: Super
Date/Time: 2013-09-15 05:09:32

Mode: quotation content, memos and hyperlinks

Quotation-Filter: All

Infrastructure

Technology driven

Technology enhancements

P 5: FINANCIAL SECTOR STRATEGY.pdf - 5:4 [The objective of the Financial..] (9:749-9:1129) (Super)
Codes: [Inclusive economic growth - Families (2): Core purposes of data (from current policy environment), Purpose] [Innovative finance products & services - Families (2): Core purposes of data (from current policy environment), Purpose] [Technology driven - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

The objective of the Financial Sector Strategy (FSS) is therefore to develop a more resilient, competitive and dynamic financial system with best practices, that support and contributes positively to the growth of the economy, and has strong and innovative domestic financial institutions that are more technology driven and ready to face the challenges of globalisation

P 5: FINANCIAL SECTOR STRATEGY.pdf - 5:6 [(FSS) is therefore to develop ..] (10:1246-10:1577) (Super)
Codes: [Inclusive economic growth - Families (2): Core purposes of data (from current policy environment), Purpose] [Innovative finance products & services - Families (2):

Core purposes of data (from current policy environment), Purpose] [Technology driven - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

(FSS) is therefore to develop a more resilient, competitive and dynamic financial system with best practices, that support and contributes positively to the growth of the economy, and has strong and innovative domestic financial institutions that are more technology driven and ready to face the challenges of globalisation.

P 5: FINANCIAL SECTOR STRATEGY.pdf - 5:8 [This operational efficiency ca..] (11:1274-11:1383) (Super)
Codes: [Technology driven - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

This operational efficiency can be achieved through greater investment in technology and skills enhancement.

P 5: FINANCIAL SECTOR STRATEGY.pdf - 5:11 [Strong infrastructure will hav..] (12:1217-12:1602) (Super)
Codes: [Infrastructure - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

Strong infrastructure will have to be available to ensure overall stability of the financial system. This will be achieved through institutional development and capacity building, increasing the competitive environment, the continuous
improvement in the existing payments and financial markets infrastructure, and instituting a more market-driven consumer protection framework.

P 5: FINANCIAL SECTOR STRATEGY.pdf - 5:12 [The successful institutions wi..] (14:906-14:1012) (Super)
Codes: [Technology driven - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

The successful institutions will be those who will continue to leverage on the advancements in technology

P 6: MR - Outcome of the workshop on Coordinated Policy Making for Financial Inclusion in Namibia.pdf - 6:2 [Against the above backdrop, th..] (3:296-3:795) (Super)
Codes: [Availability data and information - Families (2): Core purposes of data (from current policy environment), Purpose] [Financial literacy - Families (2): Core purposes of data (from current policy environment), Purpose] [Infrastructure - Families (2): Core purposes of data (from current policy environment), Purpose] [Regulations reform - Families (2): Core purposes of data (from current policy environment), Purpose] [Stakeholder Coordination - Family: Purpose]
No memos

Against the above backdrop, the workshop identified key themes that are going to drive financial inclusion in the country. These are:

- Coordination of various stakeholder's efforts,
- Provision of an enabling regulatory environment,
- Financial literacy and education,
- Public Private Partnerships,
- Ensuring the availability of data and information,
- Ensuring the availability of resources (financial and human capital),
- Building on previous initiatives and existing infrastructure.

P57: bon_payment_systems_straegy.pdf - 57:4 [6.1 NPS Infrastructure and Tec..] (10:1599-11:825) (Super)
Codes: [Technology driven - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

6.1 NPS Infrastructure and Technology Vision
The vision is to establish a payment infrastructure that will provide substantial long-term benefits to the Namibian
banking industry and the country as a whole. The envisaged payments infrastructure will support any number of banks, payment instruments, payment access points and payment devices. To optimise access to the payment system, support financial inclusion and to lower the cost per transaction, the new environment will provide for the clearing of all payments processed through all channels, including Automated Teller Machines (ATM), point-of-sale (POS) devices, Internet payment applications, corporate electronic banking products, mobile payment services and electronic purse applications for off line processing. These channels all support credit-push instruments and may need a real-time capability. In addition, the infrastructure will support the current payment services customers have become accustomed to such as bulk electronic funds transfer services (EFT) and cheques.

6.2 Strategic Objectives
• IThe implementation of NPS infrastructure and technology is done on the basis of “a payment is a payment”.
• Customer needs, business strategies and/or technological development drive the development and deployment of
technology in the Namibian NPS.
• The primary measures of what is the appropriate NPS infrastructure and technology is based on the appropriateness; safety; security and cost-effectiveness of the technologies and/or systems deployed.
• Developing Namibian money and capital markets by implementing Central Securities Depository (CSD) in order to
achieve delivery-versus-payment (DVP) for securities transactions.
• The NPS infrastructure and technology is classified as a “co-operative” space in which participants work together to
define, develop and deploy the appropriate payment systems and mechanisms that serve all users of the payment 10 NPS Vision 2015 system in Namibia. Both banks and non-bank participants, using the NPS infrastructure, compete on cost-effective and efficient service offering.
• Appropriate levels of security apply to different categories of transactions and/or messages for the issuing; acquiring; switching and clearing of electronic and card payment transactions.
• Payment and management information, including clearing and settlement information, must be available in real-time. This requirement is extended to national and regional payments clearing and settlement information.
• Emerging payment system technologies (traditional and non-traditional) are monitored, researched and evaluated on a regular basis. Global technology standards for security, interoperability and integration exist and are adhered to.

P60: Reg_1_2009.pdf - 60:1 [The Bank has commenced with th..] (34:2246-34:2829) (Super)
Codes: [Technology enhancements]
No memos

The Bank has commenced with the project to upgrade NISS to version 5. The project is expected to be completed in 2010. The new version will necessitate the replacement of the current hardware infrastructure and change in NISS architecture. Moreover, all banking institutions will be required to connect through the Bank’s virtual Private Network
(vPN). This will introduce significant changes at the end-user interface from a desktop to a web based
platform, making it more user-friendly and reducing the transaction and licensing costs to banking institutions.

P63: Reg_1_2012.pdf - 63:3 [In 2012, the infrastructure of..] (26:1386-26:2135) (Super)
Codes: [Infrastructure - Families (2): Core purposes of data (from current policy environment), Purpose] [Involved_Access]
No memos

In 2012, the infrastructure of the National Payment System experienced significant developments and enhancements. In line with the regulation that all core banking systems should be localised in Namibia, the last remaining banking institution localised its core banking system successfully in 2012. Additionally, the Namibian banking industry began with the Namclear Automated Clearing House project to replace the current EFT and CPS systems, and to comply with the requirements for localization of NAMSWITCH. This project also provides a unique opportunity to create a modern, streamlined and cost-efficient payments infrastructure that will position both the banking industry and the Namibian economy well for the future.

Comment:
NPS
- localisation of core banking system for all local banking institutions
- began localisation of NAMSWITCH.

P67: budget_statement_2012_2013.pdf - 67:1 [10 Financial Sector Developmen..] (@720-@10) (Super)
Codes: [Access - Families (2): Core purposes of data (from current policy environment), Purpose] [Financial literacy - Families (2): Core purposes of data (from current policy environment), Purpose] [Infrastructure - Families (2): Core purposes of data (from current policy environment), Purpose] [Innovative finance products & services - Families (2): Core purposes of data (from current policy environment), Purpose] [Local ownership - Families (2): Core purposes of data (from current policy environment), Purpose] [Regulations reform - Families (2): Core purposes of data (from current policy environment), Purpose]
No memos

Financial Sector Developments

Honourable Speaker,
Honourable Members,

41. The Global Competitiveness Report for 2011 ranked our financial sector on the 36th position, out of the 142 countries assessed that year. This rating affirms that our financial sector compares well with the best in the world.

42. We have modernized the legislative and regulatory environment for both the bank and non-bank financial industries. This modernization allows regulatory authorities to exercise risk-based supervision and macro-prudential surveillance to strengthen financial stability and guard against possible emergence of financial crises.

43. We have embarked upon a national strategy to modernize the national payment system and infrastructure. New instruments are being introduced in the capital and money markets. This is embedded in the Government's debt management strategy, which emphasizes domestic borrowing as an instrument for domestic capital markets development.

44. In addition, the financial services industry, especially the banking and other non-bank mobile services providers are initiating new products diversification and innovation.

45. However, significant challenges remain. The level of ownership and localization of financial services remain skewed and the majority of Namibians are financially excluded.

46. The commencement of the implementation of the ten-year Financial Sector Strategy this year heralds the beginning of the new era for the gradual and holistic development of the financial sector. As an integral part of the strategy, a financial literacy programme has been developed amongst other strategies to advance financial inclusion agenda.

47. I am also gratified that the legislative amendments to domestic asset requirements legislation have now been finalized. The coming into force of the amended laws would release financial resources into the economy and represents Government's unequivocal policy thrust to mobilize domestic assets to catalyze domestic investment.

P76: SpecFinst_3_2006.pdf - 76:2 [To achieve these strategic obj..] (6:1244-6:1822) (Super)

Codes: [Involved_Access] [Technology enhancements]

To achieve these strategic objectives, we have embarked upon a process of systematically investing in technology and in our employees. This year, for example, we successfully introduced the NamPost Smart Card and established a Namibian-based Switch for our banking operations. The Smart Card has made basic financial services accessible to ordinary Namibians and has created healthy competition in the banking environment – resulting in benefits for the consumer. With the introduction of the Smart Card system, all our Post Offices have now been computerized.

P79: SpecFinst_3_2010.pdf - 79:1 [We continue to beli..] (20:1325-20:1613) (Super)

Codes: [Technology enhancements]

We continue to believe that technology is key to our service delivery. It is in this context that we spend

NamPost's existing industry leading biometric based SmartCard.

Comment:

technology

P89: BankInst_2_2009_CEOReport.pdf - 89:2 [Our SpeedPoint Merchant Acquir..] (4:22-4:1011) (Super)

Codes: [Technology enhancements]

Our SpeedPoint Merchant Acquiring Business Unit remains the leading provider of card-based product services in Namibia. This position was enhanced by providing GPRS connectivity to merchants, increasing representation points. The device cuts phone costs, gives faster connectivity and speeds up turn-around times for card-holders. The service will grow as the Namibian cellphone network improves capacity.The Namswitch system was implemented during the year. By managing the change efficiently, we were able to grow business and gain merchants from competitors. Our online banking technology allowed the bank to remain leaders in this field and to show growth in personal and business customers. The fact that pricing has not increased significantly over the last two years and that electronic technology remains one of the most affordable options for transactions, has contributed to its popularity. The new corporate online banking system has proved highly successful.

P89: BankInst_2_2009_CEOReport.pdf - 89:3 [An overwhelming growth in new ..] (4:1316-4:1657) (Super)

Codes: [Technology enhancements]

No memos

An overwhelming growth in new cellphone banking registrations this financial year proves the growing popularity of this innovative banking channel. Cellphone banking is available to all FNB customers, providing an affordable, secure and easy alternative to banking hall visits. Ongoing improvements make it increasingly more convenient.

Appendix E

UNIVERSITY OF NAMIBIA

Private Bag 13301, 340 Mandume Ndemufayo Avenue, Pioneerspark, Windhoek, Namibia

FACULTY OF AGRICULTURE AND NATURAL RESOURCES

Tel No.: (+264 61 206 3890)

Fax No.:(+264 61 206 3013)

30 October 2013

Dear Sir/Madam,

As financial inclusion (FI) becomes more topical, there is an increased need for more financial inclusion related data and measurement to enable evidence based policy making as well as monitoring and evaluation of financial inclusion strategies and programmes. In Namibia, there has been less activity on measurement from the supply-side perspective as compared to that from the demand side perspective (e.g. FinScope surveys).

This study is carried out under the supervision of the department of Accounting, Auditing and Income Tax of the University of Namibia as part of the Master of Science in Accounting and Finance. The study aims at identifying the gaps in the supply-side financial inclusion data and measures. The results of the study are to be used to propose a framework for supply-side FI

data and measurement. The draft framework (here attached) is currently being circulated among select stakeholders for comments and input prior to finalization.

You are kindly requested to assist in this effort by completing the attached questionnaire.

Have a nice day.

C.Samundengu (Student Nr: 200844440)

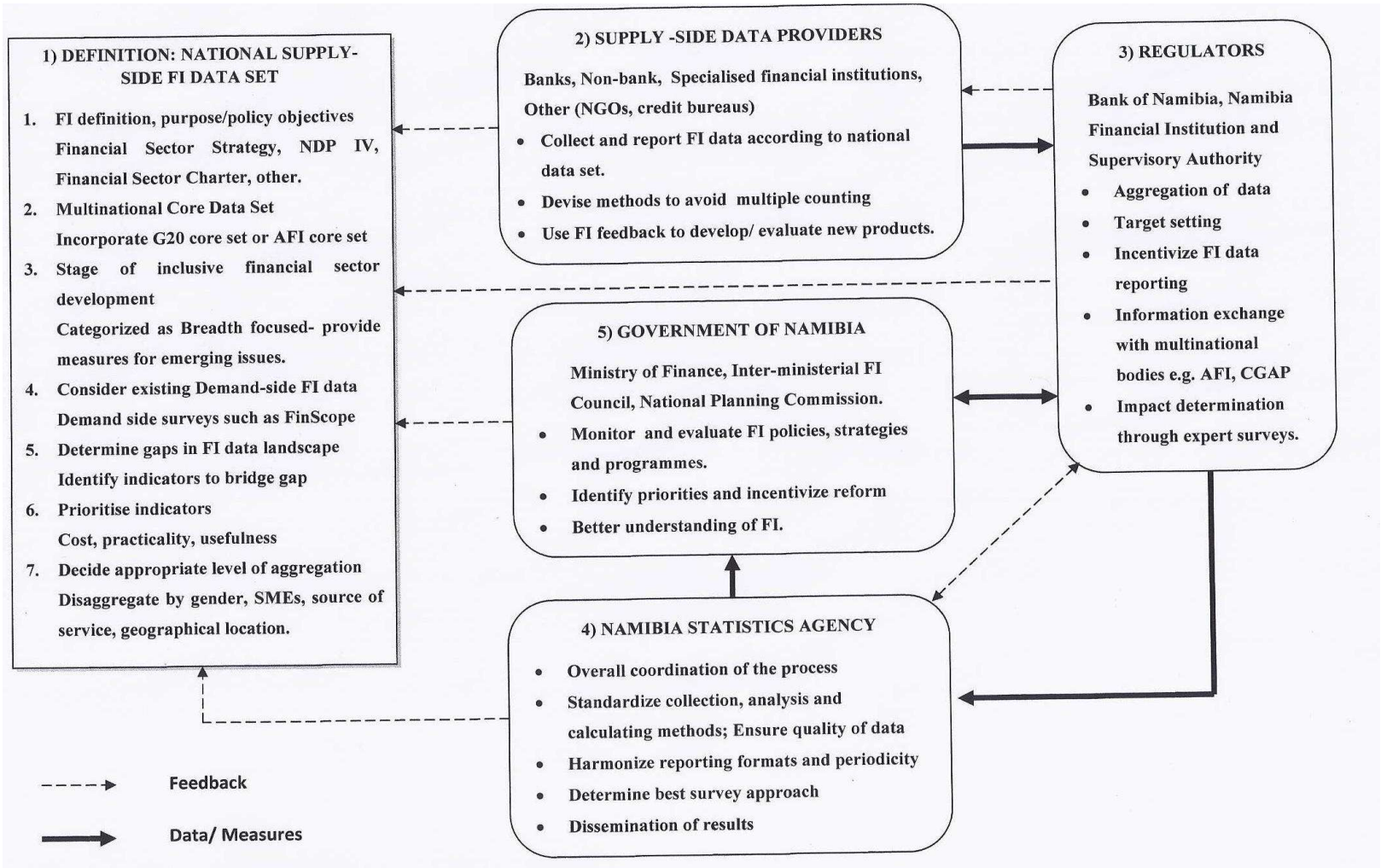
Mobile: +264 81 2896667

Email: csamundengu@unam.na

Instructions

Please go through the proposed framework and answer the related questions. If you do not feel comfortable to provide your particulars, you do not need to do so.

The questionnaire will be collected on arrangement on Friday 8th of November 2013


1) DEFINITION: NATIONAL SUPPLY-SIDE FI DATA SET
1. FI definition, purpose/policy objectives
Financial Sector Strategy, NDP IV, Financial Sector Charter, other.
2. Multinational Core Data Set
Incorporate G20 core set or AFI core set
3. Stage of inclusive financial sector development
Categorized as Breadth focused- provide measures for emerging issues.
4. Consider existing Demand-side FI data
Demand side surveys such as FinScope
5. Determine gaps in FI data landscape
Identify indicators to bridge gap
6. Prioritise indicators
Cost, practicality, usefulness
7. Decide appropriate level of aggregation
Disaggregate by gender, SMEs, source of service, geographical location.
2) SUPPLY -SIDE DATA PROVIDERS
Banks, Non-bank, Specialised financial institutions, Other (NGOs, credit bureaus)
• Collect and report FI data according to national data set.
• Devise methods to avoid multiple counting
• Use FI feedback to develop/ evaluate new products.
3) REGULATORS
Bank of Namibia, Namibia Financial Institution and Supervisory Authority
• Aggregation of data
• Target setting
• Incentivize FI data reporting
• Information exchange with multinational bodies e.g. AFI, CGAP
• Impact determination through expert surveys.
5) GOVERNMENT OF NAMIBIA
Ministry of Finance, Inter-ministerial FI Council, National Planning Commission.
• Monitor and evaluate FI policies, strategies and programmes.
• Identify priorities and incentivize reform
• Better understanding of FI.
4) NAMIBIA STATISTICS AGENCY
• Overall coordination of the process
• Standardize collection, analysis and calculating methods; Ensure quality of data
• Harmonize reporting formats and periodicity
• Determine best survey approach
• Dissemination of results
Feedback
Data/ Measures

Particulars

Name:……

Name of Business:

…….

Please state your position ……

1) Definition: Framework for Namibian Supply-side FI Data Collection and Compilation

1A) Do you find the elements specified for the definition process comprehensive?

Yes ☐ No ☐

1B) If not, what elements would you add/ remove?

_____

_____

_____

_____

___

2) Supply-side Data Providers

2A) Are the specified roles of the supply-side actors appropriate?

Yes ☐ No ☐

2B) If not, what would you suggest?

_____

_____

_____

_____

___

3) <u>Regulators</u>

3A) Are the specified roles of the regulators appropriate?

Yes ☐ No ☐

3B) If not, what would you suggest?

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4) <u>Namibia Statistics Agency</u>

4A) Are the specified roles of the Namibia Statistics Agency appropriate?

Yes ☐ No ☐

4B) If not, what would you suggest?

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5) Government of Namibia

5A) Are the specified roles of the Government of Namibia appropriate?

Yes ☐ No ☐

5B) If not, what would you suggest?

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Overall Comments

6) Please provide any comments/ suggestions on the proposed framework

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THANK YOU FOR YOUR TIME.

Clarifying Notes for Framework.

Study Approach Used

The study was guided by the IFC/GPFI data stock taking and analytical framework which includes defining a comprehensive national supply-side financial inclusion data landscape and comparing it to the actual supply-side financial inclusion data landscape to determine measurement and data gaps. Document analysis of annual reports, records and other publications of the last five years of the identified institutions was used in this study as the data collection strategy. The institutions included in the study were banks, non bank financial institutions (represented by NAMFISA) and regulatory institutions as well as the Namibia Statistics Agency. Relevant financial inclusion studies were also included.

Although there are a multitude of possible financial inclusion indicators, in accordance with the framework used, the gap was determined for measurements pertinent to the current financial inclusion situation in Namibia viz prevailing core financial inclusion purposes (policy objectives), financial inclusion definition, stage of financial inclusion effort and national data capability (data quality).

Summary of findings- gaps in supply-side financial inclusion data landscape.

The gaps in the financial inclusion data landscape as determined by the surveyed documents showed inadequate or absence of indicators or measures in:

1. Access (barriers to access- particularly affordability, eligibility, enabling environment (reform regulation))
2. Usage (regularity; frequency and length of time used). Problems associated with multiple counting.

3. Quality (financial literacy; range of options/ financial products and services; new technologies embraced).
4. Impact (generally absent).

The absence of impact indicators and the paucity of quality indicators was expected as these are generally more difficult to measure particularly in supply-side settings.

The study output suggests a framework that could be used for supply-side financial inclusion data and measurement that would fill the afore-mentioned gaps. It takes into consideration:

- The complementary relationship between demand-side and supply-side financial inclusion data as recommended for national measurement and as way to avoid duplication of efforts.
- The need for harmonization and standardization of methods and measures given the number of different sources.
- Need for aggregation of data for national reporting versus the need for disaggregation of measures for better understanding of the landscape.
- Periodicity of reporting or surveys in order for the indicators to be of use for monitoring of FI strategies and programmes
- Financial inclusion indicators are not static as they are define by a changing environment hence the need for a framework that is flexible enough to respond to environmental changes.
- The need to avail data in a format suitable for utilization by multi-national financial inclusion bodies for building multi-national data bases.