

**AN ANALYSIS OF THE EFFECTS OF COVID-19 ON THE BANKING SECTOR
IN WINDHOEK NAMIBIA**

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ABSTRACT

The COVID-19 pandemic significantly affected the global economy, causing major disruptions as different countries entered lockdowns to slow the spread of the virus. These disruptions led to various macroeconomic effects, which in turn directly impacted banking institutions around the globe. The purpose of this research was to analyse the effects of the Coronavirus (COVID-19) on the banking sector in Windhoek, Namibia. To achieve the objectives of this study, a qualitative research approach was utilised whereby, an exploratory research design was adopted. The researcher used interviews and documents review as instruments to gather data and employed conceptual and relational content analysis to analyse the data and used ATLAS.ti 22 to aid the data analysis process. The results have shown that the pandemic came with a combination of negative and positive effects in general. The negative effects have represented challenges faced by the banking sector, whereas the positive effects represent opportunities that open to the banking sector further confirming the claims from different authors who conducted studies in the USA or European countries for instance. The study has been however contradictory with claims from other authors, in terms of cyber-security, as it was not found as a challenge in Namibia. The researcher as recommended that commercial banks, maintain different measures adopted during the pandemic such as the combination of working from the office and working from home, invest more in digital platforms, and further improve their digital platforms where they were certainly limited and make it even more efficient. For policy makers, mainly the Bank of Namibia, the researcher did not have a particular recommendation to give as the bank was very effective in taking significant measures and did everything on time to avoid difficulties.

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DECLARATIONS

I, Blaise Kayembe Kazadi, hereby declare that this study is my own work and is a true reflection of my research, and that this work, or any part thereof has not been submitted for a degree at any other institution.

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Signature

25/09/2023

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Date

LIST OF ABBREVIATIONS

AEs:	Advanced economies		
ADT:	Automated Deposit Tellers		
BID:	Banking Institution determinants		
BON:	Bank of Namibia		
BOT:	Bank of Tanzania		
CESE:	Central Eastern South European		
CLR:	Credit Loss Ratio		
COVID-19:	Coronavirus disease		
EMDEs:	Emerging market and developing economies		
FNB:	First National Bank		
GDP:	Gross domestic product		
NII:	Net Interest Income		
NIR:	Net Interest Return		
NPLs:	Non-Performing Loans		
SBN:	Standard Bank Namibia		
WHO:	World	Health	Organisation

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND OF THE STUDY

The Banking sector, being the key driver of economic growth of the country has a pivotal role in the development of an economy (Maseke& Swartz, 2021).It plays a vital role by financing the economic development and further, trends in the banking sector, have led to an increase in economic growth in many economies (Abusharbeh, 2017). Since the Coronavirus (COVID-19) was first diagnosed, it has spread to over 190 countries around the world, having a noticeable impact on global economic growth (Jackson, Weiss, Schwarzenberg & Nelson, 2020).To reduce the spread of the novel coronavirus, governments enacted various mitigation strategies, based on social distancing, national quarantines, and shutdown of non-essential businesses, leading to rapid changes and major disruptions to economies (Dermirgu-Kunt, Pedraza & Ortega, 2020).

This pandemic is a rare type of shock to the world economy and, its sudden and massive impact on activity came at a time when the legacy of the Great Financial Crisis (GFC) of 2007– 2009 is still weighing in on public and private sector balance sheets (Drehmann, Farag, Tarashev&Tsatsaronis, 2020). Many industries, such as the aviation and tourism industries, came to a significant halt, while other industries, have been working at a fraction of their former operating capacity, leading to a major downward revision in economic growth (VanWyk, 2020).

The halt in the global economy has represented a large shock to the corporate sector, which had to scramble for cash to cover operating costs due to revenue shortfalls leading

the financial sector and banks, to play a key role in absorbing the shock by supplying funds (World Bank, 2020). While banks may have well-defined business continuity plans, they may have been inadequate in handling a crisis of such scale and impact, or even address the large number of varying challenges that emanate from the situation (Yerchuru&Chidambaram, 2020).By putting breaks to the global economy, the COVID-19 pandemic has affected the banking sector, and the severity of this economic stop is still unknown, and the ensuing recession might be deeper than any in recent memories (Jackson, *et al.*, 2020).

As a response to the pandemic, countries and different governments have taken measures to deal with the effects of COVID-19 by adopting different policies that include liquidity support, prudential measures, borrower assistance and monetary policy that include interest rate cuts and quantitative easing which relates to asset purchases (Dermirgu-Kunt, Pedraza, and Ortega, 2020). In Namibia, as a response to the pandemic, the Bank of Namibia (BON), adopted different changes in the banking sector and its regulatory setting; changes that included banks being allowed to grant a loan payment moratorium (payment holidays), regulatory and policy relief changes, and reducing the capital conservation buffer rate (BON, 2020).

The COVID-19 pandemic has presented two types of effects, a negative effect which is represented by different challenges faced by the banking sector, as found in the United States of America(USA),(AITE Group Report, 2020).Also as revealed in research by McIntyre, Svan, Abbot, andGordon (2020) who found the same effect. Furthermore, a positive effect denoted by opportunities, representing prospects to the banking sector as stated by Aldasoro, Fender, Hardy &Tarashev (2020) in a study conducted in Europe,

China and the USA. This finding is also supported by Dermirgu-Kunt, Pedraza, and Ortega (2020) in a study conducted in Europe and North America, having the same conclusion of possible positive effects on the banking sector. Considering that the studies presented above, focused on developed countries, a different perspective from a developing country such as Namibia is necessary.

The banking industry in Namibia, is characterised by an oligopolistic market structure dominated by a few institutions, known as the big four and includes three South African banking subsidiaries (Standard Bank, FNB, and NedBank) and one local bank (Bank Windhoek), (Andongo& Stork, 2005, as cited in Nkabila, 2017). These banks have been operating since before the country's independence in 1990, while other banks currently operating entered the market only after 2012 (BON, 2017, as cited in Paivo, 2017).

Due to the pandemic issues, many banks in Namibia have been facing financial challenges, and struggling to keep their operations viable. Namibian banking giants (Standard Bank, Nedbank, Bank Windhoek & FNB) witnessed tremendous changes in revenue streams and customer profiles, technology inspired competition from FinTech and other retail banks, regulatory requirements changes, the emergence of disruptive technologies, and customers becoming more demanding (Lucky, Edoun&Pooe, 2022). Commercial banks, continued to be steadfast, but posted small, but still healthy profits and kept robust capital levels despite the challenging environment (Xinhua, 2021).

1.2. STATEMENT OF THE PROBLEM

One of the many sectors that contribute to the economic development of a country is the banking sector, through its financing of the economy (Abusharbeh, 2017). As stated by

VanWyk (2020), the spread of COVID-19, brought disruptions in many countries, leading to a halt in industries such as aviation and tourism, while other sectors worked at a fraction of their usual operating capacity affecting their contribution to economic growth. As a response to the pandemic's impact on the Namibian economy and minimising the impact on the banking sector, the Bank of Namibia adopted a fiscal easing, a monetary policy, and different policies and regulatory measures (BON, 2020).

Even though, developing such regulations is important, it would have a big impact on the Namibian banking sector, considering that the interest margin would be under pressure and the banking industry would have to determine how to further minimise the impact of the pandemic not only on their balance sheets but also on different stakeholders that depend on the financial intermediation sector of the economy, represented by banks (VanWyk, 2020).

Banks accept customer deposits and use those funds to provide loans to other customers or invest in other assets in anticipation of yielding higher returns (Sheefeni, 2015). They make money by lending a portion of the deposits from which interest is earned on the money lent out, and from the fees which they charge for their services (Goosen, Pampallis, Merwe & Mdluli, 1999). Since the start of the year 2020, the Namibian repo rate declined by 225 basis points with the first 25 basis points being part of the gradual rate cutting cycle. However, as a response to the pandemic, two emergency cuts of 100 basis points were enacted. The unexpected cut created an unexpected downward movement in the Namibian repo rates, posing a significant threat to the banking industry's net interest margin (Van Wyk, 2020). This, considering that banks make their money from the interest on money lent to customers (Goosen, Pampallis, Merwe &

Mdluli, 1999). Such downward movement of the interest rate would affect the profitability of banks.

The concern is that service delivery and performance of banks was affected during the COVID-19 lockdown, and there were real effects of different policies adopted by the central bank on the banking sector (Van Wyk, 2020). As shown in the background, there is a lack of consensus in the literature regarding the effects of COVID-19 on banks, and existing literature is limited to the developed world (McIntyre, Svan, Abbot & Gordon, 2020; Dermirgu-Kunt, Pedraza & Ortega, 2020). This background highlights the need for this study in a developing country's context, Namibia in particular.

1.3. RESEARCH OBJECTIVES

This study sought to fulfil the following objectives:

- To determine possible challenges facing the commercial banks during COVID-19 pandemic
- To determine possible opportunities facing the commercial banks during and after the COVID-19 pandemic
- To analyse the effects of COVID-19 on commercial banks
- To establish measures to adopt in response to an economic shock such as COVID-19

1.4. SIGNIFICANCE OF THE STUDY

This study is of importance as it highlights the effects of COVID-19 on the banking sector, mainly commercial banks since its outbreak around the world and highlights

different strategies put in place by commercial banks to deal with the pandemic. Not only is it of benefit to commercial banks, but also to other categories of banks, and financial institutions. The study should bring to light different measures that have been taken by commercial banks, to deal with the pandemic, and provides long-term solutions and strategies, on the assumption that the pandemic runs for a long period.

1.5. DELIMITATION

This study focuses mainly on commercial banks in Windhoek, Namibia from the 13th of March 2020 when the country reported its first COVID-19 case (World Health Organisation, 2020) to 2021. According to the Bank of Namibia (2020) there are in total seven licensed commercial banks in Namibia, and these include: Standard Bank Namibia Limited, Bank Windhoek Namibia Limited, First National Bank Namibia Limited, Nedbank Namibia Limited, Trustco Bank Namibia Limited, Bank BIC Namibia Limited, and Letshego Bank Namibia Limited.

1.6. LIMITATIONS OF THE STUDY

The major constraint of this study was the availability of information regarding this recent pandemic, limited literature and the gathering of data. Some banking institutions found it very confidential to share very important information with regards to the way their banks operated during the pandemic period, representing a limit to the type of information gathered from banks, and a significant obstacle in the completion of this study. To overcome this obstacle, the researcher used different data sources such as secondary data sources to obtain more information is not provided by banking

institutions. The data includes annual reports and interim results published by different banks on their websites.

Collaboration from banks was very challenging as a few banks were willing to be interviewed and other participants clearly declined requests for the researcher to conduct the study at their institution. Even though ethical considerations were made, and the confidentiality of respondents was assured, some still did not want to share information fearing the divulging of information that seemed sensitive though at the same time very crucial to the research. This led the researcher to look for different sources of data which included annual reports and interim results from the respective banks. Despite these reports corroborating the interview data, some banks had not yet released new annual reports at the time of data collection.

1.7. SUMMARY

This chapter introduced the topic being studied and gave an overview of the effects of COVID-19 on the banking sector. The chapter discussed the background of the study, the statement of the problem and the research objectives of the study. Furthermore, a discussion on the significance of the study, delimitation of the study, and limitations of the study were completed.

After the introduction chapter, which gave an overview of the topic under study, the next chapter is the literature review. The chapter discusses previous and available research on the subject under study. These studies help in answering research questions and literature findings are compared to answers that are gathered from banking institutions in Chapter 4.

This a well-structured Chapter. The only problem is that the background does not really warrant that the is a problem to be investigated.

CHAPTER 2: LITERATURE REVIEW

2.1.INTRODUCTION

This chapter discusses what previous research on the subject under study found on the research topic and objectives stated in the first section named Introduction. Fraenkel *et al.* (2014) described it as an assessment of a body of literature that pertains to a specific question, and further mentioned that it not only helps the researcher not only glean the ideas of others interested in a particular research question but also let them read about the results of similar studies and gives the research ideas on areas where more research needs to be done.

This chapter is organised into different sections, to facilitate reading and referencing. The first section, was the introduction discussed here, gave a brief explanation of what this chapter entails, and followed by the importance of the banking sector. The next section is the Namibian Banking sector, which gives a brief overview of the banking sector in Namibia.

This is followed by the theoretical framework section, the challenge faced by the commercial banks during COVID-19, the opportunities for commercial banks during and after covid. Afterwards, comes the empirical review of literatures, which is further followed by a discussion on the measures adopted by banks to the economic shock of COVID-19. As a conclusion to the chapter, comes the summary, which provides a quick overview of all sections discussed under this chapter.

2.2.IMPORTANCE OF THE BANKING SECTOR

Banks are among the most important components of any country. A well-developed financial system is necessary to promote economic development. A modern bank can provide various services to a country. To attain development there should be a good developed financial system to support not only the economy but also the society (Kalpna& Rao, 2017). A banking system is important to economic growth, first through its ability in gathering and attracting deposits from savers. Secondly, its role in providing loans to encourage investment and production.

Thirdly, its ability in creating an economic expansion in most economic sectors such as agriculture, industry, and trade sector. Fourthly, it plays intermarry role between savers and borrowers. Finally, the banking industry contributes to the formation of initial capital for investment projects (Usain & Javaid, 2021). Banks, as mentioned by Goosen, Pampallis, Merwe, and Mdluli (1999) attract investments, further adding that, a country wishing to attract investments, must have a solid and profitable banking sector. The presence of any issues with regard to the stability of the banking sector, would render it difficult to attract investment in a country.

According to Carletti, Claessens, Fatasand Vives (2020),banks perform several key functions in the economy, more so in bank-dominated financial systems such as those in Europe and Japan. Firstly, banks process information and monitor borrowers, which help them to develop long-term relationships with firms. Secondly, banks perform maturity transformation when they extend loans with long maturities and take demandable deposits. The resulting maturity mismatch offers risk-sharing to depositors, but it

exposes banks to runs. Thirdly, they provide payment services. In both the US and Europe, banks have had a monopoly in offering retail and wholesale payment services, as only they have access to central bank payment settlement accounts, although this is changing. Finally, they offer risk management to their clients and absorb inventory risk.

Commercial banks are an essential part of the financial system without the existence of whom the smooth and efficient running of business activities encounter challenges and problems (Nawabzada, 2017). Commercial banks are one source of financing for small businesses and the role of commercial banks in economic development rests chiefly on their role as financial intermediaries (Kalpana & Rao, 2017). A commercial bank is a type of bank that provides services such as accepting deposits, making business loans, and offering basic investment products. It can also refer to a bank or a division of a bank that mostly deals with deposits and loans from corporations or large businesses, as opposed to individual members of the public (Saini & Sindhu, 2014). In Namibia, the banking sector, in particular commercial banks, play a very important role as they serve as a primary mobiliser of funds from the public and the main source of financing, which supports business operations and economic activities (BON, 2012, as cited in Nkabila, 2017). Furthermore, they satisfy the financial needs of other sectors such as agriculture, industry, trade, and communication, so they play very significant role in a process of economic and social needs.

Usain and Javaid (2021) mentioned in their article that commercial banks had 10 significant roles regarding economic development. These roles include, mobilizing savings for capital formation, financing industries, generating employment opportunities, smoothing of trade and commerce functions, financing agriculture,

application of monetary policy, financing small businesses, promoting saving habits, supporting government spending and being the arbiter of risk. These roles are also mentioned by Kalpana and Rao (2017) and are explained below as follows:

- Mobilising savings for capital formation

The commercial banks help in mobilizing savings through network of branch banking. People in developing countries have low incomes but the banks encourage them to save by introducing variety of deposit schemes to suit the needs of individual depositors. By mobilizing savings, the banks channelize them into productive investments, thus, contributing to capital formation in an economy.

- Financing industries

The commercial banks finance the industrial sector in several ways. In generally they provide short-term, medium-term, and long-term loans to industry.

- Generating employment opportunities

Since a bank promote industry and investment, there automatically generate employment opportunity. So, a bank enables an economy to generate employment opportunity.

- Smoothing of trade and commerce

In this modern era trade and commerce plays vital role between any countries. So, the money transaction should be user friendly. A modern bank helps its customers to send funds to anywhere and receive funds from anywhere of the world.

- Financing agriculture

They provide loans to traders in agricultural commodities; they provide finance directly to farmers for the marketing of their produce, for the modernization and mechanization of their farms, for providing irrigation facilities, or for developing land.

- Application of monetary policy

Monetary policy is an important policy of any government. The major aim of monetary policy is to stabilize financial system of the country from the dangerous of inflation, deflation, crisis etc.

- Financing small businesses

Commercial banks also finance business lending in a variety of ways. A business owner may solicit a loan to finance the start-up costs of a small business. Once funded, the small business may begin operations and embark on a growth plan.

- Promotion of saving habits

Bank attracts depositors by introducing attractive deposit schemes and providing rewards or return in the form of interest, thus, enabling the creation of banking habits or saving habits among people.

- Supporting the government spending

Generally, commercial banks help fund government spending by purchasing bonds issued by the Department of the Treasury. Both long- and short-term Treasury bonds help finance government operations, programs, and support deficit spending.

- Arbiter of risk

Instances, when individuals apply to borrow money from a bank, the bank examines the borrower's finances, including income, credit score and debt level, among other factors. The outcome of this analysis helps the bank gauge the likelihood of borrower default.

Compliment and critique some of the factors from different sources or authors.

2.3.THE NAMIBIAN BANKING SECTOR

The Namibian banking sector, comprises of eight banking institutions, which can be categorized as follows: seven commercial banking institution which comprises of: First National Bank Namibia Limited (FNB), Bank Windhoek Namibia Limited, Standard Bank Namibia Limited (SBN), Nedbank Namibia Limited, Banc BIC Namibia Limited, Trustco Bank Namibia Limited, Letshego Bank Namibia Limited which is a micro-finance banking institution, and a branch of a foreign banking institution which is Banco Atlántico (Bank of Namibia, 2012).

The Namibian banking industry is characterized by an oligopolistic market structure in which a few institutions dominate the industry (Andongo and Stork,2005, as cited in Nkabila, 2017). The banking sector is dominated by the big four banks, that are Domestic Systematically Important Banks (D-SIBs). The big four are made up of three

South African banking subsidiaries (Standard Bank, FNB, and NedBank) and one local bank (Bank Windhoek). These banks have been operating since before the country's independence in 1990, while other banks currently operating entered the market only after 2012 (BON,2017, as cited in Paivo, 2017).

The Bank of Namibia, established at the independence, is the institution that provides regulatory facilities to the commercial banks through the Bank of Namibia Act, 1997, and the Banking Institution Act, 1998. Apart from performing other central banking functions, the Bank of Namibia carries out monetary policy functions mainly due to its membership of the Common Monetary Area (BON,2012, as cited in Nkabila, 2017).

The commercial banks offer several products and services tailored to meet personal financial needs and circumstances. Among the services offered by the commercial banks are provision of credit, mortgage loans, motor vehicle finance, foreign exchange services, debit or credit card accounts, internet, and cell phone banking (BoN, 2012, as cited in Nkabila, 2017).

2.4.THEORETICAL FRAMEWORK

This study is based on two theories, which constitute the base of the theoretical framework. First,the exogenous growth theory whichstates that economic growth occurs because of factors independent of the economy (Gordon, 2021). It holds that external, primarilymacroeconomic variables, rather than industry or business-related factors, are what ultimately drive growth. (Corporate Finance Institute, n.d). Sufian and Chong, cited in Terraza, (2015)stated that macroeconomic conditions influence the profitability

of banks. Further, economic growth, expressed by the GDP (per capita) growth, has multiple consequences such as the increase of bank activity.

An increase of customer deposits and loans granted and of the interest margins have a positive impact on bank profitability. When the economic activity decreases, the demand for loans and deposits decreases and negatively affects the profit margins of a bank. The COVID-19 pandemic crisis is very different from the 2007-2009 financial crisis or the 2011-2013 sovereign debt crisis. It has hit the real economy directly, combining supply abruptions due to global chain disruptions following lockdowns, and constitutes an exogenous, sudden, and symmetric shock to numerous economies (Barua and Barua, 2020).

Second, the endogenous growth theory is a financial theory that states that financial or economic growth, is generated from internal procedures and inputs or internal to the economy (Gordon, 2021). Endogenous growth theory considers key economic factors that are specific to a business or an industry (Corporate Finance Institute, n.d). These factors are individual bank characteristics which affect the bank's performance and are basically influenced by the internal decisions of management and board. these factors include interest rate spread, loan, deposit, capital, asset size, liquidity just to cite few of them (Ranabhat, 2019).

COVID-19 is not an endogenous (Internal) factor but rather an exogenous (External) factor as stated by Barua and Barua (2020). The Pandemic has had effects on macroeconomic factors such as unemployment (Chi-Wei, Ke, Sana &Zubaria, 2021), which in turn had significant effects on a bank's internal factors. For instant,

unemployment in a country significantly affects loan portfolio of banks. Higher level of unemployment adversely affects the demand for loan by customers. (Singh & Sharma, 2016). After discussing the theoretical framework of the study, the next section presents the conceptual framework (Figure 2.1) followed by a clear explanation of what the diagram entails.

2.5.THE CHALLENGES FACED BY COMMERCIAL BANKS DURING THE COVID-19 PANDEMIC

5.6.1. Credit Management

Credit management is by far the greatest and most complex impact of COVID-19 as the cashflow of many consumers and businesses collapsed due to the lack of demand flowing through lower business revenues and employee layoffs. It is noted that if no effective action was taken, that would lead to a rise in consumer and commercial non-performing loans as borrowers would struggle to make scheduled interest and principal payments(McIntyre, Svan, Abbot & Gordon, 2020).With the increase of credit risk, of corporate and retail clients, banks would need to distinguish between short time and long-lasting impacts requiring actions of management and reclassification to continue financing the real economy and support its recovery (KPMG, 2020).

5.6.2. Revenue Impact

Credit, payments, and net interest margin would likely be the primary revenue impacts of the pandemic on banks. Emergency interest rate cuts to stimulate the economy for instant,may lead to net new lending as in mortgage for instant (McIntyre, Svan, Abbot &

Gordon, 2020). Although the cost of funding will be lower, the yield on banks' asset may also decline mainly due to the increased competition in mortgage loans and flight to safety to investment grade assets. The impact will further compress banks' net interest margin and profitability (Deloitte, 2020).

5.6.3. Customer Service and branch banking

Due to the pandemic, customers are being told to minimize in-person interactions and stay home, so many will look to manage their financial life through apps, online banking, and greater reliance on their bank's contact centre, and not all customers would be acquainted with that (McIntyre, Svan, Abbot, and Gordon, 2020). Banks, even the most territorial and branch-centric ones, are forced to encourage the use of channels that have never been their strategic priority, and this phase would be particularly complex, which banks need to address by demonstrating real proximity with their customers (KPMG, 2020). Banks must adapt branch opening hours, while adjusting operations to rapidly increase at-home working and need both to protect their own employees while also responding to the new challenges faced by customers, and the resulting increased requests for support (Filippo & Cat, 2021).

While most banks remained open during the quarantine, one of the main challenges has been to avoid crowds at branches. The quarantines in many countries, forced call centres to close, and the ones still open haven't been able to keep up with the high demand (Aivo, 2020). Banks responded to higher demand for support through an increased use of virtual assistants or directing customers towards self-service solution where possible. However, customers with more complex financial problems or those having limited

access or experience with apps, often want help to be given by real person resulting in long wait for telephone support (Filippo & Cat, 2021).

5.6.4. Operating model adjustments

The models that financial institutions depend on to run their businesses simply do not account for a crisis such as the COVID-19 pandemic. Most models are almost by necessity designed to predict a stable future (Laurent, Plantefevé, Tejada & Weyenbergh, 2020). Banks will need to re-evaluate operating models and investment plans as new organisational focus areas emerge, while others gain increased prominence, driven by the shift in customer interaction and ways of working (Stuart & Patrick, 2020).

Financial institutions already have business continuity plans, but those may not fully address the fast-moving and unknown variables of an outbreak like COVID-19. Typical contingency plans ensure operational effectiveness following events like natural disasters, cyber incidents, or power outages. They don't generally consider the widespread quarantines, extended school closures, and added travel restrictions that may occur in the case of a health emergency (PWC, 2020).

Banks are experiencing even more model failures, and further issues can be expected with time. Financial institutions must now urgently review their model strategies. They need to develop and apply both efficient short-term actions and a long-term plan to improve model resilience (Laurent, Plantefevé, Tejada & Weyenbergh, 2020).

5.6.5. Consumer lending

Due to the rise of financial distress, many consumers would feel that they need to borrow to bridge a gap or get delinquent on a loan. This will make it harder for financial institutions to identify those who are most at risk of becoming delinquent (McIntyre, Svan, Abbot & Gordon, 2020). Despite that statement, Haslehurst, Ward & Wong (2021) based on a study conducted in the United States of America (USA), found that banks experienced weaker demand for consumer loans overall because customers decided to engage in more conservative financial habits regarding big purchases and used government stimulus money to pay off remaining debts.

5.6.6. Cyber Attacks

During the COVID-19 pandemic, financial institutions have been at the leading edge of the response to cyber risk. Their already large exposure to cyber risk has been further accentuated by the move towards more working from home and other operational challenges (Aldasoro, Frost, Gambacorta & Whyte, 2020). The move came as many companies have asked staff to work from home, which usually entails connecting to internal intranets via remote access technologies like Remote Desktop Protocol (RDP) or Virtual Private Network (VPN) which significantly increased by 41% and 33% respectively (ZDnet, 2020). Unless well managed, this may allow new opportunities for threat actors to penetrate IT systems and carry out cyber-attacks, along with other types of financial crime (Crisanto and Prenio (2020). Working from home may also challenge business continuity plans and the response to an operational or cyber incident (Aldasoro, Frost, Gambacorta & Whyte, 2020).

2.6.THE OPPORTUNITIES FOR COMMERCIAL BANKS DURING AND POST COVID-19

Even though, COVID-19 may have been very challenging, the pandemic accorded the banking institutions manoeuvre and make the most of the situation, hence new opportunities were availed.

2.6.1. Acceleration of digitalisation

Abramson, Kosin, Howard-jones, and Lanzos (2020)stated that, the pandemic accelerated many trends that were already underway, and has proven that technologies and different approaches were under-utilised, such as digitalisation.Marcu (2021) further stated that the pandemic brought an acceleration of digitalisation in the banking system although, the need for innovation and digital strategies had been an important factor in the banking way before the pandemic even started.Walker (2020)also mentioned an acceleration in digitalisation development mainly to accommodate the financial needs of those working from home.

2.6.2. An Increased industry security

Mainly because banks and financial institutions saw a rise in fraud, cyber-attacks and scams since the beginning of the pandemic, rising to 238% forcing banks and financial institutions to implement new safeguards (Walker, 2020).It shouldn't be a surprise, that the COVID-19 pandemic brought with it a significant increase in fraudulent activity. Life has become very different and unusual with many changes such as working from home for many people, making personal and corporate banking customers a natural target for fraudsters and there a significant rise in the number of phishing emails connected to COVID-19have been reported as being sent to customers (KPMG (2020b).

2.6.3. Growth of digital payment

The pandemic made a marked impact on non-cash payments, as the total value of non-paper-based or digital credit transfers grew strongly in both advanced economies (AEs) and emerging market and developing economies (EMDEs) (BIS, 2021). These payments include transfers initiated via online banking, mobile banking apps or an automated transfer. As a result, the growth in total credit transfer usage was so strong that the share of non-cash payments in total GDP sharply increased across the globe (BIS, 2021). Digital payment was also encouraged by the WHO to use more cashless transactions, contributing to the stimulation of the growth of electronic payments (Walker, 2020). As a result, a decline in cash usage during the COVID-19 pandemic was reflected through cash withdrawals data. Compared to 2019, both the number and value of cash withdrawals dropped in 2020 in most countries (BIS, 2021).

2.6.4. Enhanced customer experience

In normal times, customer experience in banking is about making customers happy with the result that they are more loyal, use products more, and cost less to serve. In the context of COVID-19, superior customer experience means clarity and transparency, support for digital tools with which many customers are still unfamiliar, and new products and services for customers in distress (McKinsey, 2020). Customers who are satisfied with their digital banking experience would be likely to open new accounts with their existing banks than those who are not satisfied (Walker, 2020). Banks can play a significant role in easing financial distress, so that customers can spend more energy on their families' and their own health and well-being, thus introducing new

experiences for distressed customers because, in times of crisis, customers' priorities tend to change (McKinsey,2020).

2.6.5. Opportunities Post-COVID-19

The window of opportunities for the many changes that arise to the banking sector with digitalisation could close upon returning to offices. Those opportunities can only be present longer and in the future, if the institutions or organisations are willing to keep the changes and work proactively to maintain them in the future as it is unclear how permanent these changes will be (Abramson, Kosin, Howard-jones &Lanzos, 2020). In a post Covid world,the acceleration brought by the pandemic in some existing trends in the banking sector,will temporarily reverse others, and influence the private and public players in the sector. Most importantly, it will accelerate the digitalisation and restructuring of the sector (Carletti, Claessens, Fatas& Vives, 2020). The crisis has also revealed several vulnerabilities in the operating model, ranging from increased cyber-attacks, stability of technical architecture and increased transactions volumes, to operational constraints from offshore centres ill-equipped to shift to remote working. Taking all these factors into consideration, objectives around growth, efficiency and resilience will be at the heart of rethinking a 'New Normal.' (Abramson, Kosin, Howard-jones &Lanzos, 2020). Thebanking sector will face deep restructuring, accelerating the pre COVID-19trend, with medium-sized banks suffering since cost efficiencies and Information Technology investmentwill be crucial in a persistently low interest environment (Carletti, Claessens, Fatas& Vives, 2020).

2.7. EMPIRICAL REVIEW

Demirguc-Kunt, Pedraza, and Ortega (2020), found that the banks performance on equity and debt markets had reflected a decline to the point it became on par with the collapse of Lehman Brothers in 2008 and the market sell-off swept over all banks which underperformed significantly as compared to other sectors in the initial phase of the outbreak, which had been a significant effect with regards to the financial market, and this findings are also supported by supported by Aldasoro *et al.* (2020) who came to the same findings.

The COVID-19 pandemic altered the way banks operate, and since it affected many countries and regions, some banks had decided to close their branches (Marcu, 2021). The closures resulted in limited operating hours, restricted service provisions and delay in service delivery. In addition, banks were not ready to face such an unprecedented public health shock that disrupted normal economic order and business operations (Miah, Suzuki & Uddin, 2021). These closures were made to ensure the safety of their staff members and the integrity of their financial services. Barua and Barua (2020) further stated that the pandemic significantly threatened the stability of banks globally and was most likely to have a negative impact in developing and emerging economies. According to Carletti, Claessens, Fatas and Vives (2020), even though the pandemic induced a deep economic crisis that could have provoke another financial crisis, over the past months, banks have shown much resilience, mainly due to major reforms that occurred after the crisis of 2007-2009. The banks with more liquidity and better capitalized were not under immediate stress. This underscores the value of having healthy balance sheets (Aldasoro, Fender, Hardy & Tarashev, 2020).

Kasanda, Mselle, and Msinjili (2020) in a study conducted on the Tanzania banking sector, noted, non-performing loans (NPLs) as an effect. This was mainly because business engaging in import and export, transportation, tourism, and accommodation were heavily hit by measures of countering COVID-19 and this was also observed by Deloitte (2021) in a study conducted in Uganda, Kenya, and Ethiopia where the percentages of NPLs rose to more than what they were in 2019, as compared to 2020. On the other hand, in a study conducted in the Central Eastern South European (CESE) countries, Kozak (2021) found that banks were well capitalized and had the ability to maintain capital requirements with a 12% increase in nonperforming loans.

Further, the author found that the resilience of the domestic banking sectors varied and was higher in non-EU countries. Smaller and non-public banks show a greater ability to preserve the appropriate level of equity and additionally increase lending to lower the NPL ratio. Despite the COVID-19 crisis and NPL's, many commercial banks in Tanzania posted robust financial performance in the first half of the year 2020 in comparison to the same period in 2019 (Kasanda, Mselle, and Msinjili, 2020). Further, Hernandez de Cos (2021) noted that with regards to balance sheets quality in Spanish banks, the NPL ratio had fallen to 4.8% in 2020 after peaking in 2013 and in the same period, exposures related to assets had also fallen. That was mainly due to the restructuring of the banking sector reducing the number of banks.

Aite Group (2020) in a study conducted in the United States of America found deterioration of customer and bank relationship as an effect, mainly since loans could represent a significant challenge. Kasanda, Mselle, and Msinjili (2020) also mentioned in their study in Tanzania that loans caused a deterioration of customer and bank

relationship since customers and banks failed to reach common grounds to operational challenges, and this was mainly because of NPL’.

Deloitte (2021) in Tanzania, found that loan asset quality improved for the banking sector as the non-performing loan (NPL) ratio decreased from 10.1% in December 2019 to 9.3% in December 2020 following measures by the Bank of Tanzania (BOT) allowing the restructure of loans by commercial banks as well as the reduction of the Central Bank Rate (CBR) from 7% to 5% in 2020. Furthermore, Deloitte (2021) further points out the opposite on the Kenyan banks asset quality, which had weaken as evidenced by the high Non-Performing Loans (NPL) ratio of 15% by end of 2020 compared to an NPL ratio of 12% by end of 2019.

Another effect detected has been the reduction of bank deposits, largely because of the loss of business resulting in closures of borders by neighbouring countries, reduction in tourism activities due to flight cancellation and slowdown of businesses in the country, thus, affecting income generated (Kasanda, Mselle, and Msinjili, 2020). Some customers would be inclined to stockpile cash instead of making deposits at the bank for ATMs replenishments (Aite group, 2020).

McIntyre *et al.* (2020) found that one of the main challenges on commercial and retail banks to be operating model adjustments, cost control, and innovation. Banks must adhere to the international standard health and safety measures to minimize the risk of contracting and spreading COVID-19, leading to the restructuring of business operations at branches and general banking activities in the country (Aite group, 2020) (Kasanda, Mselle&Msinjili, 2020).

The coronavirus crisis has left some banks struggling to hang on to deposits, as funds migrate to the perceived safety of state-owned lenders. Liquidity conditions of smaller private banks have forced them to reduce lending on account of which companies relying on banks for lending faced weak financials and poor liquidity, and in consideration to such situation, companies defaulted on loans (Singh & Bodla, 2020).

Another effect of the pandemic that has been found on the banking sector is the acceleration of digitalisation in the banking system although, the need for innovation and digital strategies had been an important factor in the banking way before the pandemic even started as mentioned by Marcu (2021).

2.8. THE MEASURES ADOPTED BY BANKS TO THE ECONOMIC SHOCK OF COVID-19

The impact of a pandemic is like the case of an economic recession, so banking management must be able to take the right strategy so that the effect is not too big (Sutrisno, Panuntun & Adristi, 2020). The pandemic caused economic disruptions that pose unprecedented and unpredictable challenges for banks. Although recent regulatory changes aim to reduce the strain the pandemic puts on banks and the banking industry, banks would nevertheless be impacted if expected payments from affected households and businesses were not made (Perkins, Gnanarajah, Labonte & Scott, 2020). Governments around the world have responded to the economic disruption of the COVID-19 crisis with policies of unprecedented scope and magnitude to support the real economy, prevent permanent damage to the balance sheets of firms and households, and maintain the flow of credit to the real economy (IMF, 2020).

Central banks and governments enacted a wide range of policy measures to provide greater liquidity and support the flow of credit (Demirguc-Kunt, Pedraza, and Ortega, 2020). The authors further classified the approved measures that target the banking sector into four categories which include liquidity support measures, prudential measures, borrower assistance and monetary policy.

2.8.1. Liquidity Support Measures

These measures deal with potential shortages in funding, either because precautionary demand for liquidity has increased or because of lack of access to funding. Measures included are provisions of domestic currency liquidity through broadened access to central bank refinancing, extended collateral framework, such as those in the short-term and long-term repo market, and available foreign currency liquidity through swap agreements between central banks.

This was adopted in Germany for instant, where in terms of overall value, the most important measures included guaranteed loans, federal subsidies, and short-time allowances. Further, support measures had been paid out by the end of August 2021 at over €120 billion or 3.5% of GDP with most funds being used for direct transfers and guaranteed loans. Re-capitalization measures through the Economic Stabilisation Fund (ESF) which amounted to € 8.7 billion (0.25% of GDP). These measures were successful in Germany and as the economy recovers from the pandemic, and many of these measures are being phased out (Deutch Bundesbank Eurosystem, 2021).

2.8.2. Prudential Measures

Prudential measures are temporary relaxation of certain key regulatory and supervisory requirements, including changes in capital requirements, limits on exposure, concentration, loan-to-value ratios, minimum reserve requirements, and cancelation of stress tests.

In Romania, the National Bank of Romania (NBR) adopted different measures aimed at mitigating the negative effects of the COVID-19 crisis on households and Romanian companies. One of those specific measures, allowed the banks to delay payments of loans of individuals and companies affected by the COVID-19 pandemic, without applying the conditions related to the level of indebtedness, the loan-to-value limit and the maximum maturity of consumer (NBR, 2020; Marcu, 2021).

2.8.3. Borrower assistance

This measure aims at supplying funds to firms and households due to the loss of revenue/income from the extended lockdowns. These include government liability guarantees for newly issued or existing wholesale financing; direct credit lines to strategic sectors, state support for interest-free loans and fully replenishable working capital financing.

2.8.4. Monetary Policy

These are interest rate decisions (e.g., benchmark rate, repo rates, etc.), central bank purchases of government securities (Quantitative Easing), and credit easing, which typically consist of purchases of private sector debt in secondary markets.

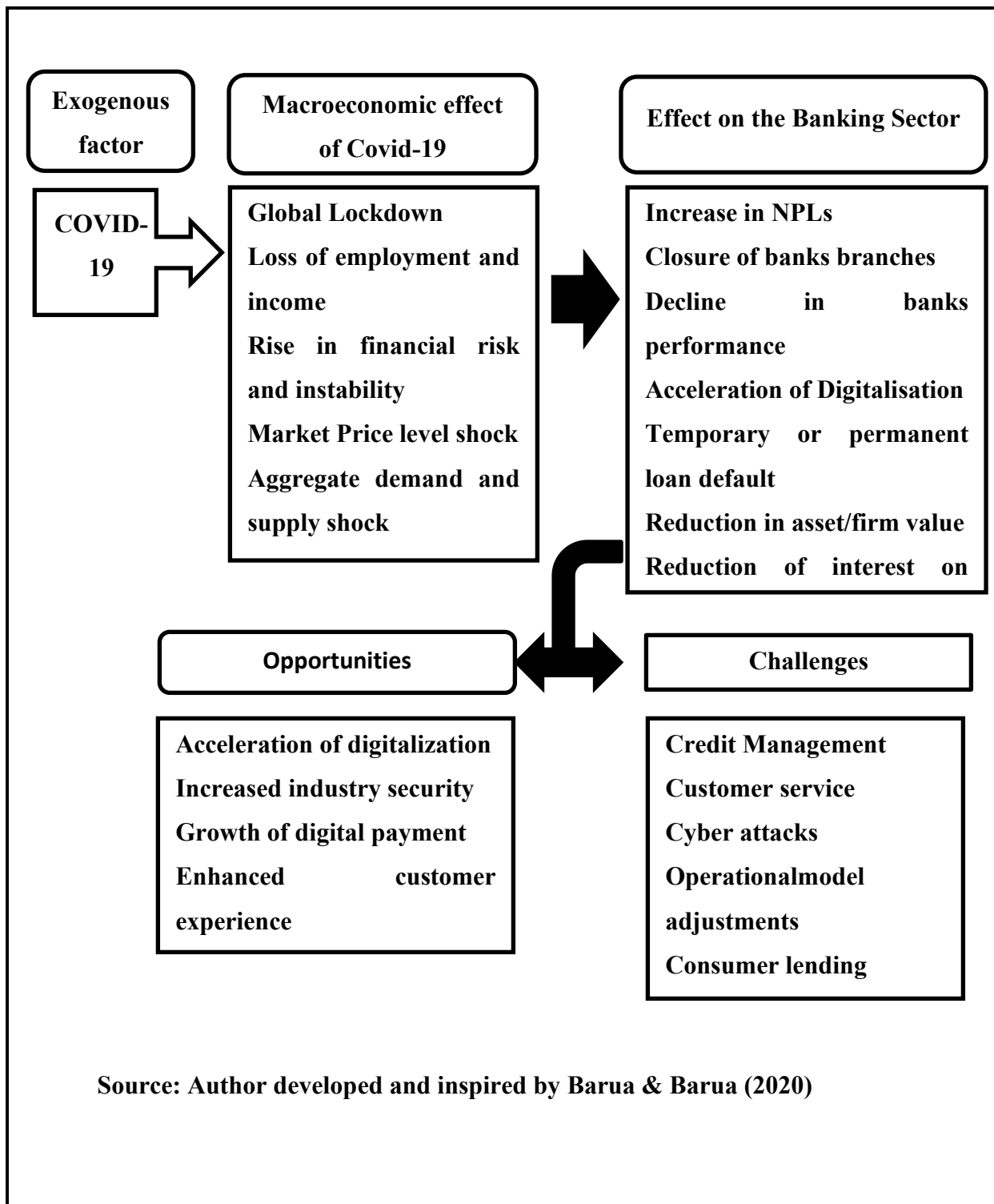
In the Republic of Macedonia, the National Bank of North Macedonia adopted different monetary policies which included cutting its policy rate by 0.25% to 1.75%, revising its credit risk regulation to encourage banks to restructure loans temporarily, and relaxing the loan classification standards for NPLs. In addition, it reduced the base for the reserve requirement by the amount of new loans to firms in affected sectors. Further, The Government also signed a decree that facilitates procedures in banks, allowing banks to postpone loans easily and simply to their customers without signing annexes or having to physically go to bank offices (OECD, 2020).

It was further observed that there was no increase in credit risk, but on the contrary, there was a decrease in the percentage of non-performing loans. That has been primarily due to regulatory measures taken by the National Bank in the field of credit risk management and the introduction of the possibility of temporary deferral of loans (Svrtinov, Miteva-Kacarski&Paceskoski, 2021).

2.8. CONCEPTUAL FRAMEWORK

After discussing the theoretical framework of the study and having a clear understanding of the literature provided above, the researcher has conceived a conceptual framework (Figure 2.1) followed by a clear explanation of what the diagram entails. The framework is further illustrated below.

Figure.2.1: Conceptual Framework



Since the start of the year 2020, the global economy has been turned on its head. The spread of COVID-19 has led to rapid changes and major disruptions as many countries

entered lockdowns to slow the spread of the virus (Van Wyk, 2020). COVID-19 has been a major event in the global economy since 2020 and the economic recovery faces difficulties as the virus continued to spread rapidly around the world. With consideration to previous experiences, big banks were better prepared when the pandemic started because they had constantly consolidated their capital and were much more resistant to shocks (Marcu, 2021). The COVID-19 pandemic has presented two types of effects since its outbreak on the banking sector. The pandemic has had significant effects on the banking sector and has shown both negative and some positive effects.

Figure 2.1, shows how the COVID-19 pandemic is affecting the banking sector, providing a clear understanding of the relation it has with macroeconomic shock and the banking sector. The COVID-19 has hit the real economy directly, combining supply disruptions due to the global chain disruptions following lockdowns, thus constituting an exogenous shock to different economies, unlike the 2007-2009 financial crises which came from within the system (Barua & Barua, 2020). The pandemic further, caused various macroeconomic effects such as a significant rise in unemployment (Falk, Carter, Romero, Nichitta & Nyhof, 2020).

The banking sector would experience a steep rise in default risk and rates because of reduced incomes and cash inflows to their borrowers due to the economic slow-down and forced shutdown (Barua & Barua, 2020), leading to a rise in consumer and commercial non-performing loans (NPLs) as borrowers would struggle to make scheduled interest and principal payments (McIntyre, Svan, Abbot & Gordon, 2020). To protect, both employees and customers, banks ended up closing different branches (Filippo & Cat, 2021), thus, implementing working from home, which in turns

accelerated digitalisation in the banking sector, although the trend of digitalisation was already planned way before the pandemic hit the world (Walker, 2020; Marcu, 2021). Much of the cumulative outcome of the effects discussed so far will be increases in NPLs and a reduction in asset quality for banks. A persistent scenario like this would necessarily lower the asset value or firm value of banks. A lower risk-weighted value of assets will in turn lower capital adequacy of banks, threatening the banks' financial solvency, survival, and sustainability (Barua & Barua, 2020).

In turns, different effect on the banking sector as stated above, brought forth both challenges that the banking sector must face, and opportunity opened to the banking sector. In terms of challenges, the banking sector needs to deal with credit management, which McIntyre, Svan, Abbot and Gordon, (2020) consider by far one of the most and if not well managed would lead to a rise of NPLs. Further, challenges are customer services, branch banking, cyber-attacks which significantly rose during de pandemic with the shift to working from home (Aldasoro, Frost, Gambacorta& Whyte, 2020), operational adjustment as banks would need to re-evaluate operating models and investment plans (Stuart & Patrick, 2020) and consumer lending resulting from the loss of employment and income from different customers (Barua & Barua, 2020)

In terms of opportunities, first there is an acceleration of digitalisation as a result to the lockdown and the implementation of working from home procedure (Marcu, 2021; Walker, 2020; Abramson, Kosin, Howard-jones &Lanzos, 2020). Secondly, an increase in industrial security, which comes directly as a response to the high increase in cyber-attacks that the banking sector has been facing during the pandemic, mostly caused by the fact that banks decided to implement working from home (Aldasoro, Frost,

Gambacorta& Whyte, 2020; Walker, 2020). Thirdly, a rise in digital payment has been observed considering different measures adopted to fight the propagation of the pandemic, and that was observed through a significant decline in cash withdrawals (BIS, 2021). The move to digitalisation brought forth a fourth opportunity which is an enhanced customer experience, with McIntyre, Svan, Abbot, and Gordon (2020) stating that when customers are satisfied with the experience they received from online service, that would lead to them opening more accounts with their banks as they are satisfied.

2.9.SUMMARY

Since its outbreak, the COVID-19 pandemic has considerably affected different economies all over the world. The pandemic brought different industries such as aviation and tourism to a halt, while forcing other industries such as the banking industry to operate at a fraction of their normal operating capacity, significantly affecting their contribution to economic development. The pandemic has shown different effects as discussed in the literature review, with both negative and few positive effects, despite a hard time. The banking sector has faced various challenges as portrayed in the literature review, but also opportunities in form of changes such as digitalisation, which can be the new normal, only if the institutions decide to do their best to maintain such changes and thus, representing the future of banking in a post-COVID-19 world.

Following this chapter, will be Chapter 3: Research methodology, which provides an explanation of the type of methodology the study used and the rationale behind the chosen methods. Further, it also explains the approach adopted for data collection,

analysis and presentation, the population, as well as the sample used in this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1.INTRODUCTION

Research methodology is a way of explaining how a researcher intends to carry out their research. It's a logical, systematic plan to resolve a research problem. It gives research legitimacy and provides scientifically sound findings. It also provides a detailed plan that helps to keep researchers on track, making the process smooth, effective and manageable (Indeed Editorial Team, 2021). This section discusses the research design, population, and sample. After that, further discussions will be carried out on the research instruments to be used, research procedures, data analysis and presentation, research ethics, concluding with a summary.

3.2.RESEARCH DESIGN

To achieve the objectives of this study, a qualitative research approach was adopted. Qualitative research involves collecting and analysing non-numerical data (e.g., text, video, or audio) to understand concepts, opinions, or experiences. It can be used to gather in-depth insights into a problem or generate new ideas for research (Bhandari, 2020). Considering the nature of this study, which desired to get more understanding and explanation with regards to the issues stated in the problem statement, this approach was considered suitable as the researcher wanted to interpret and have a clear understanding of the issue.

For this study, an exploratory research design was used considering that, the researcher sought to have more insight into the topic being studied. It is a type of research, where

researchers try to uncover hidden and unknown facts and phenomena. This kind of research is helpful in exploring the information for problems which have not been defined precisely (Solanki, 2022).

3.3.POPULATION

A population consists of all the objects or events of a certain type about which researchers seek knowledge or information (Chadwick, 2017). The targeted population of this study was composed of licensed commercial banks in Namibia, from which, risk managers were approached in order to collect data. There is a total of seven commercial banks in Namibia, amounting to a total of seven risk managers. However, the researcher did not have the opportunity to interview risk managers as scheduled, thus, was referred to other departments such as marketing departments, operational management departments and also interview one bank supervisors suggested by one bank to obtain necessary data. The reason why risk managers were not interviewed was because of their busy schedules, which did not give them enough time to participate in interviews. This is why the researcher was referred to interview other participants who could provide the necessary data. The commercial banks in Namibia, includes Standard Bank Namibia Limited, Bank Windhoek Namibia Limited, First National Bank Namibia Limited, Nedbank Namibia Limited, Trustco Bank Namibia Limited, Bank BIC Namibia Limited, and Letshego Bank Namibia limited (Bank of Namibia, 2020).

The researcher's targeted population for document analysis was mainly banking institutions over the period of 2020 to 2021. The institutions also included the seven commercial banks and the Bank of Namibia. The documents utilised were public

published documents on the websites of each institution, thus no confidential documents were used. The documents included annual reports from the banking institutions that were published on their websites. Further, the researcher utilised interim results as an addition to the annual reports already selected in order to complement the information provided by the annual reports from the banking institutions. The interim results that the researcher selected were also taken from the banks' websites. Furthermore, the researcher utilised documents published by the Bank of Namibia. A total of Thirteen (13) out of fifteen (15) documents were utilised for documents review and were selected by the researcher based on their relevance to the study and the type of information the researcher was searching, and the remaining two (2) documents were discarded as they had no relevant information to the study.

3.4.RESEARCH INSTRUMENT

As of the research instruments for the study, the researcher used both primary and secondary sources of data. Primary data is data originated for the first time by the researcher through direct efforts and experience, specifically for the purpose of addressing the research problem and is also known as the first hand or raw data, while Secondary data implies second-hand information which is already collected and recorded by any person other than the user for a purpose, not relating to the current research problem (Surbhi, 2020). For primary source of data, the research utilised interviews as an instrument for data collections, and for secondary sources of data, the researcher utilised documents review. These Instruments are further described below.

The interviews were in the form of unstructured interviews, which according to Formplus (2020) are a type of interview that is non-directive in nature and the interviewer does not rely on a set of standardised information but adopts spontaneity when gathering relevant information from the respondent in line with the purpose of the interview. For this study, the researcher prepared an interview guide which consisted of questions that sought to address the research objectives (See Annexure 2). Those questions were unstructured and included further follow-up questions in order to get more detailed information from the respondent.

The interviews were first planned to be completed by approaching risk managers of different banks but due to unforeseen circumstances, the researcher was not able to meet risk managers. Alternatively, the interviews were conducted with surrogates of the risk managers as referred by the bank. The interviews were face-to-face, and both were recorded with a recording device and written, based on the participant's preference and with respect to the ethical rules as stated in the research ethics section. The recordings were transcribed by the researcher to allow for analysis.

The study further, adopted document review as an instrument in order to further support the findings of the interviews. Document review refers to a way of collecting data by reviewing existing documents, which may be internal to an organisation or external. These documents may be hard copies or electronic and may include reports, program logs, performance ratings, funding proposals, meeting minutes, newsletters, and marketing materials (CDC, 2018).

For the review, the study relied on bank annual reports, bank interim results information and blogs information on the topic to augment primary data from interviews. These literature sources were also analysed by the researcher and the authors fully referenced, consistent with ethical requirements.

3.5. TRUSTWORTHINESS CRITERIA

Trustworthiness in qualitative research, aims at establishing that the research findings are credible, transferable, confirmable, and dependable (Stahl & King, 2020).

Table 3.1: Trustworthiness Criteria

Criteria	Measures
Credibility	Credibility refers to the confidence that can be placed in the truth of the research findings. It establishes whether the research findings represent information drawn from the participant’s original data and correctly interpreted (Korstjens & Moser, 2018). To ensure credibility, the researcher employed interviews and document review to authenticate the findings.
Transferability	Transferability refers to the degree to which the results of qualitative research can be transferred to other contexts or settings with other respondents (Korstjens & Moser, 2018). The transferability of the results from this study cannot be directly transferred as it was limited to Namibia, but however, the methodology used in this study can be transferred with the assumption that the study is conducted in another country in order to draw similarities.
Confirmability	It refers to the degree to which the findings of the research study could be confirmed by other researchers. Further, it is concerned with establishing that data and interpretations of the findings are not figments of the researcher’s imagination, but clearly derived from the data (Korstjens & Moser, 2018). To ensure confirmability, the researcher explained in detail the data collection process in the study, data analysis as well as the interpretation of the data collected.
Dependability	Refers to the stability of findings over time. It involves participants’ evaluation of the findings, interpretation, and recommendations of the study such as that all are supported data received from

	participants of the study (Korstjens& Moser, 2018). Data used to complete this study, are solely from participants, collected in the form of audio-recorded data and other data written by participants and sent to the researcher.
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Source: Own compilation (2022)

3.6.RESEARCH PROCEDURE

To complete this study, the researcher had to complete a research proposal which first had to be approved by the Namibian Business School (NBS) at the University of Namibia. After the approval of the proposed study, the researcher started working on different chapters which constituted the full thesis.

The researcher further had to get a permission letter from the Namibia Business School (NBS) to approach different banking institutions that the researcher had to include in the study to complete the work. After obtaining the permission to conduct research, the researcher reached out in person to different banking institutions to get approval to conduct the research within their institutions. The process of obtaining approval from institutions was time consuming as the researcher had to constantly push and follow up to be allowed to conduct research with the institutions, considering that approvals had to be given to head of departments within the institutions. After obtaining approvals from the institutions, came the data collection process, which was to be mainly completed by the researcher through interviews, contributing to the primary source of data. The interviews were in the form of unstructured questions with the help of an interview guide.

The study also utilised secondary sources of data, which was collected through a review of different journal articles, and available literature on the topic of research. Further, secondary sources have were from annual reports and interim results from banks. The data collected for both primary and secondary sources was further analysed with the use of ATLAS.ti version 22 which is further described and discussed below in the data analysis section. After completing the data analysis process, the researcher transcribed all the findings and interpretations in order to complete the study.

3.7.DATA ANALYSIS AND PRESENTATION

For this study, considering that the study included different forms of data from interviews, annual reports and interim results from banks, content analysis was used. Content analysis is a technique that assists the researcher to identify important data from a data corpus, which can come in different forms (Difference Between, 2016). The researcher had a combination of both data resulting from interviews and data from annual reports, which needed significant analysis and in-depth understanding. The analysis of content, further focused on the use of conceptual content analysis and relational content analysis. Conceptual analysis focuses on determining the existence and frequency of concepts in a text, while Relational analysis on the other side, develops the conceptual analysis further by examining the relationships among concepts in a text, and both analyses may lead to different results, conclusions, interpretations, and meanings (Population Health Methods, 2022).

The conceptual analysis was used in the analysis of interviews and helped the researcher set priori codes from which the researcher could easily analyse transcripts

from interviews and responses from the respondents. Relational content analysis was used in the analysis of banks' public documents in order to bring out of them the relation with priori codes and the objectives of the study. Further, a qualitative data analysis software named ATLAS.ti version 22 was used to aid the analysis (Kalpokas&Radivojevic, 2021), thus allowing the researcher to bring both transcripts from interviews and public documents together and bring a proper relation between them and interpret all of them together. The analysed data was further presented in verbatim form, as qualitative research focuses on collecting and analysing words and textual data (Jansen & Warren, 2020).

3.8.RESEARCH ETHICS

Research ethics are the set of ethical guidelines that guides a researcher on how scientific research should be conducted and disseminated. It governs the standards of conduct and for scientific researchers it is a guideline for responsibly conducting the research (Wagle, 2020).

The study involved human subjects; thus, the researcher first had to obtain a permission letter from the Namibia Business School (NBS) at the University of Namibia, requesting the banking institutions to provide support, by allowing the researcher to conduct interviews with them. After, the permission letter to conduct research was provided, the researcher then reached out the banking institutions to receive permission as well from them to conduct interviews.

After permission was given by the banking institutions, then, the researcher got in touch with participants and scheduled dates and times for interviews. The researcher indicated

to the participants the objective of the study, that the responses given in this interview would only be shared with the supervisor and assured that any information to be included in the research would only identify them as the respondent. Further, the researcher assured participants that they could decline to answer any question or withdraw from the interview at any time and for any reason if they felt so.

Data collected from participants has solely been used for this study and credentials were kept anonymous and confidential whereby, the word participant 1, participant 2, and so on, were used instead of the names of individuals for confidentiality. Participation in this study was voluntary and those who did not wish to participate were not be penalised in any way.

All sources used in the study were acknowledged by applying in-text citations and mentioning them in the reference list to avoid plagiarism. As stated by Creswell and Creswell (2018) a researcher had to give credit for the work of others and quotation marks should indicate the exact words claimed from others.

3.9.SUMMARY

This chapter discussed and described the methodology, in which the research design and population were highlighted followed by a discussion on the sample, research instrument, research procedure, and data analysis, which concluded with research ethics. Without a proper methodology, it is very difficult to complete the research on a particular topic and understand a topic of research. Methodology gives the research the proper procedure to complete a study and obtain the required results. In the case of this thesis, a qualitative approach was utilised, and every rule was followed from the

research design to the collection of data and the ethical considerations to follow. A good methodology sets the required procedure to be followed and hence achieve good results while completing the research. Following this Chapter will be Chapter 4: Results and discussions, whereby, the research discusses in detail the findings obtained through data analyses.

CHAPTER 4: RESULTS AND DISCUSSION

4.1.INTRODUCTION

This section discusses the findings emanating from data collected through interviews with different banks that were willing to participate, but also data collected from banks' annual reports, and annual interim results. The data has been compared to previous research findings stated in the literature review. This chapter presents findings and comparisons first on the effect of COVID-19 on the banking sector, followed by the challenges of commercial banks during COVID-19 pandemic, and the opportunities of commercial banks during the COVID-19 pandemic. Further, the measures adopted by banks in response to the economic shocks of COVID-19 are also presented in this section, and the section concludes with a summary.

4.2.RESPONSE ANALYSIS

For this study, the researcher opted for interviews as a primary source of data and was expected to complete seven (7) interviews with banks risk managers as stated in Chapter 3. Due to different circumstances the research was able to conduct four (4) interviews out of seven (7), which represents 57% of interviews completed as shown below in table 1 below.

Table 4.1: Interview Results

	Targeted	Actual	Percentage
Participation	7	4	57%

4.3.INTERVIEWS

The interviews were conducted with the use of an interview guide, the guide was divided into introductory questions, challenges, opportunities, effects of measures taken by the bank of Namibia, measures taken by banking institution against COVID-19, and post-covid measures and suggestions (As Shown in Annexure 2). Below is a summary of how the interviews were conducted.

Table 4.2: Summary of interviews

Targeted Commercial Banks	Ps eu do	Partici pation	Reasons for not participating	Data collection process
Bank Bic	B1	Yes	Not Applicable	Face to face interview with audio-recording as the respondent was comfortable with that mode of interview.
NedBank	B2	Yes	Not Applicable	Face to face interview with the respondent and written transcripts by the researcher as the respondent was not comfortable with audio-recording.
FNB	B3	Yes	Not Applicable	Face to face interview with audio-recording as the respondent was comfortable with that mode of interview.
Letshego Bank	B4	Yes	Not Applicable	Interview guide was given according to the respondent's desire to answer question when they felt they would be more comfortable.
Standard Bank	B5	No	Though the many attempts of the researcher to reach to the bank, to obtain authorization to conduct research with the bank, the research was unsuccessful reason why the researcher had no option but to complete the work without this bank.	
Bank	B6	No	The researcher was asked to wait	

Windhoek			for an approval from the bank to complete data collection; approval which did not come, hence, the researcher had to complete the work without the participation of the bank.	
Trustco Bank	B7	No	The bank refused, stating “The institution is not permitted to provide any forms of information to anyone even for academic purpose, as expressed by the management department at Trustco group holding”.	

4.4.DOCUMENT REVIEW

For this study, the researcher, in conjunction with interviews also adopted documents review to gain more information and support data obtain from interviews. The table below provided a description of different documents used in the study to conduct documents reviews. The table gives the name and the sources of the documents used in terms of documents review.

Doc.	Name of document	Source
D1	Nedbank Interim Results 2020	Nedbank Website
D2	Nedbank Interim Results 2021	Nedbank Website
D3	Nedbank Integrated annual report 2020	Nedbank Website
D4	Nedbank Integrated annual report 2021	Nedbank Website
D5	FirstRand Namibia: Integrated annual report 2020	FNB Website
D6	FirstRand Namibia: Integrated annual report 2021	FNB Website
D7	SBN Holding Limited Annual report 2020	SBN Website
D8	SBN Holding Limited Annual report 2021	SBN Website
D9	SBN Holding Limited Result Announcement 2021	SBN Website
D10	Bid Act 33. 3 April 2020	Bank of Namibia Website
D11	Letshego Holding Namibia Limited Integrated Annual Report 2020	Letshego Bank Website
D12	Bank Windhoek Annual Report 2020	Bank Windhoek Website
D13	Bank Windhoek Annual Report 2021	Bank Windhoek Website

Table 4.3: Summary of documents reviewed

4.5.CONTENT ANALYSIS

The study made use of both conceptual content analysis and relational content analysis.

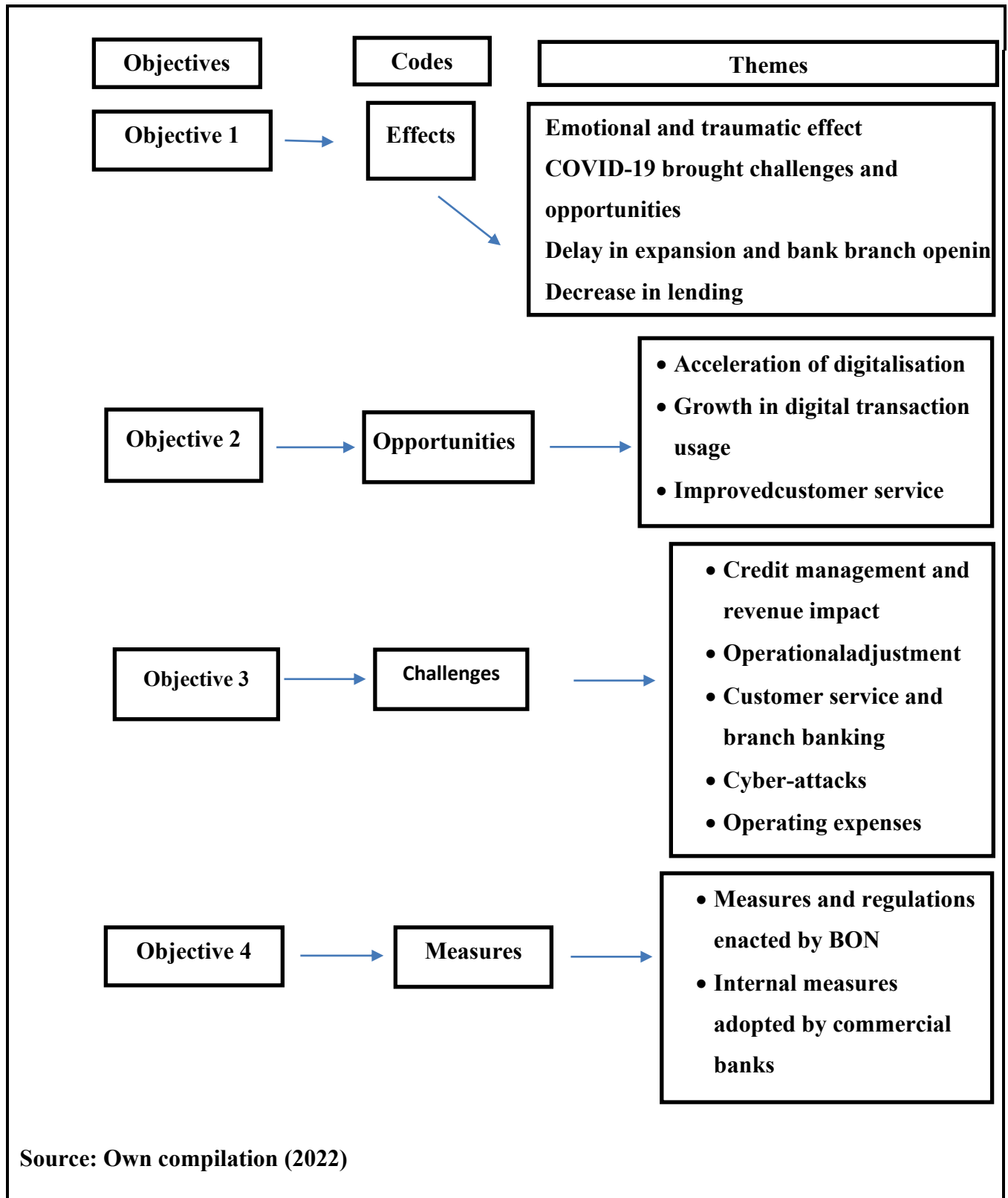
In conceptual analysis, a concept is chosen for examination and the analysis involves quantifying and counting its presence. The main goal is to examine the occurrence of the selected terms in the data (Population Health Methods, 2019). The researcher used the conceptual analysis while analysing transcripts from interviews and responses from respondents as well as annual reports. The aim for the researcher was to determine how often a word was repeated in transcript, as to ease the analysis, code, and interpret the findings. Out of the analysis, which was done in a sequential manner, as the researcher was analysing data as they were collected. Further, the researcher was able to establish four main priori codes which included effects, challenges, opportunities, and measures. These codes made it easier for the researcher when interpreting and doing the writing work of the study.

Relational analysis has a different focus than conceptual content analysis instead of looking at the numbers, it assesses the relationships between different concepts, as well as how they are connected, and the context in which they appear (Rautenbach, 2021). The researcher focused on relational analysis in reviewing available public documents from banks, which included annual reports and interim results. The goal for the researcher was to determine the relation between different concepts and terms used in the documents with the objectives of the study.

After the completion of the content analysis, the research further used ATLAS.ti 22 for a more in-depth analysis of transcripts. The software was easy to use, after going through different writings on the software's website and viewing a few videos on YouTube that explained how the software works and how a researcher can use it easily in analysing data.

- The researcher first created a new project in the software and named it Chapter 4. Doing so was very easy as the researcher had viewed different videos and read writings on how to navigate on the software.
- The researcher imported primary data transcripts in the software and named them each as per the bank's name where the interview was conducted and further imported secondary data which included annual reports and interim results.
- The researcher started analysing each document, one at a time and attributing codes which directly relates to the objectives set in the study. These codes included: Effects, challenges, opportunities, and measures.
- The researcher analysed the data guided as per the research objectives and at that stage, the researcher looked at different codes and matched them with questions directly related to the objectives and drew themes out of them as shown in the figure below.

Figure 4.1: Relations between theme, codes, and objectives



The figure above, shows how the researcher aligned the objectives of this study to the priori codes conceived, and which themes resulted from the analysis of data collected both through interviews and in-depth review of documents. Based on the objectives of the study, as stipulated in Chapter 1, the researcher conceived four (4) priori codes which included effects, opportunities, challenges, and measures. While analysing data, the researcher focused on grouping the findings and interpretations based on those codes, leading to conceiving themes related to the objectives. From the priori codes, fifteen (15) themes emerged all related to the objectives fixed by the researcher for this study, and none were discarded.

The findings and interpretations emanating from the analysis of interview transcripts as well as review of documents, are further explained below.

4.6.OBJECTIVE 1: EFFECTS OF COVID-19 ON THE BANKING SECTOR

4.6.1. Theme 1: Emotional and traumatic effect

The researcher asked respondents one specific question, which was “Can you highlight any specific event that occurred during COVID-19 that you will never forget?” and the answers showed that the pandemic, significantly left little trauma in the minds of respondents. *“One thing will never forget, was the panic that employees displayed when the pandemic started, everyone was afraid”* stated by B1. Which just show how much the pandemic really affected personnel, further, another respondent, B4 stated *“The lockdown period. We were all caught off guard and it was the first time the majority of the population had experienced a lockdown. There was nothing much we could do.”*The

emotional and traumatic effect is a new concept to this research as it is not at the time being supported in the literature.

4.6.2. Theme 2: COVID-19 brought challenges and opportunities

Through all the interviews conducted, with respondent B1, B2, B3 and B4, it was observed that the pandemic has had both negative and positive effect. This has also been found after conducting a document review banks annual reports and interim results, published by respective commercial banks located in Windhoek, Namibia. The negative effects are those that depicts challenges faced by the banking sector and are mainly due to the difficult macroeconomic conditions further, impacted by the pandemic. Some of the major impacted areas are Credit Management, Customer service and branch banking, and operational model adjustments. That comes in supports to McIntyre, Svan, Abbot, and Gordon (2020) pointing that credit management would be a significant challenge to the banking sector. Aldasoro, Frost, Gambacorta, and Whyte (2020) mentioning customer services, and branch banking as significant challenges to the banking sector except for cyber-attacks which had no significant effect on the banking sector in Namibia, and finally, Stuart and Patrick (2020) highlighting the need of operational adjustment as another challenge.

The positive effects are those that depict opportunities to the banking sector and include an acceleration in digitalisation, growth in digital transaction, growth in digital channel usage, and an improved customer service and satisfaction. These opportunities come in support to Abramson, Kosin, Howard-jones, and Lanzos (2020), Marcu (2021),

mentioning that the pandemic brought opportunities, and Walker (2020) who mentioned an acceleration in digitalisation development as significant positive effect of the pandemic on the banking sector and an increase in industry insecurity with regards to cyber-attacks. BIS (2021) mentioned a growth in digital transaction and non-cash payments in total GDP as another significant positive effect of the pandemic on the banking sectors.

4.6.3. Theme 3: Delay in expansion and bank branch opening

Apart from the above-mentioned effects, as mentioned by respondent B1, the pandemic delayed the expansion and opening of new branches, saying *“Our bank had a plan to increase three (3) more branches by 2020 but unfortunately, due to the pandemic, such was not materialized and represent one of the biggest effects on our bank”*. The respondent further mentioned that despite delaying the opening of new branches, the pandemic did not have a significant effect on the financial impact as they are still new in the market. The delay in expansion and bank branch opening, is a new concept to this research as it is not at the time being supported in the literature.

4.6.4. Theme 4: Decrease in lending

Another effect mentioned by the respondent B1 was the decrease in lending. The reason be the decrease in the repo rate. The respondent further explaining that when the rate drops, the lending from the bank will also decrease as the bank will be on the losing side. If the bank lends more in such circumstance, they would be lending with a lower rate and not make enough profit out of it, knowing that the bank makes money from lending. While conducting the document review, it was also mentioned at Nedbank

Namibia for instance that the lockdowns and economic uncertainty drastically reduced consumer activity in 2020 and led to reduced lending, negatively affecting the banks revenue streams (Nedbank Integrated report, 2020). The slow economy and the outbreak of COVID-19 impacted the banking industry negatively as the first half of 2020 and during the year 2021 represented by lower level of consumer appetite for credit, particularly for home loans and vehicle financing (Nedbank interim results, 2020) (Nedbank interim results, 2021).

A decrease in loans and advances to customers was also observed at Standard Bank Namibia, due to a reduction in demand for loans as well as the desire to preserve capital and liquidity during the uncertain times (SBN annual report 2020). These findings can be traced in the tenets of the exogenous growth theory, that states that macroeconomic conditions influence the profitability of banks (Sufian & Chong, cited in Terraza, 2015). On the other end, the respondent from B3, mentioned that, despite the decrease in the repo rate, there was no necessary decrease in lending as new lending would have been established on new rates, which directly contradicts B1.

This statement from B1 nevertheless, supports the claim made by Singh and Bodla (2020) as well as Haslehurst, Ward and Wong (2021), all mentioning a decrease in lending. The only difference is that respondent B1 mostly mentioned that the decrease in lending was caused by the decrease in the repo rate, while Singh and Bodla (2020) attributed the decrease to the liquidity conditions of smaller private banks, and Haslehurst, Ward and Wong (2021) attributed the decrease to conservative habit of customers and their choice of using government stimulus money to pay off remaining debts.

4.7.OBJECTIVE 2: OPPORTUNITIES OF COMMERCIAL BANKS DURING COVID-19

Despite the difficult environmental conditions under which the banks have been operating, and the different impacts of the pandemic globally, banks have been able to see a bright light, in forms of opportunities. The banking sector in Namibia has also been subjected to different opportunities, which include an acceleration of digitalisation, growth of digital transaction and usage, and an improvement in customer service. These opportunities are further discussed below.

4.7.1. Theme 1: Acceleration of Digitalisation

In terms of opportunities, it has been observed that banking institution in Namibia experienced a significant acceleration in their digitalisation journey. This has been confirmed by all four (4) respondents and was particularly mentioned in annual reports of different banking institutions in the city of Windhoek. In reviewing banks annual reports, the researcher found that digitalisation was already a topic under consideration and banks were already making plans and working towards its adoption in the day-to-day activities (SBN Holding Limited, 2020) (FNB Annual report) (Letshego Annual report, 2020) (Nedbank Annual report, 2020). The pandemic came in and accelerated plans that were already under consideration by the banks in general. That comes in confirmation to Abramson, Kosin, Howard-jones, and Lanzos (2020) and Marcu (2020) stating that, the pandemic accelerated many trends that were already underway.

4.7.2. Theme 2: Growth in digital transaction and usage

With the decision to shift to digital platforms and applications, banks experienced a change in terms of volume of transactions online, as expressed by the respondents from B4, B1, and B3, expressing that they witnessed a growth, especially in terms of digital transactions. Banks had to make everything possible to push customers into using more online platforms and particularly do their transactions online in order to keep them safe and avoid being infected by the virus. Through the review of the FNB annual reports the researcher found that in terms of growth of digital transactions and usage of digital channels, there was a high and significant increase in transactions on their digital platforms, going from buying necessary stuff directly with their cards, sending and receiving money virtually through banks online websites. The reason is that customers accepted the shift in their way of completing transaction and listening and adopting advice from the banks to protect themselves and stay safe against the pandemic and avoid contamination.

Banks experienced significant growth, in terms of usage and transactions with regards to their digital channels and applications (APP) which in a way shows how much customers have accepted the transition from physical activities to digital channels. It also depicts in a sense the degree of satisfaction that customers receive from such platforms, because if customers were certainly not satisfied, such growth in digital activities would have not been experienced.

When looking at different annual reports from banks, such claims have been observed by various institutions. For instance, FNB experienced a strong growth on their entire digital channel in terms of transactions. Financial volume growth on the FNB App stood at 158% and non-financial volume growth at 177%. Cell phone banking volumes

increased by 12% when compared to the same period in the previous year which was 2020. Linked devices on the APP increased by 60% and FNB APP volume even exceeded Online banking volumes. Further to the self-service banking capabilities, a significant increase has been experienced in self-service deposits through the network of Automated Deposit Tellers (ADTs) nationwide. The ADT offers clients access to 24-hour deposit functionality and recorded a growth of more than 30% on previous year volumes, to the point it exceeded the volume of deposits in branches (FNB Annual Report, 2021). The higher volume of transaction and use of digital channels, expresses a significant satisfaction of customers with regards to using new channels. The finding can be traced in the tenets of the endogenous growth theory. As observed, the decisions of creating new channel of communications, represents internal decisions which affected performance of the bank in terms of transactions with regards to digital channels, thus confirming Corporate Finance Institute (n.d) and Ranabhat (2019). Further, the increase in digital transactions and usage of digital channel strengthens the point mentioned by BIS (2021) that the pandemic made a marked impact on non-cash payments, as the total value of non-paper-based or digital transactions grew strongly in both advanced economies (AEs) and emerging market and developing economies (EMDEs).

4.7.3. Theme 3: Improved Customer Service

Another point in terms of opportunity, comes from respondent B1 that mentioned that the pandemic helped the bank improve their customer service significantly with the

banks decision to create new lines of communication and the bank whereby customers could directly communicate with the bank through emails on what to do and what not to, further improving customers education with regards to banking, while simultaneously creating a sense of good understanding between the customers. This finding can be traced in the tenets of the endogenous growth theory, as observed, the decisions of creating new channel of communications, represents internal decisions which affected performance of the bank in terms of customer services, thus confirming Corporate Finance Institute (n.d) and Ranabhat (2019).

Though different opportunities were seen as explained above, the pandemic also had a dark side which came in terms of challenges. These challenges are explained below in the next section.

4.8.OBJECTIVE 3: CHALLENGES FACED BY COMMERCIAL BANKS DURING COVID-19

The pandemic surely came with certain opportunities as explained above, but on another end, it came with various challenges, and these challenges are presented in this section by the researcher. These challenges include credit management and revenue impact, operational adjustments, customer service and branch banking, and operating expenses, except for cyber-attacks, which was not a significant challenge to the Namibian banking sector. These challenges are explained further below.

4.8.1. Theme 1: Credit Management and Revenue Impact

One of the most significant challenges that commercial banks experienced with the COVID-19 pandemic, has been credit management, which has been confirmed by all four respondents (4) supporting the claim done by McIntyre, Svan, Abbot, and Gordon (2020). The respondent B4 even mentioned *“I think all financial institutions did face credit challenges with the Central Bank suggesting payment holidays to the affected customers in the market”*. The challenge of credit management was also pointed out in annual report of banks such as Standard Bank Limited, NedBank limited, FNB Bank Limited, Letshego Bank limited as well as Bank Windhoek. This shows that it was a significant challenge to all commercial banks in the country.

The challenge of credit management mainly happened because of the tough economic conditions and environment that the pandemic subjected the country, with implementation of lockdowns, restrictions, and other regulations, which in turn had significant effects on clients in tourism, accommodation, commercial real estate, and small and medium enterprises. The respondent B1 additionally stated *“If any institution says they did not face any issue with credit, that would be a significant lie”*. Further, different customers, lost their employments, others where retrenched, leading to some customers to be unable to fully make payments to the banks, and increase in non-performing loans for instant. This finding can be traced in the tenets of the exogenous growth theory. The theory states that macroeconomic conditions influence the profitability of banks (Sufian& Chong, cited in Terraza, 2015).

Further, in reviewing the Bank Windhoek's Annual reports (2020) (2021) it has been clear that the areas of financial performance of groups and companies most significantly affected by the pandemic were the net interest margin, non-performing loans, credit provisions and non-interest revenue. These areas of financial performance come in support the claim made by McIntyre, Svan, Abbot, and Gordon (2020). Further, this claim has also been mentioned as effects of the pandemic on other banks such as Standard Bank Limited, NedBank Limited and FirstRand Bank in their annual reports. NedBank's Annual report (2020) showed that the bank saw a significant rise in non-performing loans, notably in the home loan book, which were up by 52%; impairments doubled; and the credit loss ratio skyrocketed. Growth in private sector credit extension continued to fall, and vehicle sales were at their lowest level since 2004. The bank asset-based finance activity contracted by 24%. Standard Bank Annual report (2020) showcased those nonperforming loans (NPLs) as a percentage of total loans increased at a manageable rate during that period, to 7.82%, and only 5.30% when excluding one large client exposure. Impairments increased by 6.2% from N\$239 million in 2019 to N\$254 million in 2020, resulting mainly from providing for forward-looking credit losses in terms of IFRS 9.

Standard Bank Limited Non-Interest Revenues (NIR) declined by 5.6% from N\$1.26 billion to N\$1.92 billion in 2020. This is mainly attributable to the decline in transactional volumes and trading activity due to the lockdown restrictions and the continued muted economic conditions. Other gains and losses reduced by 5.4%, driven by the lower interest rate environment that directly impacted these revenue lines. Net Interest Income (NII) reduced by 11.9% from N\$1.33 billion to N\$1.17 billion because

of the staggered reduction in prime interest rate from 10.25% to 7.50%. Net interest margin decreased from 4.0% at the end of December 2019 to 3.1% end of December 2020. Credit impairment charges increased by 6.2% from N\$239 million to N\$254 million. Credit loss ratio (CLR) increased from 0.9% to 1.0%. Prior year included a large impairment charge raised in one economic sector that did not repeat in 2020. Adjusting for this provision raised in 2019, the current year's provision would have increased by 48.9%. This increase has been necessary considering the impact the pandemic had and continues to have.

McIntyre, Svan, Abbot, and Gordon (2020) further, stated that credit, payments, and net interest margin would likely be the primary revenue impacts of the pandemic on banks. Emergency interest rate cuts to stimulate the economy for instant, may lead to net new lending as in mortgage for instant. Although the cost of funding will be lower, the yield on banks' asset may also decline mainly due to the increased competition in mortgage loans and flight to safety to investment grade assets. The impact will further compress banks' net interest margin and profitability (Deloitte, 2020).

4.8.2. Theme 2: Operational Adjustment

Based on the four (4) respondents' responses, it was observed that, with the national lockdown and various restrictions enacted by the government to limit the spread of the virus and protect citizens, and to protect workers and customers of businesses and banks in general. For that reason, banks had to find new way of operating while simultaneously respecting different protocols and regulations in terms of social distancing. For such, banks had to adopt solutions such working remotely from home, limiting staff member

at branches, adopting shifts, closing few branches, and keeping others open, adopting digital channel to operate and conduct the daily activities.

After, a review of annual reports, it was further confirmed that banking institutions had to adopt new ways of operating, which mostly involved adopting digital channels and working from home, as a way of continuing to provide significant services to their customers while protecting both customers and employees at the same time (Standard Bank Annual report, 2020) (Letshego bank Annual report, 2020) (FNB annual report, 2020) (NedBank Annual report, 2020). These findings come in support to the statement made by Stuart and Patrick (2020) that banks would need to re-evaluate operating models and investment plans as new organisational focus areas emerge, while others gain increased prominence, driven by the shift in customer interaction and ways of working.

4.8.3. Theme 3: Customer Service and Branch Banking

In terms of customer service, the challenge here came from the fact that banks had to find a way to serve the customer without being physically present. Based on responses from all four (4) respondents, it was clear that banks had to find solutions on how to serve customers from the comfort of their home. That pushed banking institutions to introduce new online applications (online App), and online platforms to assist customers. Furthermore, banks had to be more innovative by creating new lines of communications. For instance, the respondent from B1 mentioned that the bank adopted measures such as communicating directly with customers via email to offer direct supports to customers, even the ones abroad were able to easily get assistance from the bank, raising thus, the trust from customers.

Banks also had to find a way to keep some of their branches open, because, not all customers are tech savvy as responded participants from B1, B2 and B4. In conducting documents reviews, it was observed that FNB Bank was able to safely open their branches in line with Government directives where possible and remained alert to react as the need might arise. Further, the bank had to put consideration on the senior citizens knowing that they are the most vulnerable to the COVID-19 virus based on research done. FNB Bank was forced to advise senior citizens to consider more efficient ways of banking, to minimize the risk of exposure. The adoption of digital banking channels over the period empowered consumers of all ages with tools to easily manage their money from anywhere and at any time, while allowing them to protect their health at the same time (FNB Annual Report, 2021). Letshego bank, was also able to have four of its retail branches, namely Windhoek, Katutura, Rundu and Swakopmund remained open during lockdown to assist customers in need. However, customers were urged to use alternative channels wherever possible. Letshego Namibia employees supported customers through digital channels like SMS, WhatsApp, email, and video conferencing (Letshego Annual Report, 2020).

The above findings, supports the claim made by KPMG (2020) that even territorial and branch-centric banks would be forced to encourage the use of channels that have never been their strategic priority, and that the phase would be complex, requiring banks to demonstrating real proximity with their customers. As well as Filippo and Cat (2021) stating that banks need to adapt branch opening hours, while adjusting operations to rapidly increase at-home working and need both to protect their own employees while

also responding to the new challenges faced by customers, and the resulting increased requests for support (Filippo & Cat, 2021).

4.8.4. Theme 4: Cyber-Attacks

In terms of cyber-attacks, banks in Namibia did not face a significant threat with regards to cyber-attacks. This was mainly because banks had already started planning the implementation of digitalisation, and hence, most were already aware of cyber-attacks and had already taken necessary measures to face such situation by creating significant awareness against fraudulent cyber activities. B1, B2, B3, and B4 mentioned not having faced any significant challenge with cyber-attacks and mentioned in their respective annual reports (NedBank annual report, 2020) (Standard Bank annual report, 2020) (FNB annual report, 2020) (Letshego bank annual report, 2020). The respondent from B1 mentioned “*The Information Technology guys worked overtime in order to put in place every significant measure to avoid cyber-attacks*”, which shows how much emphasis was put on the matter of cyber-security. Though authors such as Aldasoro, Frost, and Gambacorta (2020) mentioned that during the COVID-19 pandemic, financial institutions have been at the leading edge of the response to cyber risk, and that working from home would certainly accentuate the exposure to cyber-attacks. It had an opposite effect on the commercial banks in Namibia as they were well aware of risk and took significant measures as early as possible to avoid and serious attack.

4.8.5. Theme 5: Operating Expenses

According to all four (4) of the respondents, banking institutions in Namibia faced different additional expenses with the pandemic. Considering that banks had to adopt different measures with regards to their operational models, such as the adoption of working from home, banks had to account for remote working capabilities. These capabilities include acquisition of laptops, wi-fi devices in case some employees did not have wi-fi at their homes. The respondent B1, further stated additional costs such as transportation with regards to their marketing. The bank had to find new ways to do the marketing of their products and services which significantly increase spending in terms of fuel.

Though the banks operated in a challenging environment field with restrictions, social distancing and lockdowns, banks did not experience excessive increase in operational costs during the year 2020 compared to other, but during the year 2021, all banks experienced a significant increase in operating expenses. The changes in operating expenses were observed, while reviewing banks 2020 and 2021 interim results as well as 2020 annual reports.

For instance, Standard bank limited during the year 2020 only experienced a total operating expense increase of only 1.0% year on year, while staff costs decreased by 7.3% on account of good resource planning and natural attrition. There was an above-inflation increase in IT costs during the year due to the need for continued investment in technological capabilities (Standard Bank Annual Report, 2020). These costs however, changed during the year 2021 as the bank saw an increase by 4.1% compared to the prior

period, mainly driven by a continued investment in IT capabilities to deliver digital platforms that support clients value proposition, the impact of IT services not localised, incremental costs from the franchise architectural changes and amortisation expenses relating to investments in key regulatory projects. Further, the staff costs only increasing by 2.0% compared to the previous year (Standard Bank Namibia Results Announcement, 2021).

FNB bank, Group operating costs decreased by 4.6% to N\$1 014 million (2019: N\$1 063 million). This was reflected in the cost to income ratio of 51.1% (2019: 50.9%). Operating expenses as a percentage of Assets at 4.6% (2019: 5.0%) reflecting the efficiency of the business. Staff costs increased by 2%. The cost growth was influenced by the inflationary wage increase settlement with the union for non-managerial staff. The June 2020 performance had an impact on remuneration; with no salary increase granted to senior management (FNB Interim Results, 2020). The FNB Interim Results (2021) showcased a growth in cost of 4.7%, which included the overall increase in staff costs and the investment cost of new initiatives, major regulatory projects, technology enhancements and platform development. Staff costs comprised of 56% (2020: 58%) of the group's operating expenses. Annual salary increases averaged by 3.44%, with a 3% decrease in staff complement across the group through natural attrition.

NedBank, for instance, while considering the bank's continued investment in their brand and investment in technology and innovation platforms, operating expenses were well controlled in 2020 at 0.14% decrease compared to the same period in 2019. Operating expenses represented 63.85% of total income compared to 59.31% in 2019 (NedBank interim results, 2020). Further in 2020 and in 2021, the bank experienced a significant

increase in their operating expenses, the bank saw an increase with a 5.45% increase in for the period. Operating expenses represented 68.17% of total income compared to 68.16% in 2020 (NedBank Interim results, 2021).

4.9.OBJECTIVE 4: MEASURES ADOPTED TO IN RESPONSE TO THE ECONOMIC SHOCK OF COVID-19

In this section, the researcher presents different measures that were adopted by the banking institution in Namibia to manage the effects of the pandemic. The section presents two forms of measures, which includes the measures and regulations enacted by the Bank of Namibia (BON) and internal measures adopted by commercial banks. Further, the section presents measure for the post-covid era.

4.9.1. Theme 1: Measures and regulations enacted by the BON

All four (4) of respondents mentioned that in terms of measures adopted in response to the economic shock of COVID-19, commercial banks in Namibia foremost implemented the regulations and measures enacted by the Bank of Namibia (BON) in the Banking Institution Determination Act 33 of 2020 (BID Act 33). This is further supported by the annual reports of different banks stating that, in consideration of the adverse effect of the drought and COVID-19 and to mitigate the long-term impact thereof on the banking sector, the Bank of Namibia devised strategies to provide some relief to the banking institutions and their customers. Therefore, the Bank of Namibia, resolved to relax certain regulatory requirements to provide relief to banking institutions to deal with impaired loans as well as to continue lending to the real economy and stimulate

economic growth (Nedbank Annual report, 2020;Standard Bank Annual report, 2020;Letshego Bank Annual report, 2020;FNB Annual Report, 2020). According to the BID Act 33 (2020), the Bank of Namibia enacted different measures to provide some relief to the banking institution and their customers. These measures include:

4.9.1.1. Credit Policy measures

The most important measure is Loan Repayment Moratorium, which, in accordance with the Determination on Asset Classification, the Bank of Namibia granted relief to banking institutions for capital payment moratorium where a holiday is allowed on the principal amount for a period ranging from six (6) months up to a period, but not exceeding 24 months (two years) based on thorough assessment of economic and financial condition of individual borrowers. It would be required that, before the granting of the repayment holiday for loans and advances that are already classified as non-performing, the loan should retain the same classification and provisioning status over the moratorium period. For this measure, respondent B3, stated that the measure did not have a negative effect on the bank's operations. Further, while conducting a review of the documents from the respondent's bank, it was stated that for this measure, the relief was advanced on a case-by-case basis, and to be eligible, corporate customers had to follow a risk-based approach and the assessment was done at an overall customer level by the RMB, which significantly reduced the risk of the Bank as only less risky suitable corporate customers were eligible for such relief (FNB Integrate Annual report, 2021). Respondent B2, also stated that the measure did not really affect the institution as, the bank had its way of allocating reliefs to corporate customers that applied for the relief as well.

4.9.1.2. Liquidity relief measures

The Bank decided to relax the two Business-as-Usual maturity mismatch limits required in terms of the Determination on Minimum Liquid Assets (BID-6) for the next 6 months and require banking institutions outflows in the (0 to 7 days) time bands to exceed their inflows by only the amount equivalent to unencumbered liquid assets buffer, which is the portion above the 10 percent minimum liquid assets requirement held during that period. This entails that, those banks holding higher liquid asset buffers can be allowed to have wider mismatches as opposed to banking institutions with smaller buffers. In addition, for the (8 to 30 days) time band, the boards of banking institutions may decide and set their own limit. For this measure, respondent B3, mentioned that the measure did not have significant effect on the bank. Further, the respondent stated that even without the relaxation, the bank would have been strong considering the strong capital. The relaxation mainly provided a relief to the industry for comfort and safety but was not a significant threat to the bank. Further, the same comment was done by respondent B2, stating that the bank already had a strong capital capacity and was not very much at risk of being affected by the measure.

4.9.1.3. Capital conservation buffer

To further support banking institutions supplying credit to the economy, the Bank reduced the Capital Conservation Buffer rate to 0 percent for a period of at least 24 months. This capital conservation buffer enables Domestic Systemically Important Banks to use the capital they have built up during good times, to use during times of distress. The release of the buffer is to allow banking institutions to boost an existing

distressing economy by lending to the most vulnerable economic sectors. This measure affected banks in a very good way, as stated in the Bank Windhoek interim financial results, it enabled the bank to continue lending to support customers through the difficult time (Bank Windhoek Interim results, 2021). For respondent B4, the measure affected both positively and negatively, mainly the customers, further stating that customers become more affordable for loans, which pushed them to take more loans leading some of the customers into further debts with the bank. B3 on the other end, responded that the bank was already well capitalised considering that they are a significant large banking institution group, the relief did not have a strong impact on the institution.

4.9.1.4. Concentration risk limit/Single borrower limits

The Bank decided to postpone the introduction of the limit in respect of the total exposures outstanding at any time to a single person or a group of related persons in terms of the Determination on Limits on Exposures to Single Borrowers, Large Exposures and Concentration Risk (BID-4), which is currently set at 25 percent since December 2019, where the limit was 30 percent of a bank's capital funds before. In postponing the effective date of implementation of the 25 percent single borrower limit, banking institutions will be allowed further scope in lending to the most vulnerable sectors during these challenging times. Measures adopted by the Bank of Namibia (BON), directly correspond to the statement made by Demirgu-Kunt, Pedraza, and Ortega (2020) that central banks and governments enacted a wide range of policy measures to provide greater liquidity and support the flow of credit, further classifying the approved measures that target the banking sector into four categories which includes liquidity support measures, prudential measures, borrower assistance and monetary

policy. For this measure, respondent B4 only mentioned that the bank had a contingency plan for this and did not really have any effect whatsoever as everything was already prepared for that. On the other end, the respondent B3 also mentioned that the measure did not have effects, as the bank, irrespective of the pandemic, considering that the bank already had regulatory limits on how much could be allocated to a single customer, depending on how large those players, further saying that it was not different than the period before COVID-19 as they already had regulations, further, respondent B2, also gave a similar response, as the bank also had its way of allocation limits to how much is lent to a customer.

In terms of effectiveness of the measures implemented by the bank of Namibia, all respondents were positive as they all firmly believed that the measures were very effective. The respondent B4 further mentioned that the bank of Namibia did a wonderful job in maintaining the banking environment. The effectiveness of the measures adopted by the Bank of Namibia was also specifically mentioned in the annual reports of respective banks (Standard Bank Annual report, 2021; Letshego bank Annual report, 2020; FNB annual report, 2021; NedBank Annual report, 2021).

4.9.2. Theme 2: Internal measures adopted by commercial banks

Apart from the measures stated above, which in general were enacted by the Bank of Namibia, commercial banks in Namibia, adopted different measures of their own. These additional measures were particularly necessary for the banks to operate efficiently during the pandemic and protect their employees as well as customers. As stated by B1,

B2, B3, and B4, one of the prime measures adopted working from home. This measure, as stated by the respondents, was particularly useful as it allowed to reduce the number of available personnel within the banks, thus, facilitating the implementation of proper social distancing in the institutions.

Banks further implemented staff shifts/ rotation as a measure to face the pandemic, as stated by two (2) respondents, B1 and B3. This measure implies that some staff would be working in offices, while others would be working from home. After, a specified number of days, the staff that worked from home would come work at the offices and branches while those that started at the branches would start working from home. Apart from that, banks also adopt the use of sanitizers at doors, to sanitize customers hands, banks took further measures such as deep cleaning of offices, especially after a case was detected.

Apart from the measures enacted by the BON, commercial banks took significant good initiatives to help them perfectly operate during the pandemic. Despite these good initiatives, the respondent B3 further stated one measure that was not useful. That measure was the use of registers, in which customers or individuals entering the bank had to complete for references in case of contamination. The respondent B3, specified that the measure was not useful as personnel in the bank did not really put significant emphasis on those registers, rendering them useless.

4.9.3. Theme 3: Post-Covid era measures

The pandemic came and caught off-guard most of banks in Namibia, but also all around the globe as it was unexpected. Though very unexpected it was observed that banks in

Namibia managed to contain the impacts of the pandemic especially the help and support from the central bank. For the post-covid era, B1, B2, B3, and B4 firmly believe and are confident that for the post-covid era, they are well prepared to face such an unexpected situation. As stated by the respondents B3 and B4, with same words “*We have learned a lot from the pandemic and believe we would be ready*” when asked the question of whether as a banking sector, they were ready to face any pandemic of such magnitude in the future.

In terms of measures for a post-covid era, banks believe that the situation with the pandemic was a good test for the banking sector as to apply new and innovative ways to serve customers. All four (4) respondents believe that maintaining changes and investing more in digital portal would be a good way to go forward with the future. Though, it might end up being costly, in the long run it will be very much beneficial for the banking sector. Further, supporting Abramson, Kosin, Howard-jones &Lanzos (2020) stating that the window of opportunities for the many changes that arise to the banking sector with digitalisation could close upon returning to offices, but such opportunities could only be present longer only if banks are willing to keep the changes and work proactively to maintain them.

4.10. SUMMARY

The main objective of this study was to analyse the effects of COVID-19 on the banking sector. Based the findings and responses from participants and an in-depth analysis of annual reports and interim results from banking institutions in Windhoek, it can be summarised that COVID-19 had a serious effect on the banking sector in Namibia. The

effects have been in a set of two (2), where on one side are the challenges and on the other side the opportunities, both related to the banking sector in general, further confirming authors who mentioned both effects on the banking sector as highlighted in Chapter 2.

The pandemic came with different challenges, which are mostly attributed to the difficult macroeconomic condition caused by the outbreak of the COVID-19 virus. The pandemic forced different governments to adopt different measures such as lockdowns and restrictions which lead to different disruptions in terms of activities for businesses and bank customers. Due to such circumstances, challenges such as credit management, branch banking, operational adjustment, rise in operating expenses and customer service have been experienced. Apart from those challenges, one challenge, namely, cyber-attack was not found to be a challenge in the Namibian banking sector, thus, contradicting what Aldasoro, Frost, and Gambacorta (2020) in chapter 2.

The COVID-19 pandemic though came with significant challenges to the banking sector. These challenges gave an open door to opportunities for banks in the country to take advantage of the situation and make significant changes to the way they operate. Among the opportunities mentioned above, there has been an acceleration in digitalisation, growth of digital transactions and usage, and an improvement in customer service, which firmly confirms and supports what different authors such as Abramson, Kosin, Howard-jones, and Lanzos (2020), mentioned in chapter 2, regarding the opportunities opened to the banking sector due to the serious challenges brought by the pandemic.

To respond to the impact of the pandemic on the banking sector, the Bank of Namibia, adopted different measures so as to limit and reduce the effects on the banking sector. Those measures and reliefs include a Loan repayment moratorium of 6-24 months, relaxation of minimum liquidity limits, relaxation of minimum capital buffers to 0%, postponement of the single borrower, and concentration risk. These measures were significantly adopted by banks to operate properly and avoid being significantly affected by the pandemic. This is in accordance with the other authors who suggested that most banks would have to implement measures set by central banks and that was particularly the same thing in Namibia.

After, presenting the findings and having discussed them, the following Chapter, presents the conclusions and recommendations, whereby, the researcher made a conclusion on the findings from the analysis of the data and provided recommendations to the banking sector.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter discusses conclusions and recommendations deriving from the findings and collected data of the study emanating from chapter 4 results and discussions. The findings from interviews, annual reports, and interim results are compared with the ones from previous literature to draw conclusions. Thereafter, possible recommendations are given.

This study, set to achieve a few objectives, mainly:

- To analyse the effect of COVID-19 on commercial banks
- To determine possible challenges the commercial banks faced during COVID-19
- To determine possible opportunities for commercial banks during and after COVID-19
- To establish measures to adopt in response to an economic shock such as COVID-19

The study followed a systematic approach through which the researcher divided the whole research into chapters. The first, chapter, provided an introduction with regards to the topic under study, and further, provided the objectives that the researcher desired to achieve in this study, while Chapter 2 presented the information gathered from different authors on the topic of study, in order to guide the researcher and provide a base which would be used in chapter 4. Chapter 3 presented the qualitative methodological choices and processes applied in the study, while chapter 4 presented the results of interviews, documents review, and provided their interpretation. Further, the chapter allowed the researcher to make a comparison between what

was said by other authors and what the researcher found through interviews and documents review.

5.2 MAJOR FINDINGS

The study analysed the effects of the COVID-19 pandemic on the banking sector in Windhoek, Namibia. From the participants' responses and other sources such as annual reports, and interim results, it has been possible to gain answers to the objectives of the study stated above. The findings are further described below.

In view of the first objective, it has been found that the pandemic had different effects on banks in general. The pandemic caused some traumatic and emotional effects on employees in banks, considering it was sudden and caused panic among employees. Further, the pandemic brought challenges coupled with some opportunities for the banks, a decrease in lending, and a delay in branch opening and expansions.

In view of the second objective, the researcher found that the COVID-19 pandemic had significant negative effects, in terms of challenges on the banking sector. These challenges came due to the difficult operating environment that has been a result of the pandemic. Some of the challenges mentioned are credit management and revenue impact, Operational adjustment, customer service and branch banking, operating expenses, and cyber-attacks. Through these challenges, it was observed that cyber-attacks were not much of a significant challenge because banks had taken significant measures to mitigate their impact.

With regards to the third objective, it has been found that through the challenges stated above, the pandemic brought significant opportunities. These opportunities materialized as banking institutions worked on finding a different way of serving their customers, protecting both customers and employees and well as finding new ways of operating. These opportunities include digitalisation, growth in digital transactions and usage, and an improvement in customer service.

With regards to the fourth objective, the researcher found that commercial banks in Namibia, first and foremost, focused on applying measures that were provided by the BON. These measures included credit policy measures, liquidity relief measures, capital conservation buffer, and concentration risk limit/Single borrower limits. These measures as stated by the respondents, were very much effective and praised by the respondents, though, it did not really impact the institution negatively. Furthermore, commercial banks did not only rely on measures enforced by the BON but also adopted a few measures of their own, which included working from home, adopting shifts, use of sanitizers, and deep cleaning of the premises.

5.3 THEORETICAL IMPLICATIONS

The study provides a modest contribution to literature by the fact that it analyses the effects of the pandemic in a developing country, namely Namibia. Prior studies have largely been based on developed country settings, and little was known regarding the effects of COVID-19 to nations with unique financial systems such as Namibia. The study analysed the different measures that have been employed by the central bank of Namibia, as well as different measures adopted by the commercial banks in the country

to combat the threatening pandemic. The findings have implications for policy makers, the central bank, and commercial banks.

The study made use of both the exogenous growth theory and the endogenous growth theory, which could be traced to the findings. The theories aided the research in distinguishing between external factors such as the lockdown, which caused a decrease in economic activity, and internal factors such as decisions made within the banking institution, such as the adoption of working-from-home, which significantly aided the banks in conducting their activities. Despite being traced in different findings, the theories presented some limitations in terms of tenets as they could only be traced in findings such as the decrease in lending, growth in digital transaction usage, improved customer service, and credit management.

5.4 PRACTICAL IMPLICATIONS

With consideration to how unexpected the pandemic hit the country, banks can learn from the COVID-19 pandemic that anything can change in an instant and affect them directly. In a future perspective, banks can learn through this study to maintain different measures, as they were significantly useful in helping them operate positively and effectively. Measures such as working from home and shifts would be very beneficial if kept and still implemented even with operations going back to normal. Further, banks can learn from this study that investing more in digital platforms, represents an addition, considering how there was a significant growth in their digital platforms and transactions, further depicting that customers are easily making the shift from traditional banking to online banking.

From this study, banks can have an overview of different measures adopted in other countries but also how effective their own measures were and which ones to maintain. The future is certainly not promised but in case an eventual similar pandemic or event hits the country, banks would know how to react and be ready, with the adoption of measures such as working from home or digitalisation for instance, which were found in the study to be very effective during the pandemic and thus, represents an important contribution the researcher wanted to provide by completing this study.

5.5 CONCLUSIONS

The pandemic came at a time when the banking sector least expected it to happen and significantly brought stress on different banks in the country. The effects were both negative, in form of challenges and positive in the form of opportunities which the banking sector seized and worked with. The study contributes theoretically by providing an analysis of how the pandemic affected the banking sector in the context of Namibia, which is a developing country, thus, providing a different perspective from the findings from other researchers done in developing countries.

For the study, a combination of interviews and document analysis supported the study and helped gain significant information. The researcher conducted a total of four interviews with commercial banks and combined them with document reviews of annual reports and interim results provided by banks. The findings of the study further, support different authors with regards to opportunities and challenges as depicted in chapter 4, with one contradiction which was related to cyber-attacks being a challenge to the banking sector.

In terms of the first objective, which analyzed the effects of COVID-19 on commercial banks, the researcher concludes that the pandemic had visible impacts on the banks. Those impacts were divided into challenges and opportunities, confirming claims from authors in developed countries. With the exception of cyber-security, which was not a challenge and banks responded effectively, the researcher concludes that the pandemic posed genuine challenges to commercial banks, supporting claims from other authors. As of the third objective, the researcher concludes the pandemic brought opportunities, which banks in Namibia took advantage of in order to effectively serve the needs of customers. Finally, as of the fourth objective, the banks mostly focused on adopting measures proposed by the BON, measures highly praised by the banks in general. Despite the fact that these measures were put in place, banks also put their own in place, which were not only successful but also helped them perform at their best, protecting their employees and customers.

5.6 RECOMMENDATIONS

The pandemic came as a surprise to the Namibian banking sector and most commercial banks were not expecting the pandemic to hit the country and the moment it did, most were just caught by surprise. This led them to take quick measures to deal with the pandemic. BON also had to enact measures which the commercial banks in Namibia had to implement.

Based on responses gathered from the participants, the pandemic period can be expressed as a learning period for the banking sector as it was a surprise hit to the

banking sector not only in Namibia but also in other countries. It is certain that after going through such a tough time, banks have learned from the pandemic situation.

The researcher has made recommendations which have been divided into policy recommendations and recommendations to the management of commercial banks in Namibia. These recommendations are further mentioned below.

5.6.1. Policy Recommendations

After analysis of different responses from respondents, mainly referring to the measures adopted by the Bank of Namibia (BON), the measures adopted by the bank were very much effective. Though some did not have significant impacts, considering how well the banks were already well capitalised. As for recommendations, the researcher does not have a particular recommendation for policy makers mainly the Bank of Namibia, the bank was very quick and effective in taking measures and directly responds to the pandemic.

5.6.2. Recommendations to the Management of Commercial Banks in Namibia

As a recommendation for the management of commercial banks in Namibia, the researcher recommends that:

- Banks maintain different measures such as working from home, which have been a significant force during the pandemic so as not to face any limit in the banks' abilities to render services to customers, while combining it with working from

the office. The banks would also be significantly ready just in case they are faced with an experience such as COVID-19 in the future.

- Banks further invest more in digital platforms as it is a major force to reckon with as seen during the current pandemic. Had it not been for digitalisation, the banks would have had more difficulties rendering services to customers. Though banks had already started slowly implementing digital platforms, the pandemic pushed banks further into implementing more in terms of digital platforms and products, thus, the real need for making more investment in that area.
- The pandemic accelerated digitalisation, which throughout the pandemic period had been a significant opportunity to test properly and ameliorate digital platforms and procedures which were already under consideration before the pandemic started. As a recommendation, the researcher suggests that banks further improve their digital platforms where they were certainly limited and make it even more efficient, considering that the banks witnessed a significant growth in digital transactions, which is a positive point.

5.7. RECOMMENDATIONS FOR FUTURE STUDIES

Research is an on-going process and research on the effects of COVID-19 on the banking sector is not an exception. Therefore, benefits would accrue if the following suggestions were conducted:

- Research on the effects of COVID-19 on the banking sector but in a different country with a banking system different from the one in Namibia.

- Research on the same topic but with the use of different theories than the endogenous and exogenous growth theory used by the researcher in this study.

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APPENDIX A



07 March 2022

TO WHOM IT MAY CONCERN

Re: MBA Finance , Student – Mr. Blaise Kazadi Student Number 219039836

As part of our Masters Programme, students are expected to submit a research report after completion of their course-work. They need to explore in detail, some concepts and issues pertaining management strategies. To do that effectively, they need to conduct interviews and obtain practical examples.

Mr. Kazadi has chosen your organization to approach for information. It is against this background that I wish to kindly request you to assist Mr. Kazadi with the information he requires. Accept our assurance that the data will be used for academic purposes only. A copy of the completed document will be available at the Namibia Business School for perusal. His research synopsis indicates that his topic touches on "An analysis of the effects of Corona Virus(COVID-19) on the banking sector: Case study of Windhoek Namibia".

Your kind assistance is highly appreciated.

Yours sincerely,

Greenfield Mwakipesite, Dr

Senior Research Co-Ordinator

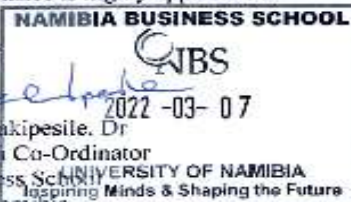
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APPENDIX B

Interview Schedule

Topic: An Analysis of the effects of COVID-19 on the banking sector in Windhoek
Namibia

Introduction

I would first like to thank you for agreeing to participate in this interview. The purpose of this study is to analyse the effects of the coronavirus (COVID-19) on the banking sector, precisely in Windhoek, Namibia.

This study seeks to achieve few objectives, which are:

- To analyse the effect of COVID-19 on banking sector.
- To determine possible challenges of the commercial banks during COVID-19.
- To determine possible opportunities of the commercial banks during and after COVID-19.
- To establish measures to adopt in response to an economic shock such as COVID-19.

I am more interested in your own experience, opinion, and analysis, meaning there are no right or wrong answer to the questions.

The Interview should take 30-45 minutes, depending on how much information you would like to share. I would like to audio record the interview because I do not want to miss any of your comments, only if you give me permission.

All responses provided will be kept confidential. Therefore, the responses given in this interview will only be shared with my supervisor, and I assure that any information to be included in my research would not identify you as the respondent.

You may decline to answer any question or withdraw from the interview at any time and for any reason if you feel so.

Do you have any further questions about what I have explained or about my research project?

Interview Questions

Introductory questions

1. With regards to the pandemic, how has your institution performed during the tough time? Was there a significant difference with your performance before the pandemic?
2. Did the pandemic affected your ability to perform at your fullest, compared to the period before the country go hit by the pandemic?
3. The pandemic led various banks to limit their staff at the bank's branches, especially with the lockdown. How did that affect your operations?
4. Did you incur additional costs to your institution as a result of COVID-19? What type of costs were they?
5. Can you highlight any specific event that occurred during COVID-19 that you will never forget? How do you think it can be avoided in the future?
6. Did your institution, lay-off some or did any off your employees die or became incapacitated to render their normal service because of covid?
7. How did your employees react to COVID-19 and changes in the way your company operate?

Challenges

Has your institution faced challenges in terms of credit management?

- a. If yes, how, and what measures were put in place to face the challenge?
- b. If no, why was credit management not a challenge to your institution?

How has the customer service been affected during the pandemic? What were those challenges with dealing with customers?

Have cyber-attacks been a significant challenge for your institution during the COVID-19 pandemic?

- a. How different has it been from the period before the pandemic started?
- b. What measures were taken to face and handle such challenge?

Has the pandemic affected the operational model of your company?

- a. What significant changes did your operational model incurred?
- b. Did you incur further additional cost with changes in your operational model?

Has COVID-19 affected the way your banks' branches operate?

Opportunities

Do you feel that the pandemic accelerated digitalisation in your institution as well?

- a. What changed from how your institution operated before digitalisation?
- b. Did COVID-19 cause any threats to your business through fintech financial products?

Have customers experience enhanced while banking with your institution during the pandemic?

- a. What was witnessed with customers experience?
- b. What happened to the volume of transactions during COVID-19?

It has been reported that financial institutions experienced a rise in digital payment growth. Has it been the same for your institution?

- a. How different has it been compared to before the pandemic started?
- b. If no, is there any reasons to that?

Effects of measures taken by the Bank of Namibia

The Bank of Namibia took various measures such as: the cut in repo rates, loan payment moratoriums of 6-24 months, relaxation of minimum liquidity limits, relaxation of minimum capital conservation buffers to 0% and postponement of the single borrower and concentration limitations.

1. Did the cut in repo rate affect your institution?
2. What kind of effect did the relaxation of minimum capital conservative buffer have on your banking institution?
3. Has the loan payment moratoriums of 6-24 months had any effect on your institution?
4. Has the postponement of the single borrowers and concentration limitation had any effect on you institution?

Measures taken by the banking institution against COVID-19

1. Could you name and explain what further measures were taken by your banking institution specifically, apart from those taken by the Bank of Namibia to respond to the effects of the pandemic?

2. Were they significantly effective in managing or responding to those effects?
3. If not, what caused the failure of those measure?
4. In Romania, The National Bank of Romania (NBR), allowed the banks to delay payments of loans of individuals and companies affected by the COVID-19 pandemic, without applying the conditions related to the level of indebtedness, the loan-to-value limit and the maximum maturity of consumer. Do you believe such measure would be successful in the Namibia context?
5. In Germany for instant, guaranteed loans, federal subsidies, and short-time allowances where enacted. Do you feel that such measures would have been successful in Namibia? And why?

Post-covid measures and suggestions

1. What are the opportunities, the banking sector may observe in the post-covid era?
2. What measures would you suggest the Bank of Namibia to take to combat situations such as these in the future?
3. What suggestions would you give to commercial banks to manage such pandemics of this magnitude in the future?
4. Do you think after COVID-19, as a banking sector you are ready to face any pandemic of such magnitude?
5. What measures have you put in place to improve your services in the post-covid era?
6. In European countries, it was stated that, one big measure that the banking sector could adopt in a post-covid era, would be to keep different changes brought by digitalisation to the banking sector, and working proactively to maintain such changes for the future. Do you fully believe that such measure should be considered and put into action?

APPENDIX C: SIMILARITY CHECK



Document Information

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AN ANALYSIS OF THE EFFECTS OF THE CORONAVIRUS (

APPENDIX D: LANGUAGE EDITING CERTIFICATE



Mr. Shonhiwa Bakare

MBA, BSc Hons Soc | shonhiwabakare@gmail.com

CONTACT

PO Box 4244,
Vinetta, Swakopmund
Namibia

LANGUAGE & COPY-EDITING CERTIFICATE

7th October 2022

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF BLAISE KAYEMBE KAZADI'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread **BLAISE KAYEMBE KAZADI'S** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **AN ANALYSIS OF THE EFFECTS OF COVID-19 ON THE BANKING SECTOR IN WINDHOEK NAMIBIA**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I have edited many Postgraduate Diploma, and Masters' Thesis, Dissertations for students studying with universities in Namibia and elsewhere. I have also copy-edited company documents and publications for Non-Governmental Organisations (NGOs) around the Southern African region.

Please feel free to contact me should the need arise.
Yours Sincerely,

Mr. Shonhiwa Bakare



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Shonhiwa Bakare