

**Date:** 23 September 2022

**Attention:** News Editor

**Ref:** 9/6/2

FOR IMMEDIATE RELEASE

## **BANK OF NAMIBIA HOSTS THOUGHT LEADERSHIP EVENT ON CENTRAL BANK DIGITAL CURRENCIES AND VIRTUAL ASSETS**

---

1. The Bank of Namibia hosted a Thought Leadership Event under the theme “Central Banking Digital Currencies and Virtual Assets” yesterday, 22 September 2022. The event was aimed at:
  - creating understanding that the future of money is at an inflection point, with an ongoing battle between regulated and unregulated money on the one hand and sovereign versus non sovereign money on the other. Thus, to ensure trust and stability in the financial system and manage risks associated with digital forms of money, the Bank must defend the regulated money and rein in unregulated finance; and
  - creating dialogue and mutual learning amongst central banks on their journeys in defending the regulated money, reigning in the unregulated finance and exploring the adoption of Central Banking Digital Currencies (CBDCs) and overseeing Virtual Assets (VAs), with invited representatives from regional and international authorities.
2. The discussions resolved that:
  - the successful implementation of CBDCs depends on the effective scanning of the environment to ensure a fit-for-purpose solution that supports public policy objectives;
  - increased financial inclusion, time and cost reductions, as well as efficient retail payments, are some of the notable benefits of the implementation of CBDCs; and

- 
- to ensure that sovereign CBDCs can successfully function as legal tender, accompanying legal structural changes need to be in place to ensure central bank credibility. In this regard, the introduction of CBDCs in the financial system may require an adjustment in the legal and regulatory frameworks of the Bank of Namibia to accommodate the issuing of a digital currency.
3. During the event, the Bank also announced its updated position on Virtual Assets (VAs) and Virtual Assets Service Providers (VASPs). In this regard the Bank noted that VAs in Namibia remain without legal tender status. As such, the acceptance of VAs for the payment of goods and services remains at the discretion of any merchant and buyer willing to participate in such an exchange or trade. The Bank further affirmed its existing position that Initial Coin Offerings (ICOs) poses high risks and possibilities of fraud, manipulation, and misrepresentation. As a result, the Bank does not advocate nor support the general public's engagement in ICOs.
  4. To ensure a progressive regulatory response to the exponential growth in VAs, the Bank of Namibia has brought VAs and VASPs under its FinTech Innovations Regulatory Framework in a phased approach, through its Innovation Hub. In that regard, the Bank of Namibia will engage VASPs under its Regulatory Sandbox and consider the amendment of applicable laws and regulations diligently in consultation with other relevant authorities such as NAMFISA.
  5. The Governor of the Bank of Namibia, Mr. Johannes !Gawaxab during his remarks stated that "The future of money is at an inflection point. The battle between regulated and unregulated money on the one hand, and sovereign versus non sovereign money on the other". He further reiterated that the essence of a currency in all its manifestations, be it notes, coins or a CBDC, is backed by the trust that it is a safe and secure medium of exchange, and that the best and most equipped institution to inspire confidence is the central bank even in the digital era. This is also the best way to guarantee an inclusive and effective financial system for everyone's benefit.
  6. In light of the above, the Governor went on to caution that although CBDCs are in their early stages and there is a lot of uncertainty, central banks around the world are building up their understanding and technological capability to explore and optimally utilise new technologies to ready themselves for the future especially the future of finance. "If CBDCs are explored and implemented with due care and caution, they could hold immense potential benefit for a more stable, safer, more widely available,

and less expensive means of payment than private forms of digital money”, he further stated.

7. The Governor also highlighted that the Bank’s strategic direction and the rapid digitisation of the financial system is informed by the changing landscape of finance which has prompted the Bank to think critically about a potential Namibia Dollar CBDC in the digital payment landscape of the future. “The continuous innovations in the digital payment ecosystem significantly boosted the improvement of Namibia’s financial inclusion footprint. The Namibian banking and payment system is on par with industry best practices and continues to advance with innovations such as near real-time payments facilitated through its NamPay system”, he remarked.
8. Representatives from the Bank of Ghana, Bank of Nigeria, Central Reserve Bank of El Salvador and the South African Reserve Bank (SARB) presented their respective journeys in the implementation of CBDCs, Virtual Assets and Crypto Assets. The key takeaways included strong executive commitment, gaining the trust of the public, cybersecurity implementation, inclusive and comprehensive risk management, exchange control framework, regulation, and supervision, public education, as well as collaboration and cooperation of key stakeholders.
9. A panel discussion was facilitated by the Deputy Governor of the Bank, Ms. Leonie Dunn joined by Ms. Mbazima-Lando- Principal Economist at the Bank of Namibia, Mr. Roberto Gonzales – Financial Specialist at the Central Reserve Bank of El Salvador, Ms. Lyle Horsley- Divisional Head of the FinTech unit of South Africa Reserve Bank (SARB), Mr. Kwame A. Opong- Head of FinTech and Innovation of the Bank of Ghana and Mr. Stephen Ambore - Head of Digital Financial Services for Financial inclusion of Central Bank of Nigeria. The panel highlighted that it is very critical to make sure that policies around CBDCs are inclusive, in that the benefits derived from them should reach the most vulnerable members of the society. In addition, there was an overall understanding that central banks should be technologically innovative and that they should modernise public money journey. Most importantly, integrity among the persons involved in the implementation of the virtual currencies should be enforced. In addition, policies should be human-centered and should therefore prioritise consumer protection.
10. Finally, the Bank of Namibia announced that a public Consultation Paper on Central Bank Digital Currencies will be published in the next two weeks, to further demonstrate the Bank’s commitment to continued cooperation and dialogue with the industry and



private sector innovators and the FinTech community and other stakeholders in transforming the financial sector for the prosperity of all Namibians.

Issued by:



**Mr. Kazembire Zemburuka**

**Director: Strategic Communications and International Relations**

**Bank of Namibia**

**Tel: (061) 283 5114, Fax: (061) 283 5546 or email: [info@bon.com.na](mailto:info@bon.com.na)**