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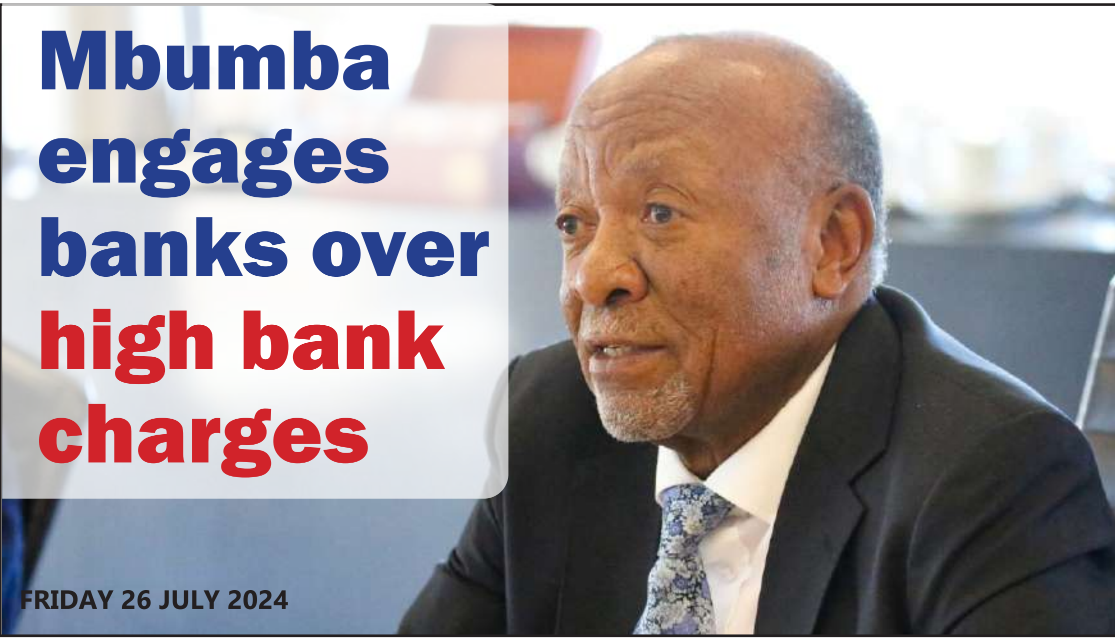
Mbumba engages banks over high bank charges



FRIDAY 26 JULY 2024

MAIN STORY

Mbumba engages banks over high bank charges

President Nangolo Mbumba met with Namibian bank executives to address concerns over high interest rates, excessive charges and services.

During the meeting with banks' Chief Executive Officers and Managing Directors, the President underscored the importance of public sentiment, highlighting the persistent complaints about the banking sector.

He called on financial institutions to investigate these concerns, acknowledging the validity of some complaints while also noting that others may be unfounded.

"Today's meeting combines an apt platform for us to exchange ideas and compare notes. Most importantly we can listen not only to

Crucial Dates

- Bank of Namibia Monetary Policy announcement date:
  14 August 2024
  23 October 2024
  4 December 2024
- Mining Expo and Conference (07 - 08 August 2024)
- Namibia Oil and Gas Conference (20 - 22 August 2024)
- Namibia Oil & Gas Conference 2024
  20-22 August 2024
  Mercure Hotel , Windhoek
- Global African Hydrogen Summit (GAh2S)
  Windhoek, Namibia from 03 – 05 September 2024

your concerns and complaints but you too can also listen to ours. Especially what the Namibian people out there are saying on things such as high interest rates, excessive banking charges and sometimes services which are not as desired," he said on Friday.

Despite this, he said banks actively foster entrepreneurship, drive innovation, and promote technological advancement, making a significant impact on both national and global economies.

He highlighted that it is crucial that the banking sector remains well regulated, a function done very well by the Bank of Namibia.

"As a government, we would like to see the local banks playing a more proactive role in terms of development and particularly when it comes to funding the SMEs through ways and means that can substantially lessen the collateral requirement and involve more equity type of instrument," he said.

The President also noted the government would like to see banks become development partners, whose sole motive should not be an exclusive focus on profit, but also on social inclusion and mainstreaming of the un-banked segment of society through innovative banking instruments such as mobile banking.

"We must continually ensure funding the SMEs through ways and means that can substantially lessen the collateral requirement and involve more equity type of instrument," he added.

He said banking strategies must continually align with the socio-economic context in which they operate.

"Banks just as any other investment or company should ensure that they continue contributing to the overall well-being of the society in which they operate by treating their workers well and providing them with all required benefits of social security such as housing, pension, medical aid and competitive salaries and finally contribute to social corporate responsibility," he added.

This comes as the Bank of Namibia plans to conduct a comprehensive study on user fees and charges in response to persistent public concerns over high fees and charges in the country's financial sector.

The planned survey is building upon findings from the Bank of Namibia's 2023 Consumer Payments Behaviour Study, which highlighted significant consumer dissatisfaction with banking and payment product costs.

The new investigation aims to delve deeper into transparency, disclosure practices and the broader supply and demand dynamics within the sector.

This initiative follows the 2010 study by the Ministry of Finance, which first brought to light the excessive fees associated with Namibian banking products and services.

RFA allocates N$430m towards local authority road infrastructure

The Roads Fund Administration (RFA) says it has allocated N$430 million to support local authorities nationwide for road infrastructure.

The RFA's announcement comes after a stakeholder consultation workshop held in November 2022, which highlighted the need for increased funding for local road maintenance.

RFA Chief Executive Officer Ali Ipinge said the allocation is a significant boost from N$150-160 million previously allocated per annum. He said the allocation is expected to improve the condition of local gravel road networks and enhance overall road infrastructure across the country.

"Until last year, our annual allocation was approximately N$150-160 million. We are pleased to announce that this year's budget has been increased by 34% to approximately N$430 million, effective from the start of this financial year," he said.

Ipinge also highlighted the ongoing financial constraints faced by the fund and pointed out the challenges associated with limited revenue collection through road user charges.

He said despite these limitations, the Fund remains committed to prioritising local road maintenance and exploring sustainable solutions.

"The RFA's role was to find additional

> The RFA's announcement comes after a stakeholder consultation workshop held in November 2022, which highlighted the need for increased funding for local road maintenance.

funding for road maintenance. We face significant challenges in generating enough revenue through road charges to support all local authorities. Despite these financial constraints, we have worked diligently to secure resources to address the critical needs of our road network."

On the other hand, according to the Fund's business plan, it is considering using smaller box graders to maintain gravel roads in local authorities.

These machines are much cheaper to buy than the large graders currently used and will save money. This initiative aims to reduce the capital costs associated with traditional motor graders by 90%, ultimately freeing up funds for more expensive periodic maintenance interventions.

"For the local authorities, the RFA is exploring the introduction of tractor drawn box graders, to insource blading services within the respective local authorities and save 90% on the capital costs of a motor grader," he said.

UCOM Namibia, BDQ Mobile ink partnership to deploy network infrastructure

UCOM and BDQ Mobile Network Solutions have entered a 10-year partnership to revitalise Namibia's third mobile phone operator.

Under the agreement, BDQ Mobile Network Solutions, in partnership with

American-based VANU Technology, will focus on deploying advanced telecommunications equipment and technological solutions.

The companies are committed to investing in network infrastructure (antennas and radios) where a total of 500 towers will be deployed in the next three years.

"With the first phase roll out starting during the first quarter of 2025, as well as management technology through the billing system (OSS, BSS), a mechanism facilitating billing flow collection with end-to-end solutions," said the companies.

UCOM Managing Director, Elia Erastus, said the partnership with BDQ Mobile Network Solutions will significantly advance Namibia's digital transformation

"It will increase the number of telecommunications users, reducing the communication and internet gap in rural areas, which currently stands at 60%," said the MD.

According to Erastus, the agreement is undoubtedly valuable and "comes at the right time when Namibia faces great challenges in the telecommunications context."

With this partnership, Erastus said that in the context of Industry 4.0, internet access, and the level of use of information technologies can increase exponentially.

BDQ Mobile Network Solutions Managing Director, Belmiro Quive, said the partnership is a small step for the company with a long-term vision for digital transformation across Namibia and other African countries, focusing on telecommunications, e-commerce, and e-governance.

"We want to approach connectivity in Southern African region countries with emphasis on rural areas where communications and internet access are still a great challenge," said Quive.

The collaborative approach to the consideration set

By The Brand Guy

I have noted before that brands operate in categories called consideration sets. The categories are diverse, the accumulation of different sets of needs. For instance, the consumer needs to eat, so will make a selection from a consideration set consisting of foods. But the consumer also needs to be clothed and have shelter, so those are two additional consideration sets. Simplified, it is the rich scope of Maslow in action.

The classical capitalist approach has been for the brand to compete for the consumer's budget within a category as well as across categories. For instance, a food brand can compete with other food brands in a set, but it can also compete with different sets such as clothing or monthly payments to banks for mortgages.

The core concept that comes into play here is competition. Capitalist idealism uses ideas broadly linked to supply and demand to posit gains at the expense of other players in the market. Capital, labour, resources and IP create demand at the expense of the other producers. Yet those other players can operate at the expense of any similar enterprise.

This leads to the idea of a trade-off between expenditure on productive resources and profitability. The lower the level of profitability, the less attractive expenditure on resources becomes.

To counter the decline in profitability and the growing cost of resources, smart brands opt for the more subdued approach of niche positioning in the consideration set. In effect they limit resource expenditure and optimize profitability by focusing on a smaller market segment with specific needs and wants, rather than attempting to dominate a larger share of the consideration set.

What this implies is that there should be a conscious understanding of position in the consideration set. However, this may be arrived at through trial and error. Conscious understanding of position makes for quicker optimization of the position and better opportunities for management.

Call this collaboration between brands. A fuller range of need satisfaction is developed in the consideration set. The approach is not competitive, but seeks to find and exploit gaps. By understanding the differentials that make up the position, the brand manager reduces the need for competition. If two or more brand managers have the same approach within the set, competition is reduced in the consideration set, and each brand and the entire category becomes more efficient. Although this is achieved with informal cartel behaviour an industry association would be a sensible platform to regulate collaboration on diverse product benefits and features. However, in general, when producers organize, the specter of uniform, anti-competitive pricing emerges.

An example of informal collaborative positioning can be seen in the market for vegetables. There is fresh produce, complemented by frozen and canned goods. Diversity is supplemented by price, weight and packaging, among others.

The point of this riff is that by understanding the gap, the brand manager can profitably occupy and hold a niche.

This reasoning is an internally directed chain of thought, managerially based. The brand and marketing benefit in strong differentials lies in loyalty. The consumer who responds to the differential will do so repetitively in the medium to long term will do so repetitively and with a lower need for push marketing.

Pierre Mare has contributed to development of several of Namibia's most successful brands. He believes that analytic management techniques beat unreasoned inspiration any day. He is a fearless adventurer who once made Christmas dinner for a Moslem, a Catholic and a Jew. Reach him at pierre.june21@gmail.com if you need help.

Namibia's green hydrogen projects key equipment deliveries begin

Green Hydrogen Commissioner James Mnyupe says key equipment to operationalise some of Namibia's green hydrogen projects is now being delivered.

Giving an update, Mnyupe said Cleanergy Solutions Namibia has started receiving key components of its electrolyses for the country's maiden hydrogen service station adding "we hope to cold commission the plant by Q1-2025".

The company, which was awarded a grant to set up a hydrogen pilot plant and refuelling station at Walvis Bay, is a joint venture between the Ohlthaver & List (O&L) Group and its international Belgium-based partner, CMB.TECH.

He said the Daures Green Hydrogen Village is set to receive an electrolyser and associated equipment in batches between mid-August and early September 2024, "The shipment is coming in batches and is in excess of 60 tonnes in weight," Mnyupe said.

He said, following the delivery, the team will embark on the installation, integration, and commissioning of the equipment to ensure the facility operates at peak efficiency.

"The system will produce approximately 18 tonnes of green hydrogen and 100 tonnes of green ammonia," he said.

The projects are being funded by the German Federal Ministry of Education and Research, through the Namibian Government, supported by the Southern

African Science Centre for Climate Change and Adaptive Land Management.

Mnyupe also said HyIron, another key green hydrogen project, is working on delivering the first direct reduced iron of its kind in the world. Their innovative kiln is expected to arrive in Namibia by early September.

"The proprietary kiln that is to be used to make this new product is expected to arrive in Namibia in early September and HyIron aims to produce the first batch of local iron ore by the end of November," he said.

The plant, which is being built near Arandis, will use renewable energy to produce iron based on HyIron technology, without any carbon emissions.

The plant is expected to start production in late 2024 and will initially produce 15,000 tonnes of Direct Reduced Iron per year, with zero carbon emissions released during the production process. Renewable energy will replace fossil fuels in the conventional production process, powered by a solar and wind energy plant. In the initial phase, a 20MW solar photovoltaic installation will provide carbon-free electricity to the Plant and as production scales up, an additional 18MW of wind energy and 140MW of solar energy will be integrated.

Additionally, the Green Hydrogen Programme is collaborating with the Maersk-McKinneyMoller Centre for Zero Carbon Shipping to develop a report detailing Green Maritime Corridors from Namibia.

This report, Mnyupe explained, is expected to be published at COP29, and will showcase Namibia's potential as a global green hub, linking its green products and services to the international market.

"We will hold a workshop with local stakeholders on the margins of the Global African Hydrogen Summit in Windhoek one early September to showcase work done to date and invite further feedback on the exciting work that links Namibian green products and services to the world," he said.

Mnyupe highlighted that the Green Hydrogen Programme is actively engaging with stakeholders, including the United Nations Country Representation and the Namibian Chamber of Environment, to ensure transparency and collaboration in the rapidly evolving sector.

Namibia aims to create 26,000 jobs in the green industrial sector by 2030.

- ***miningandenergy.com.na***

Namibians cite misalignment in budget spending

A new survey by the Economic Association of Namibia has revealed that 60.2% of Namibians believe the government's budget allocations are not aligned with national development priorities.

The 2024 Public Perspectives Allocation and Effectiveness of Namibia's National Budget survey highlighted public concerns over spending priorities.

The survey respondents highlighted that underspending on critical areas, disproportionate budget allocations compared to the actual needs, misprioritisation of health and education, and the ineffective use of public funds led to the misalignment of budgetary allocations to national development.

"A notable majority of survey respondents (60.2%) hold the view that government budget allocations are not in alignment with national development priorities," the survey said.

The survey further queried respondents on which areas required more budget allocation to enhance national development.

22,1% respondents value economic development, with health care at 21.3%

ranked second on public perspective priority area and education receiving 20.5% ranked third and infrastructure at 13.9% ranked fourth in the priority focus areas for national development.

“Most respondents (22.1%) prioritised economic development as the top category requiring more budget allocation, followed by healthcare (21.3%), education (20.5%), and infrastructure 13.9%,” EAN noted.

Furthermore, the respondents highlighted the importance of allocating a greater portion of the budget to social welfare as opposed to police, defence and administration combined.

“Social welfare requires more funding than police, defense, and administration, put together, indicating a strong public preference for increasing social welfare programs,” EAN said.

The EAN public perspective survey noted that 29% of respondents prioritised economic development and infrastructure development combined.

From the survey, 16% of respondents prioritised economic development and 13% of respondents valued infrastructural development.

“The survey respondents indicated that economic development (16%), when combined with infrastructure development (13%) should receive the highest budget allocation of 29%,” the findings read.

The survey respondents further ranked education second in priority with 18% and health third with 17% budget allocation.

“Second in place in order of priority is education with 18%, while health is in third place with 17%,” EAN highlighted.

The survey emphasised the importance of prioritising funding for revenue-generating sectors to boost the economy, while still recognising the importance of education and health as economic enablers.

“While the public recognises education and health as important economic enablers, the results show a recognised need to boost funding to sectors that directly stimulate economic growth,” EAN.

Namibia's budgetary allocations over the past three decades have primarily focused on three key areas, namely education, health and defence.

Business capabilities as the predictor of service quality

By Victor Songa Musiwa

The quality of service delivered to customers stands as a critical differentiator for success. Organizations should continuously seek ways to enhance their service quality to meet and exceed customer expectations. One fundamental yet often overlooked aspect that significantly influences service quality is business capabilities.

These capabilities encompass a broad range of competencies and resources that an organization possesses, enabling it to deliver high-quality services consistently.

Understanding Business Capabilities

Business capabilities refer to the combination of processes, people, technology, and knowledge that an organization utilizes to achieve its objectives. They are the building blocks that allow a company to perform specific functions effectively and efficiently. These capabilities can be categorized into several domains:

1. Operational Capabilities: These include the processes and systems that ensure smooth and efficient operations. Streamlined operations reduce errors, enhance speed, and improve the overall customer experience.

2. Technological Capabilities: In an increasingly digital world, having advanced technological tools and systems is essential. These capabilities allow for better data management, automation of routine tasks, and improved communication channels.

3. Human Resource Capabilities: Skilled and motivated employees are the backbone of any high-quality service. Investing in training, development, and a positive work culture enhances employee performance and, consequently, service quality.

4. Customer Relationship Capabilities: This involves understanding and managing customer interactions effectively. Capabilities in this area include customer feedback systems, personalized service approaches, and robust customer support frameworks.

5. Strategic Capabilities: These involve the ability to plan and execute long-term strategies that align with market demands and customer expectations. Strategic agility ensures that the organization can adapt to changes and continuously improve service quality.

The Link Between Business Capabilities and Service Quality

The correlation between robust business capabilities and superior service quality is profound. Here are several ways in which business capabilities predict and enhance service quality:

1. Consistency and Reliability: Strong operational capabilities ensure that services are delivered consistently and reliably.

Standardized processes reduce variability, ensuring that customers receive the same high level of service every time they interact with the organization.

2. Innovation and Improvement: Technological capabilities enable organizations to innovate and improve their services continuously. Advanced analytics can uncover insights into customer behavior, leading to more personalized and effective service offerings.

3. Employee Engagement and Performance: When an organization invests in its human resources, it fosters a culture of excellence. Engaged and well-trained employees are more likely to go the extra mile to satisfy customers, directly impacting service quality.

4. Responsive and Adaptive: Strategic capabilities allow organizations to be more responsive to market changes and customer needs. This adaptability ensures that services remain relevant and of high quality in a dynamic environment.

5. Customer-Centric Approach: Capabilities in managing customer relationships ensure that organizations stay attuned to customer needs and expectations. By effectively gathering and acting on customer feedback, organizations can continuously refine their services to enhance customer satisfaction.

Conclusion

Business capabilities are the fundamental predictors of service quality. Organizations that develop and harness these capabilities are better positioned to deliver high-quality services that meet and exceed customer expectations. By focusing on operational efficiency, technological advancement, human resource development, strategic planning, and customer relationship management, businesses can create a robust framework that consistently delivers exceptional service.

Victor Songa Musiwa, CCXP, XMP, MSc, is Namibia's first globally certified experience management professional (CCXP & XMP), Founder, and Chief Executive Officer of Relentless CX cc.

Windhoek banks on foot traffic to revitalise CBD business landscape

The City of Windhoek is pursuing a long-term plan to revitalise its central business district (CBD) by increasing foot traffic.

The goal is to foster a thriving business environment, support small and medium enterprises (SMEs), and create a more pedestrian-friendly setting.

City Chief Executive Officer Moses Matyayi highlighted that this strategy involves various initiatives, which include the introduced parking fee structure aimed at managing traffic congestion while specifically addressing concerns regarding its impact on foot traffic and SMEs.

"There will be many people who, rather

than passing by in a car, can come and walk and then probably just walk in. They could have just passed by with a vehicle, but because they are walking and when they see one service, they can quickly just pop in," he said.

He added that the City plans to leverage these measures to encourage non-motorised traffic, promoting walking and cycling to create a shared and productive urban space.

"We would like to encourage you to walk. We want to encourage you to cycle so that we can all have a common space to share. When this common space is shared among all of us, I'm sure we will be a happy City and a productive one in the long term," Matyayi said.

Matyayi acknowledged that new measures often take time to be accepted and adopted.

"Everything new usually takes time to adopt. You need to get accustomed to it and understand the context of it, and then when you get used to it, that's when you start realising the benefits," he said.

In terms of incorporating the informal sector into the CBD, Matyayi mentioned plans to create a conducive environment for traders.

"We have regulations in place that regulate our traders. Unfortunately, what is not comfortable is for us to have a chaotic trading environment. We would like them to at least trade from a designated place," he said.

Matyayi pointed out that the City provides designated trading spaces for vendors to ensure their safety and prevent conflicts between pedestrians and motor vehicles.

"We have spaces. We've got more than six markets currently around the city. If they can just have that vicinity and play in that space, they will be safe enough," he said.

This comes as the City has also modernised its parking management system to "facilitate better" movement within the CBD.

"Previously, you would have those parking poles where you can put in your 50 cents. But we realised that it was becoming difficult because the residents were putting bubble-gum, they were putting trees, and they became dysfunctional," the CEO explained.

To address these issues, the City partnered with Keyplot Investment, a company that manages parking without costing the City additional funds.

"What we have now is a contract with Keyplot Investment. They are collecting and they are paying an amount to the council, which is even better than what we used to get. It's much easier for you to come and find a parking space than it used to be before," Matyayi said.

Cattle marketing up 28.8% to 109,192 heads in Q2 2024

The Livestock and Livestock Products Board of Namibia reported a 28.8% increase in cattle marketed during the second quarter of 2024, with a total of 109,192 cattle sold.

The Board's Statistician, Fransina Angula, said live cattle exports improved, totalling 51,665 heads, primarily due to drought conditions.

Weaner prices averaged N$24.45/kg, while beef all-grade prices averaged N$59.76/kg during the quarter under review.

"Weaner prices have been declining but are expected to rise after mid-August as feedlots prepare for the festive season. The weaner/ B2 ratio held steady at 40.9%, indicating stable producer carcass prices and a balanced market," she said.

Angula noted that beef exports surged by 59.4% to 8,031,908 kg in Q2, bringing the year-to-date total to 10,968,092 kg, up 69.7% from 2023.

"The EU received 40.4% of exports, with the UK, South Africa, and Norway accounting for 23.6%, 21.3%, and 12.2%, respectively. Beef imports decreased by 5.6%, reflecting better availability of locally produced offal," she said. Meanwhile, in the second quarter of 2024, the sheep sector experienced growth, driven by live exports to South Africa, with a total of 310,481 sheep being marketed, a 10.9% increase from 279,816 in Q2 2023.

"Despite a 3.0% drop in prices, sheep prices remained stable: lamb Dorper averaged N$30.63/kg (down from N$31.58/ kg in 2023), while all-grade carcass prices averaged N$47.26/kg and A2 carcass prices averaged N$70.63/kg," she said.

Year-to-date lamb and mutton exports fell by 21.0%, with a 34.8% decline in Q2 exports to South Africa, totalling 247,561 kg compared to 379,858 kg in 2023. Mutton imports also decreased by 23.4%.

Meanwhile, goat marketing remains heavily dominated by live exports to South Africa's Kwazulu-Natal province.

South Africa's share of Namibian goat exports decreased slightly from 97.9% in 2023 to 97.5% in Q2 2024.

"Overall goat marketing was slower, with 36,072 goats marketed during the period, bringing the year-to-date total to 60,514, a 5.1% decline. Goat lamb prices averaged N$29.34/kg and peaked at N$30.54/kg in June 2024," said the Statistician.

In the review period, pig slaughtering increased by 7.7%, reaching 12,244 pigs compared to 11,366 in 2023.

Despite this growth, local pork's market share fell from 43.5% to 35.8% due to a rise in imports.

"The average slaughter mass was 90.05 kg. The pork ceiling price remained at N$51.03/ kg, while the South African benchmark price was N$31.19/kg. Pork, the most affordable protein, made up 87.7% of all controlled meat imports due to limited local production," Angula noted.

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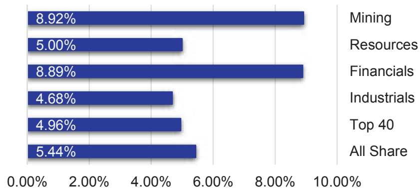
FINANCIAL MARKET MONITOR

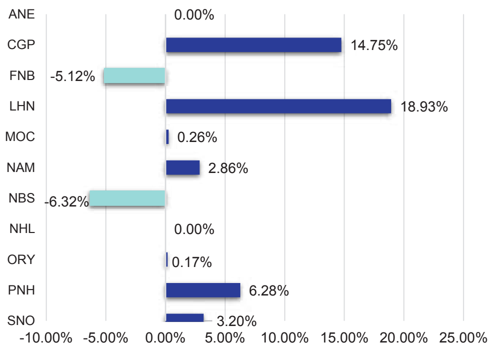
Commodities	
Spot Gold	2386.00
Platinum	930.80
Palladium	897.19
Silver	27.70
Uranium	83.50
Brent Crude	80.45
Iron Ore	95.36
Copper	9040.37
Natural Gas	2.02
Lithium	11.95

Currencies	
USD/ZAR	18.2720
EUR/ZAR	19.8404
GBP/ZAR	23.4942
USD/CNY	7.2493
EUR/USD	1.0857
GBP/USD	1.2856
USD/RUB	86.3890
CPI	4.60%
Repo Rate	7.75%
Prime Rate	11.50%

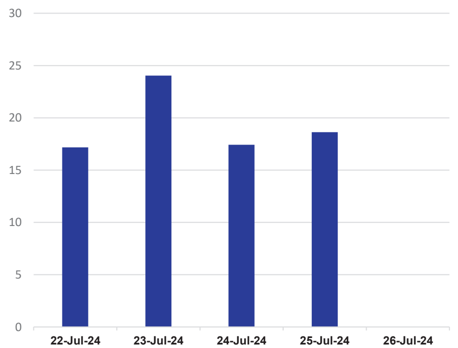
JSE Indices: Year to date movement %



NSX Local Stocks: Year to date price movement %



JSE ALL SHARE VALUE TRADED (ZAR BILLIONS)



Global Indices: Year to date movement %