



Insurance and Pensions Symposium

Embedding Fair Treatment of Customer: NAMFISA's Integrated Approach to Consumer Protection in Financial Services

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Purpose of this Presentation

NAMFISA's Integrated Approach to Consumer Protection



This presentation highlights the central role of trust in the financial system and demonstrates how effective consumer protection serves as a key mechanism for sustaining that trust.

It further outlines NAMFISA's integrated supervisory approach to protecting consumers while safeguarding the financial soundness of the financial sector.



Central Role of Trust in the Financial System



A Simple Story

Why Consumer Protection Matters?



Sylvia, 45

Bookkeeper

- ✓ Defined Contribution Pension Fund Member
- ✓ Education Savings Plan for her kids
- ✓ Funeral Cover



Jabu, 45

Construction contractor

- ✓ Credit Life on Home Loan
- ✓ Whole Life policy on his life
- ✓ Funeral Cover

- Every month a portion of their salary is deducted
 - Not because they enjoy it, but because they trust the system
- **They trust that one day:**
 - Their retirement income will be there
 - Their family will be financially secure when they are not around
 - They will receive a dignified burial
- **Now imagine the moment the trust is broken**
 - When benefits are delayed
 - When funds are mismanaged
 - When promises are not honored
 - When advice is incorrect

Consumer protection is not only about protecting individuals - it is about protecting confidence in the financial system itself



Peace of Mind

The Ultimate Utility of Financial Services



Consumers don't buy **Contracts** or **Policies**

They buy Peace of Mind



- ✓ *Security in times of uncertainty*
- ✓ *Confidence promises will be honoured*
- ✓ *Assurance that their families and future are protected*

- ✗ *Will my insurer pay when I need it most?*
- ✗ *Will my pension be there – and enough?*
- ✗ *Am I being treated fairly*



Trust

The Foundation of Financial Systems

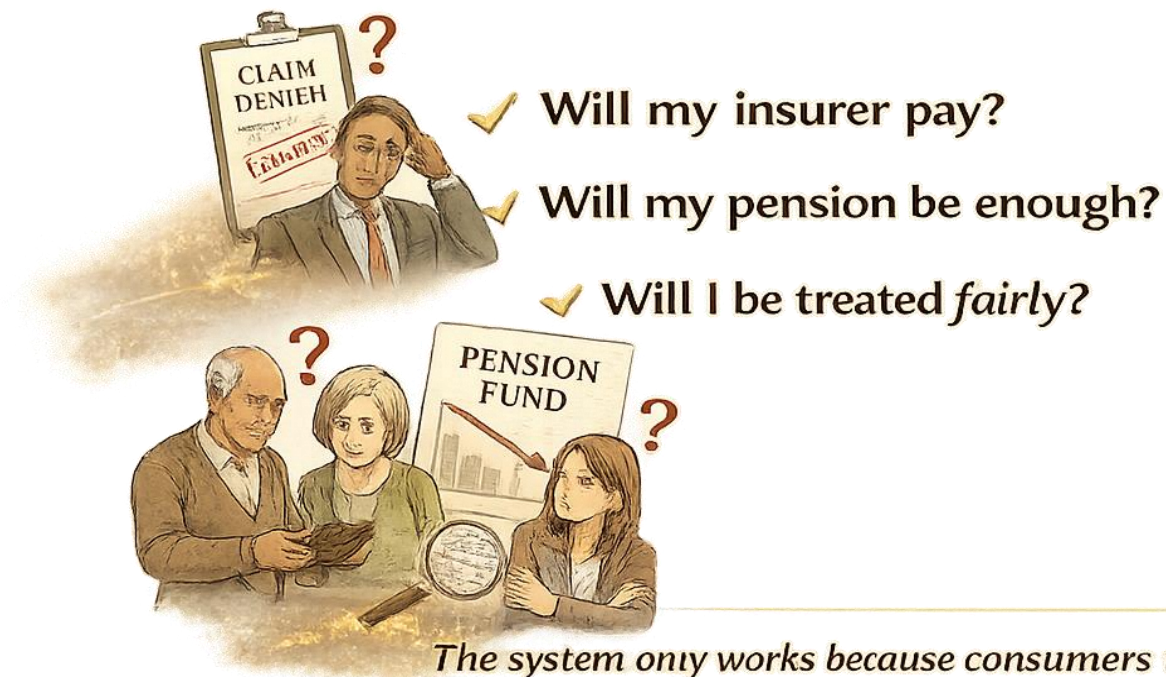


Financial Systems Are Built on Promises About the Future

Insurance → future claims

Pensions → future income

Consumers *cannot verify* these promises today



The system only works because consumers trust that they will







Trust

When Trust Exists And When it Breaks



When Trust Exists... and When It Doesn't



-  Families feel financially secure
-  Households are resilient
-  Long-term planning becomes possible
-  Insurance & savings increase



-  Consumers withdraw
-  Savings decline
-  Insurance penetration falls
-  Protection gaps widen

This is what happens in the real economy



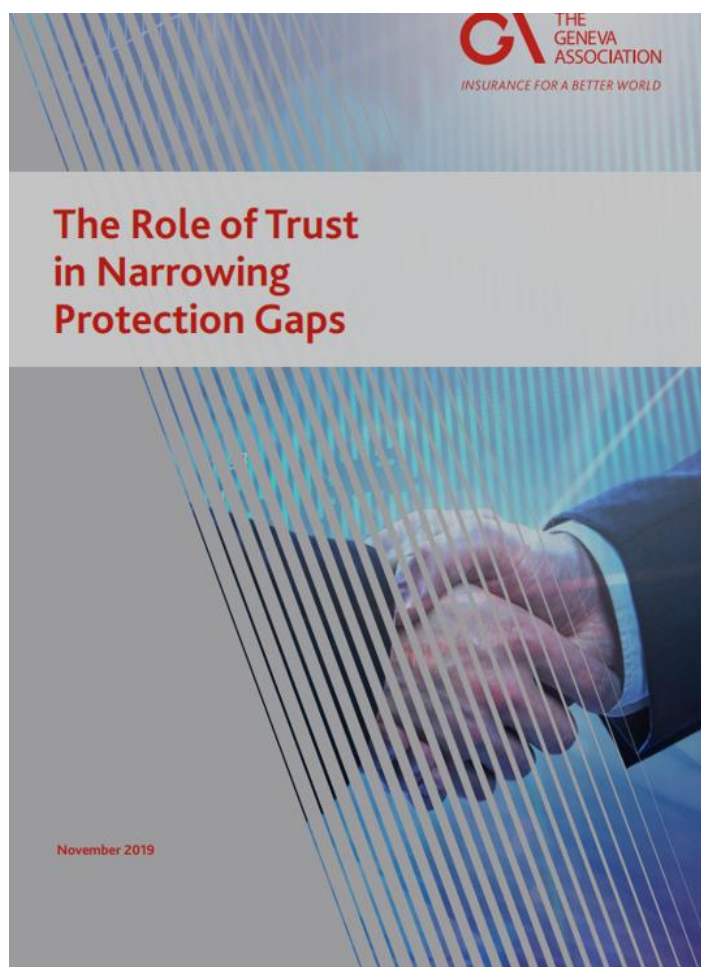
Trust

Trust Drives Financial Inclusion



Global evidence shows that half of consumers would buy more insurance if they trusted insurers more

Which tells us that trust is not just a behavioral factor It is a structural driver of financial inclusion



Source: The Geneva Association

KEY INSIGHTS

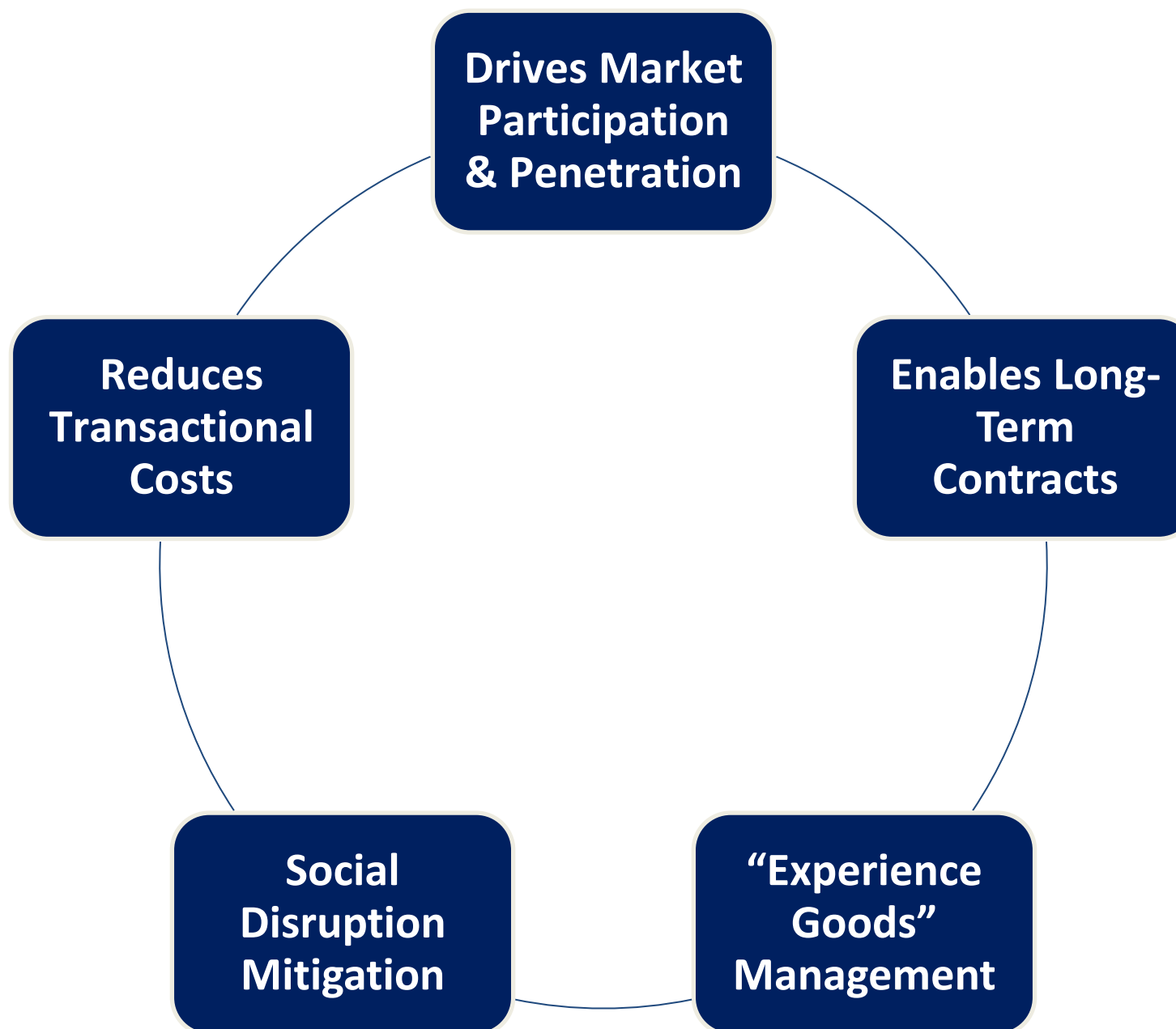
- **50 % would buy more insurance if trust increased**
- **Only ~ 25% trust insurers globally**
- **Claims experience is the #1 driver of trust**

Trust is not just behavioral — it is structural



Trust

How Trust Impacts the System





Why This Matters?

Market Stability No Trust → No Peace of Mind → No Market



Consumers Buy Peace of Mind



Peace of Mind Requires Trust



Trust Sustains Financial System



Consumer Protection is the Mechanism that Builds and Sustains that Trust



The Consumer Protection Paradox

Consumer protection is about protecting confidence in the financial system



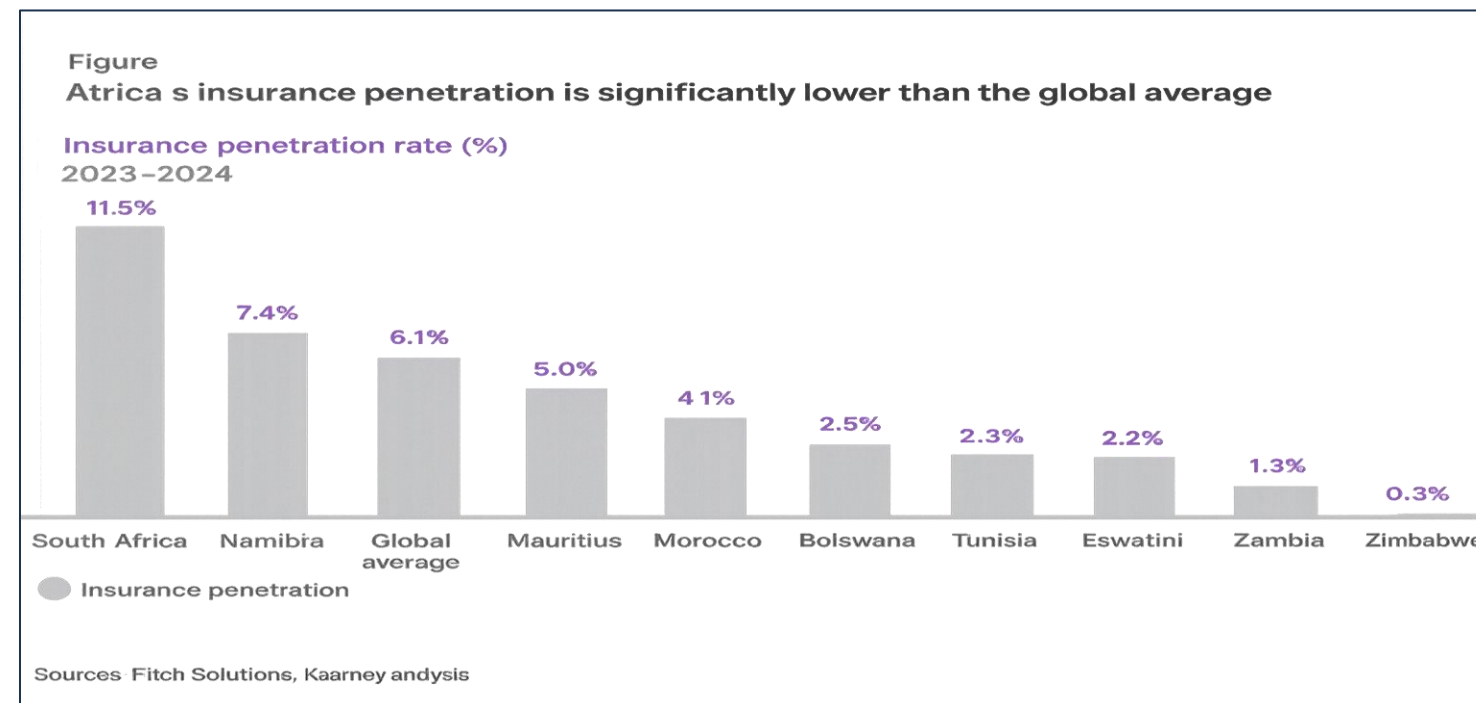
Common Perception

- Stronger consumer protecting and regulation will:
 - Slow financial innovation
 - Increase compliance costs
 - Constrain market growth

The Reality

Strong consumer protection actually:

- Builds trust in financial institutions
- Encourages greater participation in financial markets
- Increases insurance penetration and long-term savings



When consumers trust the system:



more people buy insurance



more people contribute to pension funds



more households participate in financial markets



NAMFISA'S INTEGRATED APPROACH TO CONSUMER PROTECTION



NAMFISA'S Integrated Approach

Financial Institutions & Markets Act (FIMA)



VISION

To have a safe, stable and fair financial system contributing to the economic development of Namibia in which consumers are protected

MISSION

Regulate and Supervise Financial Institutions & Financial Intermediaries

Foster a Stable, Fair Non-Banking Financial Sector

Promote Consumer Protection

Provide Sound Advice to the Minister of Finance

5 PILLARS

(What we do)

Prudential Supervision

Market Conduct Supervision

Consumer Education

Complaints & Redress Mechanisms

Risk-Based Supervision

ENABLERS

(What makes it work)

Strong Legal & Regulatory Framework

Institutional Capacity & Skills

Data, Market Intelligence & Supervisory Analytics

Supervisory Coordination Platforms

Industry Engagement & Dialogue

Consumer Engagement & Public Awareness

Effective Enforcement & Remedial Powers



NAMFISA'S Integrated Approach

Financial Institutions & Markets Act (FIMA)



The 5 Pillars

What we do

Can Institutions Deliver?

Prudential Supervision

- Ensuring that promises to Consumers are honoured
- Prudential Supervision ensure that they:
 - Maintain adequate **capital and solvency**
 - **Manage risk** appropriately
 - Maintain strong **governance structures**
 - Remain **financially sustainable**
- Transforms financial soundness into consumer trust

Do They Deliver Fairly?

Market Conduct Supervision

- Ensuring Consumers are treated fairly in practice
- Consumers are not only protected from failure, but also from unfair treatment while the system is functioning
- Market Conduct Supervision ensures that:
 - **Products** are appropriate and not misleading
 - Consumers receive clear, understandable **information**
 - **Advice** is suitable and not driven by conflicts of interest
 - **Claims** are handled fairly and without undue delay
 - Customers are **treated consistently and transparently**

Can Consumers Engage With Confidence?

Consumer Education

- Empowering consumers to engage with confidence
- Consumer education enables consumers to:
 - Understand products, risk and obligations through **public awareness campaigns**
 - Compare options and make informed choices through **financial literacy programs**
 - Recognize misleading or unfair practices through **educational materials** on financial products and risks
 - Plan for long-term financial needs

What Happens When Things Go Wrong?

Complaints & Redress Mechanism

- Ensuring Consumers to make informed financial decisions
- Even in a well-functioning system, **things can go wrong**
- Restoring fair outcomes when things go wrong
- Complaints & Redress Mechanism ensuring that:
 - Consumers **have a voice** when treated unfairly
 - **Poor conduct** is corrected
 - Harm is **remedied** where possible
 - Institutions are held **accountable**
- Complaints data also serves as an **early warning system** to identify emerging risks and patterns of poor conduct

Are Resources Targeted Where Harm is Greatest?

Risk-Based Supervision

- Ensuring greatest risk to Consumer outcomes are targeted
- **Focuses Resources** where consumer harm is highest
- **Prioritizes institutions** and product with greatest impact
- Act early before risks become **systemic**



The Seven Enablers

What makes it possible for the framework to work in practice?



Legal & Regulatory Framework

Enables NAMFISA to:

- *Set Conduct Standards*
- *Require Disclosure and Transparency*
- *Enforce Fair Treatment Obligations*
- *Intervene When Misconduct Occurs*



Enforcement Powers

- *Regulatory Sanctions*
- *Remedial Directives*
- *License Conditions*
 - *Penalties*



Consumer Engagement & Public Awareness

- *Financial Education Programs*
 - *Awareness Campaigns*
- *Accessible Complaints Channels*
 - *Transparency Initiatives*



Supervisory Coordination

- *Prudential & Market Conduct*
- *Licensing and Registration*
 - *Bank of Namibia*
- *Other Regulators such as Competition Commission, Auditing and Accounting, etc.*



Institutional Capacity & Skills

Includes expertise in:

- *Various Sub-Sectors*
- *Actuarial, Legal & Investment*
 - *Data Analytics*
- *Emerging Technologies*



Data & Analytics

Key sources include:

- *Complaints Data*
- *Supervisory Reporting*
- *Market Monitoring*
- *Thematic Reviews*
- *Consumer Surveys*



Industry Engagement

Enables:

- *Communication of Regulatory Expectations*
- *Understand Industry Challenges*
- *Encourage Good Practices*
- *Anticipate Emerging Risks*

**Consumer Protection
Requires A
Strong Enablement
Environment**

EMERGING RISKS TO CONSUMER TRUST

CORE TRUST RISKS

AI & ALGORITHMIC BIAS

- MISLEADING AI MARKETING
- ALGORITHMIC UNDERWRITING
- AUTOMATED DECISION-MAKING

DIGITAL DISTRIBUTION

- LACK OF TRANSPARENCY
- DATA PRIVACY
- CYBERSECURITY

COMPLEX INVESTMENT PRODUCTS

- PENSION FUND INVESTMENT RISKS
- EXPOSURE TO PRIVATE MARKETS
- BUNDLED & EMBEDDED PRODUCTS

CLIMATE AND THE "PROTECTION GAP"

- INSURANCE AFFORDABILITY
- AVAILABILITY OF COVERAGE
- UNFAIR EXCLUSIONS

3RD PARTY RISK MANAGEMENT

- CLIENT DATA USAGE AND PRIVACY
- FAIR TREATMENT
- MISSELLING

REGULATOR MANDATE MUST BALANCE:

INNOVATION

CONSUMER PROTECTION

FINANCIAL STABILITY



Trust & the Purpose of Financial Services

Trust is the Foundation Upon Which Financial Systems are Built



WHY DO CONSUMERS PARTICIPATE?



NAMFISA'S RESPONSIBILITY

 **Financial Soundness**
Institutions Remain Stable

 **Fair Treatment**
Consumers Are Treated Fairly

 **Trustworthy Markets**
Markets Function With Integrity



Closing Message



If trust is the foundation of the financial system,

Consumer protection is the mechanism through which that trust is safeguarded

Thank You



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