

## **CIRCULAR**

**NO: NAMFISA/RPS/1/2024**

**TO: LONG-TERM INSURERS, LONG-TERM INSURANCE AGENTS, LONG-TERM INSURANCE BROKERS, NAMIBIA INSURANCE ASSOCIATION (NIA), NAMIBIA INSURANCE BROKERS ASSOCIATION (NIBA), NAMIBIA SAVINGS AND INVESTMENT ASSOCIATION (NaSIA), PRINCIPAL OFFICERS AND TRUSTEES OF ALL REGISTERED PENSION FUND ORGANISATIONS, INVESTMENT MANAGERS, UNIT TRUST MANAGEMENT COMPANIES, LINKED INVESTMENT SERVICE PROVIDERS, CENTRAL SECURITIES DEPOSITORIES, STOCK EXCHANGE, STOCKBROKERS, UNLISTED INVESTMENT MANAGERS, SPECIAL PURPOSE VEHICLES**

**FROM: CHIEF EXECUTIVE OFFICER**

**DATE : 07 OCTOBER 2024**

**SUBJECT: FINAL DRAFT OF STANDARD NO. GEN. S.10.10 OUTSOURCING OF FUNCTIONS AND RESPONSIBILITIES BY FINANCIAL INSTITUTIONS AND FINANCIAL INTERMEDIARIES**

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1. Globally, the non-banking financial services industry has grown into a competitive, complex, innovative, and large industry. These developments, coupled with increasing automation, have led the industry to reduce costs and improve operational efficacy by outsourcing functions or services to third parties.
2. NAMFISA recognizes that while outsourcing of functions or services is the modern way of doing business, outsourcing brings about operational,

reputational and compliance risks that may threaten the stability, security, and integrity of the financial system.

3. On 16 April 2024 NAMFISA invited the industry to comment on General Standard No.10.10 Outsourcing of Functions and Responsibilities by Financial Institutions and Financial Intermediaries (“the Outsourcing Standard”) Government Gazette No .8347 of 2024. NAMFISA acknowledges and appreciates the comprehensive comments received on the Outsourcing Standard.
4. Simply put, the Outsourcing Standard:
  - a) prohibits all financial institutions and financial intermediaries from outsourcing their principal business function or activity to a third-party service provider. Principal business function or activity is defined under Schedule 2 of the Outsourcing Standard.
  - b) permits the outsourcing of a material business function or activity to a third-party service provider within the confinements of the Standard.
5. The policy objective underpinning the Outsourcing Standard is threefold:
  - a) risk management- to reduce the systemic risk that outsourcing of functions or services to third parties may cause to financial institutions. This is in line with NAMFISA’s mandate to foster the efficiency, stability and soundness of financial institutions and financial markets sector;
  - b) local capacity building; and
  - c) the promotion of consumers having access to quality services and products in real time.

6. For your planning purposes, kindly note that the latest version of the Outsourcing Standard will be circulated to the industry through the email mailing list and is also published on our website:  
<https://www.namfisa.com.na/legislative-instruments/>

For any enquiries, kindly do not hesitate to contact: Ms. Rosalia Mboti on (061) 290 5176 or [rmboti@namfisa.com.na](mailto:rmboti@namfisa.com.na)

Yours sincerely,

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