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BANKS AND MICRO-FINANCE IN NAMIBIA

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This paper uses data and information on Namibia to discuss the nature and availability of micro-finance and the problems of providing low income and rural credit financial services. We note that in Namibia, three segments of the financial system are involved in micro-finance: the regulated formal segment, the officially recognised but unregulated recognition or regulation. We also explain that most of the micro-deposit services are provided by formal sectors (banks) and by the post savings system - particularly in rural areas. However, the formal part of the financial system, provides few micro-credit loans. Most small loans are supplied by informal and semi-formal sources. Furthermore, the recent rapid expansion in the cash loan industry has sharply expanded the supply of small, short-term loans in urban areas and non-governmental agencies and parastatals have been less successful in expanding rural lending. Informal lending is also particularly repressed in rural and agrarian areas.