



JOINT MEDIA STATEMENT

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ATTENTION: News Editors

BANK OF NAMIBIA AND NAMIBIA REVENUE AGENCY ACTIVATE TRADE VERIFICATION SYSTEM

1. The Bank of Namibia and the Namibia Revenue Agency (NamRA) have jointly introduced a transformative digital initiative set to redefine trade operations within Namibia. The much-anticipated Trade Verification System (TVS) is scheduled to be officially unveiled on 17 November 2023, marking a significant leap forward in bolstering the efficiency and transparency of trade processes in the country.
2. Over the past years, trade has been heavily dependent on paperwork, necessitating labour-intensive manual handling, which has proven to be taxing and susceptible to errors, fraud and non-compliance concerns. The international trade system is subject to a wide range of vulnerabilities exploited to advance fraud, capital flight, tax evasion and especially Trade Based Money Laundering (TBML). The primary vulnerability in national assurance frameworks arises from the absence of mechanisms that compares or reconciles trade declarations made via customs (amongst others), with financial transactions related to such trade. In the absence of such a reconciling framework, the Financial Intelligence Centre (FIC) observed that Namibia suffered huge foreign currency losses evidenced by irregular outward remittances for non-existent imports.
3. The discovered losses led to the establishment of a Public-Private Partnership (PPP) under the leadership of the FIC. The PPP's investigation observed losses to the tune of NAD 3 - 4 billion, over a three-year period. The investigation outcomes, amongst

others, recommended the implementation of a national framework to reconcile trade declarations with relevant financial transactions conducted in the financial sector. This framework, which has been in the pipeline for several years, has culminated in the launch of the TVS on 17 November 2023.

4. To create efficiencies, ensure compliance, deter illicit capital flows and illicit practices and streamline trade operations, many countries have adopted the concept of trade verification systems. This system automates trade, reduces the reliance on manual processes, advances and ensures the authenticity of documents, avails a single source of truth on which both customs and the financial services can rely to enable capital exportation as payment for foreign goods and services and reduces operational costs, while ensuring regulatory compliance.
5. Trade verification systems offer a more efficient, secure and technologically advanced approach to international trade and have become increasingly common in modern global trade as they address many of the limitations and challenges associated with traditional trade practices.
6. Namibia is amongst the early adopting African countries to introduce a Trade Verification System. Over the past month, the Bank and NamRA conducted nationwide training workshops with various relevant stakeholders to fully unpack the web-based system's capabilities. Integrated with NamRA's Automated System for Customs Data (ASYCUDA), the innovative system enables the user to declare transactions in multiple currencies and also offers users the ability to manage documents and update relevant export and import information. Furthermore, traders now have the opportunity to create their own Unique Consignment Numbers (UCR) for declarations at NamRA and commercial banks, particularly for prepaid export transactions.
7. The system further eases commercial banks' operations as they will now be able to include new data elements designed for automation and effective management of transactions. The unique identification numbers will enable banks to accurately secure the identification of traders through transactions and verify compliance. The Bank of Namibia and commercial banks will also be able to visibly ensure oversight, accountability and financial accuracy.
8. In summary, trade verification systems offer a more efficient, secure and technologically advanced approach to international trade. This initiative signifies a step forward in maintaining a sound financial system.

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9. The system, which officially went live on 15 October 2023 will have its launch featuring a comprehensive high-level overview of its features, operational procedures, and significant advantages. The event will be live-streamed on the Bank of Namibia and NamRA's Facebook pages.

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