NamPost introduces smart banking
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A RECENT FinScope financial survey shows that the majority of Namibian citizens - the poor and those based in the rural areas - have no access to financial services, especially when it comes to banking.

For many years, the poor and those living in remote places have been classified as 'unbankable'.

The FinScope Namibia 2004 survey, carried out by the Bank of Namibia and FinMark Trust, and made public a couple of months ago, revealed that although financial services played an important part of the country's economy, the majority of Namibians still faced difficulties in accessing these services.

However, this situation is set to be reversed when the Smart Switch Namibia (SSN) project comes into play in February next year.

The new technology promises to incorporate everyone into the banking world.

The country's postal company, Namibia Post Limited (NamPost) yesterday signed a shareholders' agreement with an international technology development company, Net1 Universal Electronic Payment System Technologies Incorporated (Net1), to bring into force SSN, whose aim is to bring banking services to the people.

The 50/50 venture will launch a new product - the first of its kind in Namibia - called the smart card, at a cost of N$23,5 million.

SSN will set up a switch or exchange to support the use of the smart card, and then NamPost will replace its savings books with smart cards.

All current NamPost banking products will be transferred to the smart card, which offers affordability, security, simplicity and flexibility.

NamPost, with 120 service outlets, has been responsible for postal and savings bank services, catering mainly for middle- and low-income earners, pensioners and those operating in the informal sector.

Most of these people cannot afford to open accounts with commercial banks because of the strict requirements.

NamPost Chief Executive Officer Sakaria Nghikembua said the smart card will work on a debit-card principle and is set to revolutionise the banking system in the country.

The smart-card system uses biometric fingerprint identification, which means that no pin codes or physical identification documents are necessary.

No payslips or other documents are required when applying for a smart card; just a set of 10 fingerprints which will be used as the client's ID and access codes.

With the latest biometric technology, only fingerprints from a living person can activate accounts, preventing criminals from using cut-off fingers of dead cardholders.

Another first with this technology is that transactions can be done offline, enabling the system to be used anywhere at anytime, meaning it will reach those in the remote areas too.

Another advantage, which would be an incentive for customers, is that the smart-card system has been known to have low transaction costs, due to its wider reach and base.

Nghikembua said this venture would establish his company as a key player in the banking industry and change the public's perception of NamPost.

He said, "We (NamPost) have traversed a long way from being just the 'Post Office' in the town or village, to becoming a leading financial services player…

With the introduction of the smart card, we define our position in the financial services arena.

We intend to consolidate our position as the foremost player in serving the unbanked and under-banked people of Namibia."

Net1 founder and CEO, Serge Belamant, said his company developed the technology in 1989 after he realised how most people were excluded and unable to access the essential banking sector.

He said his company had spent more than 10 years developing the smart-card technology.

A Namibian smart-card holder will be able to use the card for transactions in any of the countries - South Africa, Malawi, Zimbabwe, Mozambique, Ghana, Rwanda, Burundi and Latvia - that have this technology.

To date over 3,5 million smart cards have been issued in South Africa, the country where Net1 launched its project in 1990.