



SOUTH AFRICAN RESERVE BANK

Media Release

3 November 2023

Publication of the South African Overnight Index Average interest rate benchmark for use by market participants

The observation period for the South African Rand Overnight Index Average (ZARONIA) interest rate benchmark ends today. Market participants may use ZARONIA as a reference rate in financial contracts going forward. ZARONIA reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. It is based on actual transactions and calculated as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits.

On [2 November 2022](#), the South African Reserve Bank (SARB) commenced publishing ZARONIA primarily to allow market participants to observe its performance and consider the implications of adopting it as a replacement for the Johannesburg Interbank Average Rate (Jibar). Market participants were dissuaded from using the benchmark in financial contracts until such a time as the SARB and the [Markert Practitioners Group](#) (MPG) indicated otherwise.

Reporting institutions¹ and the SARB used the observation period to strengthen their operational processes and technology, which led to improvements in data quality and revisions in some of the previously submitted data sets. Consequently, the SARB has restated the statistics affected by the revisions that were processed post their publication.

Given that ZARONIA is supported by a significant number of transactions and exhibits relatively low volatility, the benchmark's calculation methodology and publication policies prescribed in the [Technical Specification Paper](#) remain unchanged. Accordingly, ZARONIA is published on the SARB's [website](#) every South African business day at 10:00. With each

¹ Reporting institutions are commercial banks that are required to report bona fide transactions used to determine the daily benchmark rates.

benchmark determination, the SARB publishes the headline rate and the following related information:

- the rates occurring at the 10th, 25th, 75th and 90th percentiles;
- the volume of the transactions underpinning the headline rate; and
- an indication of whether the headline rate was determined using the 'normal' calculation methodology or via a 'contingency' arrangement.

The benchmark rate may be republished at any time before 12:00 in the event that an error is discovered after the standard publication of the benchmark at 10:00.

The MPG has designated ZARONIA as the successor rate to replace Jibar. As part of its programme to facilitate the adoption of the benchmark, it has recommended [market conventions for ZARONIA-linked derivatives and cash market products](#). The MPG also engaged several market infrastructure providers to prepare their processes and technology to support the adoption of the benchmark. Even so, the transition away from Jibar to ZARONIA is a multi-year initiative. The MPG will provide detailed information regarding the transition roadmap and offer further guidance on the salient aspects of the transition in due course.

The SARB would like to thank all stakeholders for their participation in the effort to reform domestic reference rates.

For more information, please contact Mr Zakhele Gininda, Lead Specialist: Market Operations and Analysis at Zakhele.Gininda@resbank.co.za.

Issued by SARB Media Relations

Media@resbank.co.za

Note to editors:

In 2018, the SARB embarked on an initiative to strengthen the widely used reference rates that underpin many financial market transactions and contracts and introduce alternative benchmarks that complied with the International Organization of Securities Commissions' (IOSCO) '[Principles for Financial Benchmarks](#)'. The SARB proposed various benchmarks in a [consultation paper](#) and established the [MPG](#) to make the final decisions on the proposed benchmarks.

The MPG is a joint public and private sector body, comprising representatives from the SARB, the Financial Sector Conduct Authority and senior professionals from a variety of institutions and financial market interest groups active in the domestic money market. The MPG relies on dedicated workstreams and technical subgroups to carry out its objectives. The workstreams and technical subgroups have a responsibility to provide technical input and recommendations to the MPG on specific issues that are relevant to the transition away from Jibar.