

The Corporation for Deposit Insurance: Deposit insurance requirements for new applicants

1. Statutory basis and scope of application

In terms of section 166AG of the Financial Sector Regulation Act 9 of 2017 (FSR Act), any institution licensed or registered to conduct the business of a bank and to accept covered deposits becomes a member of the Corporation for Deposit Insurance (CODI) from the date of such licensing or registration.

For purposes of deposit insurance, the term 'bank' includes:

- a bank or branch as defined in the Banks Act 94 of 1990;
- a mutual bank as defined in the Mutual Banks Act 124 of 1993; and
- a cooperative bank as defined in the Co-operative Banks Act 40 of 2007.

Compliance with deposit insurance requirements therefore forms an integral part of the licensing and registration process and must be addressed upfront by applicants seeking authorisation to establish or register a bank, mutual bank, cooperative bank or a local branch of a foreign bank.

2. Licensing and authorisation requirements

Section 166AG(3) of the FSR Act requires an applicant for a bank licence or registration to provide the responsible authority with information necessary to enable it to meet CODI's requirements. Applicants must demonstrate, to the satisfaction of both the Prudential Authority (PA) and CODI, that they can meet all applicable deposit

insurance requirements from the date they are licensed or registered to accept covered deposits.

Banks and mutual bank applicants follow a two-step process. The PA may impose deposit insurance-related conditions at the authorisation stage and finalise registration only after the applicant has demonstrated compliance, taking CODI's assessment into account. Applicants for local branches of foreign banks follow a single-step authorisation process, while cooperative bank applicants undergo a single-step registration process. For these applicants, the PA and CODI will assess compliance through application questions and, where necessary, supporting information. The PA will grant authorisation or finalise registration only once the relevant deposit insurance requirements have been met.

Failure to demonstrate compliance with deposit insurance requirements may result in delays to the licensing process or may cause refusal of an application for authorisation or registration.

3. Financial contributions to CODI

Licensed banks are required to make financial contributions to CODI, including:

- annual deposit insurance levies in terms of the Financial Sector and Deposit Insurance Levies Act 11 of 2022; and
- monthly deposit insurance premiums in terms of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022.

In addition, section 166BH of the FSR Act requires banks that hold covered deposits to maintain funds in the liquidity tier of the Deposit Insurance Fund (DIF). This obligation is met through interest-bearing liquidity tier loans provided to CODI in accordance with Prudential Standard CODI 1 − Fund Liquidity. CODI uses banks' liquidity tier contributions and premiums to build and maintain the DIF. Levies are collected to cover CODI's operational expenses.

4. Governance, resources and operational readiness

Applicants must maintain appropriate governance, systems and resources to meet their ongoing deposit insurance obligations. This includes enough staff, funding and technical/operational capacity to prepare, check and submit deposit insurance information accurately and on time. Applicants must also have documented procedures and controls across all affected business units (including internal audit oversight) to support the accurate calculation and submission of total qualifying deposits and total covered deposits, and to identify and address data issues. These procedures and controls must be maintained, documented and reviewed regularly.

5. Systems capability for single customer view reporting and data submissions

Applicants must prove that they will be able to identify, aggregate, reconcile and report qualifying depositor information in accordance with the Deposit Insurance Regulations of 2024. This includes the ability to calculate total qualifying deposits and total covered deposits using a single customer view (SCV) calculations across all qualifying deposit products and customer relationships.

Banks are required to:

- prepare SCV calculations as per the Deposit Insurance Regulations of 2024 using month-end data;
- submit total qualifying deposits and total covered deposits monthly within 10 working days after month-end and submit the required compliance declarations within 3 working days following the submission of the balances;
- submit supporting SCV calculations quarterly or at a frequency specified by CODI, within 10 working days after quarter-end;
- submit SCV calculations within 48 hours when placed into resolution; and
- submit SCV calculations within 48 hours of receiving an ad hoc request from CODI.

CODI has developed an information technology (IT) solution for the submission of deposit insurance data. CODI's data requirements, including data definitions, formats

and submission channels for monthly, quarterly, ad hoc and resolution reporting, are set out in the CODI Member Bank Data Handbook.

Applicants must demonstrate that their systems are compatible with CODI's IT solution and capable of producing accurate, complete and reliable data. Applicants must also demonstrate readiness to submit deposit insurance information to CODI in the form, manner and frequency prescribed in the Regulations, applicable prudential standards and CODI notices.

As part of the licensing process, applicants may be required to demonstrate the functionality and accuracy of their systems through test submissions using data sets provided by CODI. Applicants must show that their systems can correctly calculate and report qualifying deposits and covered deposits based on SCV requirements.

6. Independent assurance

CODI, through the PA, may require independent assurance from a public accountant approved by the PA. Such assurance may include confirmation of:

- the adequacy of the applicant's systems and controls for complying with deposit insurance requirements;
- the accuracy, completeness and timeliness of deposit insurance submissions, including the preparation of the monthly compliance declaration and chief executive officer/chief financial officer sign-off; and
- the availability of sufficient resources to meet deposit insurance reporting and submission obligations.

7. Public awareness obligations

Banks are required to comply with public awareness requirements set out in the Deposit Insurance Regulations of 2024. This includes making true, correct and complete representations to depositors regarding deposit protection.

Banks must:

- ensure that customer-facing staff are trained to use CODI-approved training materials; and

- provide depositors with CODI-approved deposit insurance information and materials.

CODI supports banks' public awareness initiatives by providing standardised training and information materials. Its published implementation guidelines provide further guidance on phasing in of these requirements.

8. Ongoing compliance

Applicants must be able to comply, on an ongoing basis, with all deposit insurance requirements set out in the FSR Act, the Deposit Insurance Regulations, applicable prudential standards (including Prudential Standard CODI 1) and any additional requirements issued by CODI through notice in the Government Gazette.

9. Applicable deposit insurance legislation

The deposit insurance framework is established under the FSR Act and supplemented by secondary legislation and guidance, including the:

- Financial Sector Regulation Act 9 of 2017
- Financial Sector and Deposit Insurance Levies Act 11 of 2022
- Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act 12 of 2022
- Deposit Insurance Regulations of 2024
- Government Notice No. 3525 (GG No. 53426 of 26 September 2025) on data submissions
- Prudential Standard CODI 1 – Fund Liquidity
- Corporation for Deposit Insurance Information Handbook
- Summary of latest coverage and reporting rules
- Single Customer View (SCV) calculations document
- Draft Guidelines on the implementation of public awareness obligations
- CODI Member Bank Data Handbook

These documents are available on the CODI's webpage. For any questions or engagements with the CODI team, please email CODI@resbank.co.za.