



South African Reserve Bank

Invitation to comment on a discussion document on the deposit insurance funding model and the implications for banks

The South African Reserve Bank (SARB) has published, for public comment, a discussion document titled '[The deposit insurance funding model and the implications for banks](#)'. The document describes the funding model for the proposed deposit insurance scheme for South Africa and the implications for banks in terms of the contributions they would be required to make to the deposit insurance fund (DIF), which will be established in terms of the Financial Sector Laws Amendment Bill (FSLAB).

In more detail, the document explains the tiered funding model and emergency funding that will be available to the future Corporation for Deposit Insurance (CoDI); how the governance and administration will affect the operational costs of CoDI and the levy paid by members; the processes for the calculation and payment of members' financial contributions to the DIF; and how instances of potential non-compliance by banks will be dealt with.

The policy proposals take into account country-specific characteristics and applicable international standards, and they are aimed at contributing to the creation of a deposit insurance scheme that would enhance the financial safety net to optimally serve the needs of the South African financial system.

Contact details and deadline for comments

Comments on this discussion document should be addressed to:

Head: Financial Stability Department
South African Reserve Bank
P O Box 427
Pretoria 0001
Tel. +27 12 313 3601
Email: CoDI@resbank.co.za

Please state your affiliation or whether you are commenting in your personal capacity.

Please also note that a summary of the comments received may be published, unless respondents explicitly request otherwise.

The closing date for comments is 16 October 2020.

Background

The Financial Sector Laws Amendment Bill (FSLAB) was tabled in Parliament in mid-August 2020. The promulgation of the FSLAB will strengthen the ability of the South African Reserve

Bank to manage the orderly resolution or winding down of a failing financial institution, with minimum disruption to the broader economy. In addition, the amendments will ensure that depositors' funds are protected in the event of a bank failure, and that depositors' funds will be paid out speedily to protect the most vulnerable customers. These amendments apply to all registered South African banks, including mutual and cooperative banks.

The FSLAB contains a high-level enabling framework for the establishment of CoDI. The SARB will be publishing a series of discussion documents that will focus on the key aspects that will affect and facilitate the operationalisation of CoDI. These discussion documents will be converted to secondary legislation after the promulgation of the FSLAB. This second discussion document in the series focuses on the South African deposit insurance funding model and the implications for banks.

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