



Protecting depositors

A year into operations, CODI is a key component of South Africa's financial safety net, providing depositors reasonable access to their money should their bank fail or be placed in resolution.

In accordance with the FSR Act, CODI administers and manages the Deposit Insurance Fund (DIF) and works to raise public awareness of CODI's benefits and limitations of its protection.

CODI's funding model

The DIF

As at April 2024, and per the FSR Act, CODI established the DIF using financial contributions from banks in the form of a loan (liquidity contribution)¹³ and premiums.¹⁴

CODI will use the DIF to provide qualifying bank depositors up to R100 000 of their qualifying account balances if their bank fails and goes into resolution. As at 31 March 2025, the DIF balance was R20 billion.

CODI annually assesses the size of the DIF to ensure it can fulfil its role in a bank resolution.

Operational expenses

CODI started collecting levies¹⁵ from banks on 1 April 2024 to cover its operational expenses. In adherence to the FSR Act, CODI minimises its expenses by outsourcing its support functions to various SARB departments, which includes using their assets, resources and other services. In addition, CODI leverages technology to automate internal processes, ensuring that its organisational structure remains small and efficient.

Public awareness of depositor protection

Raising awareness of depositor protection is a critical element of CODI's legislated functions. CODI launched a campaign to inform the public about its operationalisation, the protection it offers and the limits of this protection.

CODI spokespeople participated in over 65 media interviews across television, radio, print and online platforms.

The deposit insurance legislative framework requires banks to inform and educate their customers about depositor protection. CODI provided banks with training on these requirements and standardised materials for communicating their CODI membership and the benefits and limitations of CODI's protection.

Membership to CODI

Membership to CODI is mandatory for all banks registered under the Banks Act, Mutual Banks Act 124 of 1993 and the Co-operative Banks Act 40 of 2007 (CBA). It also includes banks operating within the borders of South Africa that are regulated and supervised by the PA.

¹³ The liquidity contributions from banks are calculated as 3% of the bank's covered deposits.

¹⁴ Premiums are calculated at 0.2% of a bank's covered deposits per year, payable over 12 months.

¹⁵ Levies are based on 0.015% of a bank's covered deposits.

CODI maintains a list of these banks on its webpage and banks are required to display the CODI membership sign on their digital platforms or in physical branches for the benefit of depositors.

CODI's communication with the banking industry

CODI regularly informs member banks on the legislative requirements for deposit insurance, monitors their compliance with the deposit insurance legislative framework and keeps them updated on any developments in deposit insurance.

Additionally, CODI meets quarterly with the Banking Association South Africa's Deposit Insurance Task Group to provide updates on various matters, including legislative and regulatory developments, system advancements and public awareness initiatives.

Strategic success

During the past year, CODI achieved several strategic objectives:

- Established the DIF and reached the targeted fund size approved by the CODI Board.
- Launched a public awareness campaign to educate the public about depositor protection.
- Provided banks with communication materials and guidelines to help them meet their legal obligations to inform the public about CODI and depositor protection.
- Successfully completed a resolution simulation facilitated by the World Bank which tested the coordination and decision-making between financial safety net participants when a bank is placed in resolution.
- Developed processes and templates to improve CODI's speed and efficiency in providing support when a bank is placed in resolution.
- Completed the development of a foundational IT solution.

The CODI Board and Investment Committee

The FSR Act establishes two key governance structures for CODI: the CODI Board and the CODI Investment Committee. The CODI Board is tasked with approving CODI's strategy and decisions related to the DIF, while the Investment Committee reviews the DIF's investment portfolio and makes recommendations to the Board on how to invest the funds in the DIF.

Looking ahead

CODI plans to hire external fund managers to invest the DIF money to boost income, proposing to gradually change the DIF's composition by reducing banks' loans and increasing bank premiums. This is to reduce CODI's dependency on loan funding from the banks.

CODI will develop internal processes, templates and contractual agreements for supporting a bank resolution.

CODI will focus on Phase 2 of its IT system rollout to process depositor information from banks and will create mechanisms to validate these submissions.

Mutual banks, co-operative banks, commercial banks and branches of foreign banks are currently CODI members. CODI will explore the feasibility of expanding membership to co-operative financial institutions (CFIs).

Since CODI is a newly operationalised entity, many of its organisational processes are new and will be refined and matured over time. CODI will continue to conduct public awareness initiatives to build confidence in its protection.

CODI aims to assess compliance with the revised Core Principles for Effective Deposit Insurance and develop a plan to address any non-compliance.

Key approvals of the CODI Board during this financial year

4 June 2024

- CODI's annual report and financial statements for the 2024/25 financial year
- Investment policy
- Reduction of the target size of the DIF from 4% to 3% of covered deposits

6 September 2024

- Appointment of designated banks for the CODI panel of payout agent banks

26 November 2024

- CODI's strategy from 2025 to 2030
- CODI's plan to become self-funded
- Operational budget for the 2025/26 financial year
- Maintaining the liquidity tier size at 3% of covered deposits for the 2025/26 financial year
- Size of the liquid and investment tranches and cash holdings of the DIF investment portfolio
- 2025 Board workplan

3 March 2025

- Ratification of the appointment of BDO as external auditors for the 2024/25 financial year-end audit

Approvals