SOUTH AFRICAN RESERVE BANK

Opening remarks by Deputy Governor Rashad Cassim
at the 2026 Market Practitioners Group Conference,
NH Hotel, Sandton, Johannesburg
3 November 2026

Good morning, all.

Welcome to the 2026 Market Practitioners Group Conference.

Thank you for making the time to join us as we approach the closing stages of our benchmark reform journey.

When the Market Practitioners Group began this work in 2018, it was clear that replacing the Johannesburg Interbank Average Rate (Jibar), a deeply embedded benchmark, would not be easy. Jibar is referenced across trillions of rands' worth of derivatives, loans, bonds and other financial contracts.

At the same time, we recognised that rates like Jibar, so-called interbank offered rates, had become obsolete. The London Interbank Offered Rate (Libor) scandal showed that rates based on quotes from a small panel of banks just aren't robust enough for contracts worth trillions.[1] For this reason, major jurisdictions have moved to benchmarks based on large volumes of bona fide transactions, like the Secured Overnight Financing Rate (SOFR) or Euro Short-Term Rate (€STR). We have also been on this journey, moving to replace Jibar with the South African Rand Overnight Index Average (ZARONIA), a near-risk-free rate calculated from very large volumes of overnight wholesale deposits.

Unfortunately, benchmark reform is not simply a matter of constructing a new rate and announcing it. As we observed at previous MPG conferences, it is more like renovating a house while the family are still living in it.

[1] Knowledge at Wharton, 'What's behind one of the biggest financial scams in history', Knowledge at Wharton podcast, 19 February 2018.

As anyone who has done a renovation knows, there are often problems and delays. Timelines move. And that is where we are now.

Last year, we announced that Jibar cessation would take place on 31 December 2026. We are now moving that date five months later, to 31 May 2027.

The fundamental reason for this is that we need a legislative solution for the so-called tough legacy contracts. Some market participants are actively moving to ZARONIA. Others will make what's called a passive transition, moving automatically to ZARONIA on a designated date. But we have a whole class of contracts where these strategies are not feasible and contracts cannot be amended before cessation. For this purpose, there are proposed amendments to the Financial Sector Regulation Act (FSR Act) that would allow the designation of replacement benchmarks. But these amendments are not yet law. They are still working their way through the legislative process, which involves both the full parliamentary process and presidential assent. The timelines for this are not certain.

We have therefore decided it is too risky to continue with the previously announced Jibar cessation date.

Ending Jibar without proper legal mechanisms to deal with tough legacy contracts could be highly disruptive.

Major clearing houses also need to schedule the conversion of outstanding Jibar-linked derivatives to ZARONIA. If this is not aligned to the cessation date, we would have different parts of the market transitioning at different times. This creates basis, valuation, hedging and operational risks.

At the same time, we are reassured that a moderate delay of five months will not create major new transition costs.

We have therefore resolved, with great difficulty, to delay Jibar cessation. We hope that our decision to delay does not in any way slow down the legislative process. The sooner we have certainty, the better for market stability. Together with National Treasury and the Financial Sector Conduct Authority, we will work hard to support the relevant parliamentary processes and finalise the legislation as quickly as is possible.

At the SARB, we do not like missing targets. But even with the best-laid plans, there are surprises and shocks in the world. We recognise that, given how events have played out, we are better off doing Jibar cessation in May next year rather than sticking to December of this year.

The next six months will give us breathing space to complete the legislative work that remains. It will also provide market participants with extra time to complete the necessary system enhancements,

operational changes and contractual amendments required to accommodate the revised cessation date and support an orderly transition.

This delay does not reverse the decision to discontinue Jibar. It also does not reflect any concern about ZARONIA.

Indeed, the market has made measurable progress. ZARONIA is working well, with a small and stable spread to our policy rate. Furthermore, ZARONIA-related derivative exposures have grown to over R18.5 trillion globally as of September.[2] This is encouraging – although we acknowledge that global Jibar derivative exposures still exceed R98 trillion, so there is still a lot of work ahead.

Indeed, we are ambitious for further reforms and innovations beyond the Jibar transition.

Part of this is developing more ZARONIA-linked products. The development of overnight index swaps is one example of market participants adapting instruments to express and manage views around monetary policy decisions more directly. Another is growing take-up of ZARONIA-linked instruments, like Treasury's Floating Rate Notes. We very much welcome such developments.

The Prime Lending Rate[3] is also part of the next phase of reform. As you know from the consultation paper we published earlier this year, we see the Prime rate as a legacy benchmark which is no longer needed in our economy. It was never clear why it should be at a fixed spread of 350 basis points over the SARB rate, permanently, and banks always had freedom to price loans at varying spreads to Prime. We expect that doing away with Prime will make loan pricing simpler and more transparent. In making this transition, the lessons from Jibar will be very important. These include ensuring careful consultation with the affected shareholders and, clearly, we need to be cautious about setting timelines.

We are also excited about reforms in credit and repo markets.

For credit, we have been concerned for some time that the corporate bond market is too quiet. We have a very large and liquid government bond market, but private sector fundraising has been much more limited. With government bond issuance being reduced, there are more opportunities for the private sector to mobilise resources.

Similarly, there is scope for better-functioning repo markets. The irony here is that various other jurisdictions are worrying about too much leverage in government bond markets, based on massive

[2] Offshore derivatives exposure data is sourced from LCH SwapClear.
[3] The Prime Lending Rate is a key reference rate in the South African financial system and underpins a significant portion of retail and commercial lending. The scale of domestic Prime-linked exposures is estimated at around R4.7 trillion.

repo funding. For instance, this is the subject of a special chapter in the latest International Monetary Fund (IMF) *Global Financial Stability Review*. But here in South Africa, our problems have to do with too little activity rather than too much. During the year, our Financial Markets Department has been working with private sector volunteers to study this problem, and we now seem to have a rigorous diagnosis of where we can improve the plumbing and fix regulatory constraints. A better-functioning repo market would support liquidity, collateral mobilisation and market resilience, and we look forward to pursuing reforms that develop that market.

To conclude –

It's a disappointment that we will not be able to meet the original Jibar cessation date. But a small delay is prudent. We must now use the extra months to reduce remaining Jibar exposures, finalise system changes and keep up clear communication with clients and counterparties.

Despite our current setback, we must also maintain our ambition. Families who do home renovations often swear never again. But after this big change, we still have big, important reforms ahead of us: to deepen ZARONIA-based markets, develop the domestic credit and repo markets, and consider the future of other widely used reference rates, especially Prime.

I thank MPG members, workstream participants, market infrastructures, regulators, supervisors and all firms represented here for the work undertaken to date. The additional transition period gives us the time needed to finish the job properly. The final stretch will require the same discipline and cooperative spirit that brought us this far.

I hope today's discussions are practical, candid and forward-looking, and that they leave each institution with a clearer view of the actions still required.

Thank you, and I wish you a productive conference.