



South African Reserve Bank

Media release

19 June 2020

Publication of the statement of methodology and the policies governing the South African Reserve Bank-administered interest rate benchmarks

The South African Reserve Bank (SARB) today published the [‘Statement of methodology and the policies governing the SARB-administered interest rate benchmarks’](#), otherwise referred to as the Technical Specification Paper (TSP), for public comment. The document is a draft statement of the methodology and policies that will govern proposed interest rate benchmarks to be administered by the SARB. The reform of interest rate benchmarks is informed by international best practise, alongside monetary and financial stability policy considerations.

The process of transforming benchmarks in South Africa has been multi-faceted. A [Consultation paper on selected interest rate benchmarks in South Africa](#) was published in August 2018. Following its release, the [Report on stakeholder feedback on the reform of interest rate benchmarks in South Africa](#) was published in May 2019, which captured the outcome of a public consultation process and responses to the SARB proposals contained in the consultation paper. The report also indicated that, as a next step, the SARB would publish a TSP to serve as a reference for the computation of various benchmarks.

The TSP details the methodologies and policies that will be applied for the following suggested benchmarks:

- South African Rand Interbank Overnight Rate (ZARIBOR);
- South African Secured Overnight Financing Rate (ZASFR);
- South African Rand Overnight Index Average (ZARONIA);
- Term Wholesale Financial Corporate Fixed Deposit Benchmark Rate; and
- Term Wholesale Non-financial Corporate Fixed Deposit Benchmark Rate.

This suite comprises four new benchmarks and a reformed version of the existing overnight benchmark rate – the South African Benchmark Overnight Rate (SABOR). The benchmark proposed as a replacement for SABOR is ZARONIA, which is an unsecured overnight rate. While the number of proposed interest rate benchmarks is not definitive, the ultimate outcome of reform will likely feature the coexistence of several interest rate benchmarks to fulfil different market and policy purposes.

The SARB will continue to be the official administrator of the Johannesburg Interbank Average Rate (JIBAR). However, the policies specified in the TSP do not apply to JIBAR, given an existing [JIBAR Code of Conduct, Governance Process and Operating Rules](#). In

addition, efforts are underway to strengthen the JIBAR and add to its credibility as an interim solution until an alternative reference rate is fully operational. Details of the work being undertaken in this regard will be published later this year.

An extensive consultation process was followed in the development of the technical specification of the proposed interest rate benchmarks, including consultations with global counterparts. In the domestic market, input from members of the [Market Practitioners Group](#) and its various work streams was considered. The collaborative efforts are appreciated.

All stakeholders are invited to provide comments on the methodologies and policies contained in the TSP. These should be directed to the SARB Working Group on Rand Interest Rate Benchmarks at sarbwgrib@resbank.co.za by 19 September 2020.

The SARB will embark on a data collection process which will enable the testing of the proposed benchmarks as well as the observation and refinement thereof. The draft TSP will be revised as necessary, based on the feedback received and observations made.

For more information, please contact the SARB Media Office at media@resbank.co.za, or Mr Bafundi Maronoti, Lead Specialist: Market Operations and Analysis at Bafundi.Maronoti@resbank.co.za.

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