



# # DIFFERENCE # MAKERS

## Frequently Asked Question on understanding ZARONIA

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## Introduction

The purpose of this FAQ is to inform members about the replacement of Johannesburg Interbank Average Rate (JIBAR) to South African Rand Overnight Index Average Rate (ZARONIA) and for members and associates to take time to consider what ZARONIA is.

### What is JIBAR?

JIBAR is one of the most widely used interest rate benchmarks in South Africa. It is published by the South African Reserve Bank (SARB) daily in a number of different tenors, namely 1, 3, 6, 9 and 12 month tenors.

### When will JIBAR discontinue?

The formal announcement on JIBAR cessation is expected in 2025 with a final publication of JIBAR cessation expected at some point in 2026; the date is yet to be confirmed by the SARB.

### What is ZARONIA?

During 2020, the SARB indicated its intention to move away from JIBAR and subsequently identified a potential successor rate being the ZARONIA, with the rate selection being based on the successful outcome of back testing over a 5-year period. The ZARONIA rate was published for observation during 2022 and was formally endorsed as the successor rate in 2023. The rate is a measure of the interest rate at which rand-denominated overnight wholesale funds are obtained by banks in South Africa. The rate is based on unsecured overnight call deposits placed with commercial banks, which are classified as deposit-taking institutions in the Banks Act 94 of 1990.

### How is ZARONIA different from JIBAR?

ZARONIA	JIBAR
Near risk-free rate	Built in credit and term premium component
Overnight rate	Term rate
Backward looking	Forward looking
Fully transaction based	Indicative rates
Broad array of market participants	Only five contributing institutions

### How is ZARONIA calculated?

ZARONIA is based on actual transactions and calculated on each South African business day as a trimmed, volume-weighted mean of interest rates paid on eligible unsecured overnight deposits.

### What are the transition requirements?

Financial Institutions and corporates in South Africa are encouraged to take time to consider how the introduction of ZARONIA will impact their operations, accounting, legal and finance etc.

Establishing ZARONIA liquidity in the market is a prerequisite to a successful transition. It is expected that ZARONIA based contracts will be traded from 2025, subject to industry readiness. The current view from the Market Practitioners Group is that no new JIBAR-linked contracts will be issued from the third quarter of 2026, however, this is dependent on industry readiness. From the date JIBAR-linked contracts cease (date still to be advised), it is expected that new contracts will be referenced to ZARONIA or other suitable rates such as the central bank policy rate.

Existing JIBAR-linked contracts maturing after the formal cessation date will need to form part of each impacted entity's transition plan. The different calculation basis for JIBAR and ZARONIA may necessitate adjustments to contracts that are subject to transition to ensure economic equivalence.

### What is the MPG?

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The Market Practitioners Group (MPG) is a joint public and private sector group comprising representatives from the SARB, the Financial Sector Conduct Authority (FSCA), and senior professionals from a variety of institutions from different market interest groups active in the domestic money market. The purpose of the MPG is to facilitate final decisions on the choice of interest rate benchmarks to be used as reference interest rates for financial and derivative contracts.

***However, it is important to note that ZARONIA will not be mandated for use in every scenario, and it may be appropriate to reference to other available and approved rates, for example, the prime rate or SARB policy rate.***

For more information on ZARONIA please follow the [Market Practitioners Group](#)



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