Transition to South African Rand Overnight Index Average FAQs

Drawing from our extensive experience helping clients navigate regulatory reform and Risk-Free Rate (RFR) transitions from MiFID II, LIBOR, F-TIIE, SHIR and beyond, we've compiled the below FAQs to support you in your preparation for the transition from South Africa's current reference rate – the Johannesburg Interbank Average Rate (JIBAR).

JIBAR will transition to the South African Rand Overnight Index Average (ZARONIA) over the course of 2025/2026. ZARONIA will change how ZAR fixed income instruments are priced, risk-managed and traded. Early preparation will be key to managing the transition smoothly and capturing new opportunities in a more transparent benchmark environment.

Q What is ZARONIA?

A ZARONIA is South Africa's new overnight RFR, introduced as part of the country's move away from JIBAR. It reflects the average interest rate of overnight unsecured lending transactions between South African banks, based purely on observed market data.

Q Why is ZARONIA being introduced?

A ZARONIA is part of a global transition from IBOR-based benchmarks towards robust, transaction-based reference rates that are:

- transparent and representative of actual market activity,
- aligned with international best practices and IOSCO principles, and
- less vulnerable to manipulation or illiquidity, compared to legacy IBOR rates.

The move supports financial stability and enhances the credibility of South Africa's financial benchmarks.

ZARONIA Timeline

2025 > Adoption

March
ISDA fallback protocol methodology endorsed by ISDA (CAS methodology)

April
'ZARONIA first' commences for linear derivatives[1]

June
'ZARONIA first' commences for cash[1]
Cash market fallback methodology agreed
Term rate recommendations issued

December
Active transition commences
ISDA fallback protocol in place
Formal announcement of JIBAR cessation

2026 > Transition[2]

May
'No new JIBAR'
Possible earlier cessation date for some tenors

November
CCPs' clearing conversion events (LCH, CME)

December
JIBAR cessation date
Tough legacy position in place

1. 2025 is critical for building ZARONIA liquidity, driven through 'ZARONIA first' initiatives
2. 2026 focuses on active transition of legacy contracts from JIBAR to ZARONIA

Q Who publishes ZARONIA and how often?

A The South African Reserve Bank (SARB) publishes ZARONIA daily, based on actual overnight unsecured transactions in the interbank market. The data is available on the SARB website and through major financial data vendors.

Q How is ZARONIA calculated?

A ZARONIA is calculated as a volume-weighted trimmed mean of eligible overnight transactions. It includes:

- unsecured interbank lending trades
- transactions above a minimum threshold
- a trimming mechanism to remove outliers and ensure robustness

The result is a reliable reflection of overnight funding costs in the ZAR money market.

Q What is the transition timeline?

A ZARONIA is already being published and available for market use. The transition away from JIBAR will continue through 2025 and 2026, culminating in JIBAR cessation in December 2026.

Key milestones include:

- 2025 – "ZARONIA first" initiatives to build liquidity
- May 2026 – "No new JIBAR" for new issuance
- Saturday, 10 October 2026 – LCH dress rehearsal for ZAR JIBAR conversion
- Saturday, 21 November 2026 – LCH conversion of outstanding in-scope ZAR JIBAR SwapClear contracts
- November 2026 - CME conversion event (date tbc)
- December 2026 – JIBAR cessation date

CCPs have confirmed that they will run conversion events for outstanding ZAR JIBAR SwapClear contracts in November 2026. Further operational details and briefing calls will be released by LCH and CME in advance of the event.

Q When did ZARONIA begin publishing?

A 1 March 2022

Q How is ZARONIA calculated?

A ZARONIA reflects the average rate at which unsecured overnight lending takes place between banks in the South African money market.

Eligible transactions:

- ZARONIA includes unsecured overnight lending transactions between South African banks
- Only actual transactions are included — no quotes or indicative rates
- Each transaction must meet minimum size and reporting requirements

Volume-weighted average:

- SARB calculates a volume-weighted average rate, giving more weight to larger trades

Trimming mechanism:

- To ensure robustness, outlier trades are trimmed from the dataset
- This protects against rate manipulation or abnormal market activity

Publication timing:

- ZARONIA is published on each business day, reflecting transactions from the previous day
- SARB typically releases it at a consistent daily time, via its website and data vendors

Transparency:

- Summary statistics (e.g., number of trades, total volume) are often published alongside the rate to give insight into market depth and reliability

Q What are the new benchmark rates?

A SARB publishes daily compounded ZARONIA rates, providing market participants with backward-looking term rates. These rates are calculated based on actual overnight unsecured lending transactions between South African banks. The compounded averages offer a transparent and robust benchmark for various financial instruments.

Benchmark rate: ZAR-ZARONIA-OIS Compound

Latest Compounded ZARONIA Period Averages (as of May 22, 2025):	
Tenor	**Compounded ZARONIA Rate**
1-week average	7.35652%
1-month average	7.38076%
3-month average	7.42920%
6-month average	7.60263%
9-month average	7.84738%
12-month average	8.05898%

These figures are published daily by the SARB at approximately 10:00 AM South African time and are accessible via the SARB's official website.

Q What products will be affected by the transition to ZARONIA?

A The transition will impact a wide range of ZAR-denominated financial instruments, including:

- Interest Rate Swaps (IRS)
- Floating Rate Notes (FRNs)
- Loans and syndicated lending

Q What are the implications for fixed income trading?

A Fixed income traders should prepare for:

- Curve changes: New discount and forward curves will be built on ZARONIA instead of JIBAR
- Pricing and valuation shifts: Existing models will need to be updated to accommodate the new benchmark
- Liquidity transition: New issuance and trading activity may shift from JIBAR-linked instruments to ZARONIA-based instruments
- Basis risks: There may be a need to hedge JIBAR-ZARONIA basis exposure during the transition period

Q Is ZARONIA a direct replacement for JIBAR?

A Not directly. ZARONIA is an overnight rate, while JIBAR is a forward-looking term rate (1M, 3M, 6M). This means:

- products that rely on term interest calculations may need to use compounded ZARONIA in arrears, or
- transition to a new term-based rate such as the upcoming JIBAR (Johannesburg Average Interbank Rate),
- fallbacks and transition strategies will depend on the product type and regulatory guidance.

Q Who handles clearing?

A As ZARONIA becomes a key benchmark in South Africa's financial markets, the clearing of ZARONIA-based instruments will follow established frameworks adapted from international best practices, with integration into local infrastructure.

Clearinghouses:

- International clearinghouses such as LCH and CME are live and supporting ZARONIA-based swaps

Q How will the LCH ZAR JIBAR conversion work?

A LCH has confirmed that it expects to conduct a conversion event for outstanding ZAR JIBAR SwapClear contracts on Saturday, 21 November 2026, with a Dress Rehearsal scheduled for Saturday, 10 October 2026.

LCH plans to adhere to the same logic and core conversion functionality successfully deployed in prior IBOR-to-RFR conversions.

Key points:

- In-scope JIBAR trades will be converted to ZARONIA equivalents
- Any ZAR JIBAR SwapClear contract outstanding at the point of conversion and relying on a fixing occurring after 31 December 2026 will be in scope
- ZAR JIBAR trades with fixings occurring after 31 December 2026 will no longer be eligible for clearing from and including the first Monday following the conversion event
- Further operational details and user briefing calls will be released by LCH in the coming weeks

Market participants should engage early with clearing brokers, legal teams and operations teams to ensure readiness.

Q What cleared instruments are expected to use ZARONIA?

A ZAR Overnight Index Swaps (OIS):

- These swaps will use compounded ZARONIA in arrears as the floating leg and are expected to be the primary cleared product as the market transitions from JIBAR

Collateral and margining:

- CCPs will increasingly discount collateral using ZARONIA curves. This aligns with international practices where RFRs are used for PAA (Price Alignment Amounts) and variation margin interest

Q Settlement Conventions

A Compounded in arrears:

- For most ZARONIA-based derivatives and loans, interest is calculated using compounded ZARONIA over the interest period, settled at the end of the term

Fallback protocols:

- Where applicable, fallback language for JIBAR-based contracts may trigger use of compounded ZARONIA for post-cessation continuity

ISDA definitions:

- ISDA's 2021 Definitions include provisions for compounded ZARONIA as a fallback or primary benchmark. Make sure trade confirmations and clearing documents reflect the updated conventions

Q What should traders and institutions do to prepare?

A Key actions for readiness:

- Identify exposure to JIBAR-linked instruments
- Review contracts and incorporate fallback language referencing ZARONIA where appropriate
- Update risk systems and analytics to handle overnight compounding and new curve construction
- Engage with counterparties about transition plans
- Monitor SARB updates and participate in industry discussions
- Confirm with clearing brokers and custodians whether they support ZARONIA-linked products
- Ensure that portfolio management systems (PMS), risk engines, and settlement infrastructure are capable of:
  a) handling compounded RFR calculations
  b) settling payments accurately under new timing conventions
- Coordinate with CCPs and legal teams to update CSAs, collateral frameworks, and fallback arrangements
- Confirm operational readiness for the CCPs' clearing conversion event

Q How can the buyside access ZARONIA data?

A SARB is the administrator and published of ZARONIA. ZARONIA will be published by the South African Reserve Bank, likely on a daily bases through their official channels and financial data providers.

Q Where can I find more information?

A Various sources of information exist:

- SARB – the official administrator and publisher of ZARONIA – Benchmark Reform Website: www.resbank.co.za. Navigate to the Markets or Interest Rates section to find the daily ZARONIA publication
- South African Benchmark Interest Rate Working Group (BIRWG)
- Financial industry publications and updates
- Your institution's legal, risk, and trading teams

Q What other Risk-Free Reference Rate transitions has Tradeweb worked on?

A Tradeweb has recently implemented the Mexican F-TIIE and Israeli SHIR transitions. For all your Mexico F-TIIE transition resources click here and for SHIR resources click here.

JIBAR vs. ZARONIA: Key Differences		
Feature	**JIBAR**	**ZARONIA**
Full Name	Johannesburg Average Interbank Rate	South African Rand Overnight Index Average
Purpose	A forward-looking near risk-free rate (RFR) alternative to JIBAR, based on actual unsecured interbank funding trades	A true overnight RFR, based purely on actual overnight unsecured lending transactions
Type of Rate	Forward-looking term rate (e.g., 1M, 3M tenors)	Overnight rate
Methodology	Uses transaction data and expert judgement if needed; published daily	Calculated and published daily by SARB using actual overnight interbank deposits
Reference Market	Unsecured ZAR interbank term lending market	Overnight unsecured ZAR money market
Intended Use Cases	Replacing JIBAR in loans, FRNs, and term-based derivatives	Use in discounting, collateral interest, and as a fallback in contracts
Publishing Entity	To be confirmed (likely SARB or a SARB-appointed administrator)	South African Reserve Bank (SARB)
Current Status	In development (as of 2025)	Live and published daily since March 2022