



SOUTH AFRICAN RESERVE BANK

Media release

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South African Reserve Bank launches the Corporation for Deposit Insurance (CODI), further bolstering trust in the domestic financial system

The South African Reserve Bank (SARB) today officially launched the Corporation for Deposit Insurance (CODI), building further confidence in South Africa's resilient financial sector.

In line with the SARB's mandate to ensure financial stability, CODI will protect qualifying depositors, including individuals and non-financial businesses, as well as inform them of CODI's protection benefits and limitations, should a bank fail.

CODI, which is the newest SARB subsidiary, is designed to safeguard the most vulnerable depositors in our society. It provides cover of up to R100 000 to each qualifying depositor per bank in the unlikely event of a bank's collapse. This coverage limit fully protects 9 out of 10 qualifying depositors in the country.

Prior to CODI's introduction, South Africa did not have an explicit deposit insurance scheme, compelling the government to use taxpayers' money to compensate affected depositors on a case-by-case basis.

Under the auspices of the Financial Sector Regulation Act 9 of 2017 (FSR Act), CODI has established, and will maintain and administer a Deposit Insurance Fund. The fund is supported by, among other options, monthly premiums and loan contributions by member banks, reducing the financial burden on taxpayers.

CODI, which became operational on 1 April 2024, provides pre-planned, orderly access to deposits in qualifying products, and will inform qualifying depositors about when and how to access their funds.

The cover is automatic and depositors do not have to register for CODI's protection.

The cover extends to qualifying depositors of all banks, including commercial, co-operative and mutual banks as well as local branches of foreign banks.

CODI is one of a number of Twin Peaks regulatory reforms introduced after the 2008–09 global financial crisis. It is part of the wider financial sector safety net that includes the Prudential Authority (PA), which supervises financial institutions; the Financial Sector Conduct Authority (FSCA) that ensures that financial institutions treat their customers fairly

and transparently; and the SARB, the lender of last resort and Resolution Authority responsible for the orderly resolution of failed designated institutions.

With the implementation of a deposit insurance scheme, which injects further confidence and trust into the banking sector, South Africa has now been brought in line with international best practice.

Notes to the Editor:

What is a qualifying depositor?

CODI protects deposits held by retail and private non-financial corporate depositors in qualifying products. They typically include individual depositors and non-financial businesses, charitable or non-profit organisations, religious entities, trade unions, consumer associations and stokvels.

What are qualifying products?

CODI protects banking products where both the deposit and the accrued interest are guaranteed. Qualifying products typically include, but are not limited to, savings accounts; current accounts; transactional accounts; term and notice accounts; Islamic Wadi'ah, Qard and Murabaha products; and tax-free savings accounts.

For more information go to www.resbank.co.za/codi

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