



Deposit insurance in South Africa –

A year after implementation

Working paper series

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Preface

The Federal Deposit Insurance Corporation (FDIC) in the United States, was established in 1933. It was in response to the Great Depression that followed the first world war, in an attempt to maintain stability and public confidence in their financial system.

The lessons learned from bank failures continue, with the global financial crisis of 2008, the most recent global event. The G20, Financial Stability Board, and the international standard setting bodies, the International Association of Deposit Insurers and the Bank for International Settlements, responded to the global financial crisis promoting deposit insurance as part of a new financial stability obligation.

South Africa was one of the last countries in the G20 to implement deposit insurance.

The Corporation for Deposit Insurance (CODI) was established in March 2023 and became fully operational in April 2024. As a new entity operating within a complex financial environment, we wanted to see how CODI had been embedded in the banking industry during its first year of operation and what lessons could be learned.

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Members of the work group participate in their personal capacities, without remuneration, and their views do not necessarily represent those of their employer.



Abbreviations

CODI	Corporation for Deposit Insurance
DIF	Deposit Insurance Fund
DIS	Deposit Insurance Scheme
FinTech	Financial technology
SARB	South African Reserve Bank



Executive summary

The Centre of Excellence in Financial Services (COEFS) conducted interviews and surveys with a diverse range of deposit-taking institutions, including large and medium-sized commercial banks, internationally headquartered banks, mutual banks, and cooperative financial institutions. The purpose of the study was to assess industry perspectives on the Corporation for Deposit Insurance (CODI) and the implementation of South Africa's Deposit Insurance Scheme (DIS).

Across all segments of the banking sector, there is broad support for the scheme's objective of strengthening financial stability and enhancing depositor confidence. The establishment of CODI is widely recognised as an important structural reform that aligns South Africa with international financial stability standards and strengthens the resilience of the banking system.

At the same time, institutions emphasise the importance of proportionality, transparency, and continued industry engagement to ensure the scheme's long-term effectiveness.

Large commercial banks generally view CODI as a necessary systemic safeguard that contributes to the stability of the financial system. In contrast, smaller banks, mutual banks, and cooperative financial institutions highlight operational and capacity constraints associated with implementation. Community-based institutions in particular express caution regarding administrative burden, compliance costs, and broader concerns about trust in public institutions.

The R100,000 coverage limit is generally accepted as appropriate for protecting smaller retail depositors, although some institutions consider it modest for higher-value retail accounts and less relevant for corporate depositors. Several respondents suggested that the coverage level could be reviewed periodically as the scheme matures, with consideration given to optional mechanisms that may allow for higher levels of protection in the future.



Financial contributions to the scheme are viewed as broadly manageable across the sector. However, smaller institutions emphasise the importance of equitable treatment and greater transparency regarding the management and utilisation of the Deposit Insurance Fund. Returns on the liquidity layer of the fund are generally regarded as conservative but appropriate, given CODI's low-risk investment mandate.

Reporting requirements represent one of the most significant operational challenges identified in the study. Larger banks have generally been able to integrate CODI reporting into their existing regulatory processes. In contrast, smaller institutions report substantial operational and information technology constraints, particularly following the implementation of the more detailed reporting framework introduced in November 2025. Many respondents therefore call for greater proportionality and simplification of reporting requirements to better align with the size, complexity, and resources of different institutions.

Industry participants describe engagement with CODI as constructive overall, although experiences vary across institutions. While many banks value CODI's training sessions and industry engagements, some respondents indicate that follow-up communication and responsiveness to industry feedback could be strengthened. Encouragingly, several institutions note that CODI has approached its role as an implementation partner rather than solely as an oversight body which has been positively received.

Participants also recognise several key achievements during CODI's initial period of operation. These include the establishment of the Deposit Insurance Fund, the implementation of contribution and reporting frameworks, and the successful onboarding of banks into the scheme.

A recurring theme across all segments of the industry is the relatively low level of public awareness of deposit insurance in South Africa. Respondents emphasise the importance of stronger consumer education initiatives, including multilingual public



awareness campaigns, to improve understanding of depositor protection and reinforce depositor confidence.

Looking ahead, participating institutions broadly support CODI's mandate but highlight several areas where the framework could evolve over time. These include:

- Greater proportionality and simplification of reporting requirements
- Risk-based contributions and equitable cost allocation
- Enhanced transparency and accountability in the management of the Deposit Insurance Fund
- Expanded public education on depositor protection
- Improved operational efficiency and flexibility in compliance processes

Overall, the findings indicate that the banking industry endorses CODI's role in safeguarding financial stability and protecting depositors. At the same time, institutions emphasise the importance of continued dialogue and incremental refinement to ensure that the scheme remains practical, inclusive, and responsive to the operational realities of South Africa's diverse banking sector.



Introduction

This report presents the findings of industry engagement on the implementation of South Africa’s Deposit Insurance Scheme (DIS). The study captures perspectives from participating banks regarding the early operational experience of the scheme and reflects on how the framework compares with international approaches to deposit insurance.

The introduction provides background on the establishment of the scheme, outlines the purpose of the study, and briefly describes the methodology used to gather and analyse industry insights.

Background

Deposit insurance forms an integral component of the financial safety net in modern banking systems. By providing protection to depositors in the event of a bank failure, deposit insurance helps maintain confidence in the banking sector, reduce the risk of bank runs, and support broader financial stability.

South Africa introduced a formal deposit insurance framework through legislative reforms aimed at strengthening the country’s financial sector architecture and aligning it with international standards. As part of these reforms, the Corporation for Deposit Insurance (CODI) was established to administer the DIS and to ensure the protection of qualifying deposits held at participating institutions.

The introduction of deposit insurance represents a significant development in South Africa’s financial stability framework. However, as with most newly implemented systems, the early stages of operation often provide important practical insights regarding implementation, operational processes, and industry engagement. Understanding the experiences of participating institutions during this formative period can help identify areas where the framework is functioning effectively and where refinements may be beneficial as the system matures.



Purpose of the study

The primary purpose of this study is to capture industry perspectives on the early implementation of South Africa's Deposit Insurance Scheme.

Specifically, the research aims to:

UNDERSTAND how participating banks perceive the introduction of deposit insurance and its role in supporting financial stability.

IDENTIFY operational experiences and practical challenges encountered during the initial implementation phase; and

PROVIDE insights that may support the continued refinement and evolution of the framework over time.

By documenting the perspectives of participating institutions and interpreting these insights alongside international experience, the study seeks to contribute to ongoing dialogue between the banking industry, policymakers, and CODI regarding the future development of the scheme.

Methodology

The research was conducted through a combination of semi-structured interviews and questionnaire responses with representatives from a diverse group of banking institutions operating in South Africa. Participating institutions included domestic commercial banks, foreign banks, cooperative banks, and smaller deposit-taking institutions.

Interviewees represented a range of functional areas, including risk management, regulatory reporting, treasury, compliance, and banking operations. This diversity of perspectives allowed the study to capture operational insights from different parts of the banking sector.

The information collected through interviews and questionnaires was analysed using a qualitative thematic analysis approach. Responses were reviewed to identify recurring themes, areas of consensus, and points of divergence across institutions. The objective of this analysis was not to quantify industry views, but rather to highlight



patterns in how participating institutions experience and interpret the implementation of the deposit insurance framework.

A summary of the interview questionnaire and participating institutions is provided in the appendices.

The research included interviews and questionnaire responses from nine banking institutions representing different segments of the South African banking sector, including large domestic commercial banks, foreign banks operating in South Africa, mutual banks, and cooperative financial institutions. In total, 15 industry participants were interviewed across participating institutions, with two additional banks providing written questionnaire responses. A full list of participating institutions is provided in Appendix B.



Deposit insurance insights from industry engagements

The following section consolidates insights from interviews and questionnaires conducted with a diverse group of banks, including domestic commercial, foreign commercial, mutual, and cooperative institutions. The analysis explores emerging themes across key areas of the Deposit Insurance Scheme (DIS) as implemented by the Corporation for Deposit Insurance (CODI). The findings reflect common messages, differences in institutional perspectives, and broader implications for policy, implementation, and stakeholder engagement.

Overall support for deposit insurance

There was broad support for the introduction of South Africa's Deposit Insurance Scheme, viewed as an important component of the country's financial safety net and as a mechanism to strengthen public confidence in the banking system. Larger commercial banks, both domestic and foreign, supported the initiative as a matter of prudential alignment and systemic stability rather than direct commercial benefit. Any perception created that banks are profit neutral was dispelled with most larger banks noting they were unable to recover the full cost.

Mutual banks expressed support tempered by practical considerations such as cost pressures and the need for transparency in how contributions are utilised. Cooperative banks were more cautious, citing concerns about governance, autonomy, and trust in state institutions. While these smaller banks acknowledged the intent of CODI, many questioned whether their members derive tangible benefits given their strong reliance on existing community trust mechanisms.

Overall, support for CODI is nearly universal in principle but differs in perceived value and relevance. Larger institutions see it as a macroprudential safeguard; smaller entities view it as a compliance requirement that must still prove its practical worth.



Perceived value to institutions

The degree of perceived value varied significantly across institutions. Large and foreign banks recognised the DIS as enhancing sector credibility and depositor confidence yet noted that it adds limited value to their specific business models since their clients are generally financially sophisticated and not dependent on deposit insurance for reassurance. In some cases, the customer was insured through the head office already through their global obligations.

By contrast, mutual banks highlighted clear benefits in terms of public trust and internal data governance improvements arising from CODI's reporting requirements. Cooperative banks remained sceptical, suggesting that depositor confidence in their environment is primarily relationship-based, not institutionally driven.

The consensus view is that CODI's greatest value lies in the stability and assurance it provides to the broader system rather than to individual banks.

Appropriateness of the coverage limit

Most respondents agreed that the R100,000 coverage limit is appropriate as a baseline for protecting the majority of retail depositors. Larger banks viewed it as aligned with international practice and adequate for system objectives, while smaller banks called for periodic reviews to ensure that the threshold remains relevant given inflation and evolving depositor profiles.

Cooperative banks expressed a desire for greater flexibility, suggesting that voluntary or tiered coverage options could accommodate different member needs. Overall, the limit is regarded as a fair starting point, but one that should remain open to future adjustment based on data and experience.

Affordability of contributions

There was broad acceptance of the principle that all banks should contribute to building the Deposit Insurance Fund. Most institutions described the contribution



levels as manageable, though smaller banks and mutual institutions emphasised that the financial burden is proportionally heavier for them.

Several respondents raised the importance of transparency regarding how contributions are invested and used. The concept of risk-based premiums was mentioned frequently as a preferred future approach to ensure fairness and proportionality across the sector.

In summary, while contributions are viewed as necessary and justified, banks want assurance that CODI remains efficient, transparent, and equitable in its cost allocation.

Returns on the liquidity tranche

Views on returns from the liquidity layer were mixed. Most banks described returns as conservative, reflecting CODI's prudent investment approach. Larger banks expressed hope that as the Fund matures, the investment strategy could diversify slightly within safe parameters to achieve better returns.

Mutual and cooperative banks were generally comfortable with the current approach, provided transparency continues. They recognised that safety must take precedence over yield at this stage of CODI's development.

The overarching sentiment is that the return profile should evolve gradually as CODI's fund management capabilities and market confidence strengthen.

Reporting and data requirements

CODI's reporting requirements were acknowledged as necessary for effective depositor protection and payout readiness. However, most banks noted the resource implications of implementing and maintaining the single customer view (SCV). With customers having more than one legal relationship with the bank the single view of customer remains a data challenge.



Large banks managed the process effectively but still found it complex and data intensive. Smaller and cooperative banks described it as highly demanding, given limited resources and legacy data systems. There were also concerns about personal data protection and the need for clearer definitions in CODI's reporting templates.

The consensus was that while reporting standards are critical for system integrity, CODI should consider proportional approaches that reflect institutional capacity and scale.

Engagement and communication

Banks generally described CODI's engagement as constructive and professional. Training sessions, information circulars, and technical support were valued, particularly during the rollout phase.

Nonetheless, several institutions noted that engagement had slowed since implementation. Smaller banks, including cooperatives, expressed a desire for more sustained dialogue and hands-on support, including multilingual materials and clearer operational guidance.

Overall, CODI's communication has been credible and well-received, but there is an opportunity to strengthen ongoing collaboration and tailor communication to different bank segments.

Consideration of bank inputs

Most banks believed CODI had made a genuine effort to listen to industry feedback during its formation, though not all suggestions were fully incorporated. Larger institutions were satisfied with the consultative process, while smaller banks felt their unique operational challenges were not always reflected in the final framework.

This feedback suggests a need for continuous refinement. CODI's responsiveness to stakeholder inputs will be key to maintaining trust and ensuring the scheme remains practical and inclusive across the industry. There was an acceptance that



CODI had to take decisions necessary to enable the project and it was hoped that through future engagements these items would be addressed.

Public awareness and education

A consistent message across all bank segments was that public awareness of CODI and deposit protection remains limited. Most banks have communicated with their clients through branch materials and digital platforms, but these efforts lack reinforcement from a strong national campaign.

Respondents called for broader, multilingual public education to ensure that depositors clearly understand what CODI is, what protection it provides, and how claims would be processed in the event of a bank failure. Strengthening public awareness was widely viewed as essential for achieving CODI's confidence-building objectives.

Achievements in the first year

Banks recognised CODI's successful establishment and operationalisation as major achievements. The rollout of reporting frameworks, contribution mechanisms, and the Single Customer View was seen as evidence of significant progress in a short period.

For many, CODI's first-year performance demonstrated both capability and commitment. However, the next phase should focus on embedding efficiency, transparency, and value creation for participating institutions and their depositors.

Future priorities and recommendations from industry

Across all segments, banks expressed strong support for the objectives of the DIS but emphasised the need for refinement to ensure proportionality, operational efficiency, and continued confidence in CODI. While perspectives varied by institution type, several common themes emerged across the industry.



Proportionality and simplification

Banks consistently called for the adjustment of reporting and compliance requirements in line with institutional size and complexity. Smaller and cooperative banks highlighted the resource burden associated with current data reporting standards, advocating for a tiered framework that reduces administrative strain while maintaining regulatory integrity. Larger banks supported this approach in principle, recognising that proportionality contributes to broader system stability and inclusion.

Risk-based contributions

A recurring recommendation across all segments was the introduction of differentiated premiums that reflect each bank's underlying risk profile. Larger and foreign banks viewed this as an important mechanism to promote fairness and discourage moral hazard, while smaller institutions felt it would prevent them from subsidising the risks of larger market players. There was broad agreement that such a system, once CODI's fund reaches sufficient maturity, would strengthen trust and ensure the sustainability of the scheme.

Transparency and accountability

Banks expressed interest in greater transparency regarding how CODI's funds are managed, invested, and reported. Respondents noted that ongoing visibility of the fund's growth and utilisation would reinforce institutional confidence and demonstrate responsible stewardship. Periodic disclosures or stakeholder briefings were proposed as mechanisms to strengthen accountability and alignment with international best practice.

Public awareness and education

All segments underscored the importance of public education as a critical next step in consolidating confidence in CODI. Respondents suggested that CODI should lead a sustained, multilingual awareness campaign across media platforms, complemented by in-branch materials and community-level engagement. Smaller and cooperative



institutions noted that depositors remain largely unaware of CODI's existence or benefits, particularly in rural or language-specific communities.

Optional coverage flexibility

Several participants recommended exploring mechanisms for voluntary top-up coverage for depositors seeking additional protection. This flexibility would allow institutions to cater to clients with larger balances while preserving the standard coverage limit for most depositors. Cooperative and mutual banks viewed this as a way to respond to member needs and enhance the perceived value of participation in CODI.

Operational efficiency

Operational processes were another area identified for improvement. Smaller banks and cooperatives found the sign-off and submission requirements time-intensive, suggesting that CODI explore digital automation and streamlined workflows to reduce executive burden. Enhanced coordination between CODI, the Prudential Authority, and the banks' reporting systems was also proposed to eliminate duplication and improve turnaround times.

Collectively, these priorities reflect an industry that is aligned with CODI's mission but seeks refinement in its design and delivery. The sector supports deposit insurance as a stabilising mechanism for public confidence, yet calls for a more flexible, transparent, and proportionate approach that balances prudential oversight with operational practicality.



South African Experience Compared with International Best Practice

This section interprets the insights emerging from industry interviews against widely recognised international approaches to deposit insurance. While the survey interviews on deposit insurance were not designed as a formal benchmarking exercise, comparing stakeholder experiences with global norms helps to contextualise where South Africa's deposit insurance framework is broadly aligned, where it diverges, and where refinement may be required as the scheme matures.

Areas of broad alignment with international practice

A strong and consistent theme emerging from interviews is broad support for the introduction of deposit insurance in South Africa. This reflects alignment with international norms. Globally, explicit deposit insurance schemes are regarded as a foundational element of a sound financial safety net, and South Africa's move to formalise depositor protection brings it in line with most comparable jurisdictions.

Survey participants also recognised the value of mandatory participation across licensed banks. From an international perspective, universal membership is considered good practice, as it avoids adverse selection and ensures that depositor protection is applied consistently across the system. This design feature was generally viewed positively, particularly by larger and foreign banks, which saw it as reinforcing system-wide credibility rather than delivering institution-specific commercial benefit.

Another area of alignment relates to CODI's conservative approach to fund management in its early stages. International experience suggests that newly established deposit insurers tend to prioritise capital preservation and liquidity over yield, particularly before payout mechanisms are tested. Industry respondents broadly accepted this cautious approach, even where returns were viewed as modest,



recognising that stability and credibility are more important than performance in the scheme's formative years.

Key gaps highlighted by industry experience

While the overall framework aligns with international principles at a high level, several gaps emerge when industry experience is viewed through a best-practice lens.

One of the most frequently cited issues relates to proportionality. Smaller, mutual, and cooperative banks consistently raised concerns about the operational and cost burden associated with reporting requirements and compliance processes. Internationally, there has been a clear shift towards proportional application of regulatory and deposit insurance requirements, recognising differences in institutional size, complexity, and risk profile. In this context, the “one-size-fits-all” experience described by smaller institutions suggests a misalignment with evolving global practice.

A second area of divergence concerns the funding model. While there is broad acceptance that the scheme should be industry-funded, respondents repeatedly pointed to the absence of a risk-based contribution framework. Internationally, many mature deposit insurance schemes differentiate premiums according to institutional risk, both to promote fairness and to reduce moral hazard. Although it is widely accepted that flat-rate contributions are often used during the early stages of a scheme, the strong industry expectation that South Africa should transition towards risk-based pricing highlights a perceived gap between current practice and longer-term international norms.

Public awareness represents another significant weakness. Interviews across all bank categories revealed that depositor awareness of CODI remains low. International best practice places considerable emphasis on the deposit insurer's role in leading public education and awareness campaigns, particularly to reinforce confidence during periods of stress. The reliance on banks to communicate CODI's existence and benefits,



without a strong, visible national campaign led by the deposit insurer itself, appears misaligned with how effective schemes operate elsewhere.

Where the South African framework could evolve

Industry feedback highlights several areas where South Africa's deposit insurance framework could evolve as it matures, drawing selectively on international experience while remaining grounded in local realities.

One frequently mentioned opportunity is the phased introduction of risk-based premiums. While many respondents acknowledged that such a system may not have been practical at inception, there was broad support for its gradual development over time. Internationally, schemes that transition toward differentiated contribution models often experience stronger industry buy-in and improved perceptions of fairness, particularly among smaller and lower-risk institutions.

There is also scope to strengthen transparency around fund management and the utilisation of industry contributions. Several banks indicated that more regular and detailed disclosures by CODI on information about fund growth, investment strategy, and expenditure would reinforce accountability and institutional confidence. In many mature deposit insurance systems, consistent public reporting is regarded as a key trust-building mechanism, particularly where the scheme is fully industry-funded.

A further area of discussion relates to flexibility within the coverage framework. Some respondents suggested exploring mechanisms that could accommodate depositors with balances above the standard limit without diluting the core objective of protecting vulnerable retail customers. While voluntary depositor-level top-up within statutory schemes is uncommon internationally, certain jurisdictions demonstrate how supplementary arrangements can coexist with mandatory systems. For example, in Germany, the statutory deposit guarantee scheme protects deposits up to €100,000 per depositor per bank, while banking associations operate voluntary guarantee funds that provide additional coverage above this threshold. Similarly, in the United States,



the Federal Deposit Insurance Corporation (FDIC) provides statutory coverage of up to USD 250,000 per depositor per insured bank, and certain industry-sponsored arrangements (for example, the Depositors Insurance Fund) offer supplemental protection above this limit for participating institutions. Importantly, these supplementary mechanisms operate alongside, rather than in place of, compulsory participation in the statutory scheme.

Survey participants strongly endorsed South Africa's mandatory participation model. From a policy and international standards perspective, universal membership is widely recognised as a core design principle of effective deposit insurance systems, as it mitigates adverse selection and ensures consistent depositor protection across the financial system. In most jurisdictions, all prudentially supervised deposit-taking institutions are required to participate in the statutory scheme. In the South African context, this structural feature was viewed positively, particularly by larger and foreign banks, which regarded it as essential for reinforcing system-wide credibility, maintaining competitive neutrality, and supporting broader financial stability objectives.

Risks if identified gaps remain unaddressed

If the gaps highlighted above are not addressed over time, there are potential risks to the scheme's long-term effectiveness and legitimacy.

For smaller and cooperative institutions, ongoing concerns about proportionality and cost could translate into compliance fatigue and reduced trust in the system. International experience suggests that when deposit insurance schemes are perceived as overly burdensome or insufficiently responsive to institutional diversity, support may remain formal rather than substantive.

There is also a broader risk that CODI could be viewed as technically sound but operationally detached from industry realities. While this perception is not unique to South Africa, it can undermine the collaborative relationship required for effective



crisis preparedness and execution, particularly in a system where the deposit insurer relies heavily on accurate and timely data from its members.

Finally, low public awareness poses a systemic risk. Without a clear understanding of deposit protection, the confidence-stabilising role of the scheme may not materialise when it is most needed. International experience shows that the credibility of deposit insurance is tested not at launch, but during periods of stress, making early investment in public education a critical safeguard rather than a discretionary activity.

Overall, the comparison suggests that South Africa's deposit insurance framework is broadly aligned with international practice in its foundational design. The issues raised by industry participants relate primarily to implementation, proportionality, and communication rather than structural deficiencies in the framework itself. As the system matures, these areas may warrant further attention to ensure that the scheme remains both operationally effective and widely supported across the banking sector.



Conclusion

Deposit insurance plays a critical role in protecting depositors, maintaining confidence in the banking sector, and safeguarding financial stability during periods of stress. The establishment of the Corporation for Deposit Insurance (CODI) represents an important milestone in strengthening South Africa's financial safety net and aligning the country with international financial stability standards.

The findings of this research indicate that the introduction of deposit insurance has been broadly well received by the banking industry during its early implementation phase. Industry respondents recognise the significance of CODI's establishment and acknowledge the progress made in building the operational foundations of the scheme within a relatively short period of time.

Mandatory participation is widely regarded as an essential and credible design feature of the framework. Industry participants, particularly larger and foreign banks, view universal membership as reinforcing competitive neutrality and strengthening systemic stability rather than creating institution-specific advantage.

At the same time, the research suggests that the framework remains in a developmental phase. Feedback from industry participants points less to structural deficiencies and more to areas where the system may continue to mature over time. These include further refinement of the contribution model, improvements in transparency around fund management, and continued communication to ensure that the objectives and mechanics of the scheme are well understood across the sector.

Importantly, the international comparison indicates that South Africa's core deposit insurance design principles are broadly consistent with global good practice. Many of the issues raised during industry engagement relate to implementation experience, proportionality, and communication rather than fundamental misalignment with international standards.

Overall, the evidence suggests that South Africa's deposit insurance framework is directionally sound. The opportunity going forward lies not in redesigning the



system, but in progressively calibrating and strengthening it as operational experience accumulates. Through continued engagement between CODI, policymakers, and the banking industry, the scheme can evolve in a manner that maintains institutional confidence while reinforcing its role as a cornerstone of the country's financial stability architecture.



Recommendations

The recommendations below aim to support the continued development of South Africa's deposit insurance framework as the system matures. They draw on insights from industry engagement as well as international experience regarding the evolution of deposit insurance systems. The objective is not to propose fundamental redesign, but rather to support progressive refinement of the framework, operational processes, and stakeholder engagement.

Strengthen public awareness and depositor education

Public awareness of deposit insurance remains limited among depositors and, in some cases, bank front-office staff. International best practice recognises depositor awareness as a core pillar of an effective deposit insurance system, as it directly influences depositor confidence during periods of financial stress.

It is recommended that CODI conduct a comprehensive public awareness survey through an independent third party to establish a baseline level of understanding among depositors. The survey results should be shared with member institutions and key stakeholders, with a summary included in CODI's annual reporting. These insights could then inform a structured and measurable public awareness strategy.

Internationally, deposit insurers typically allocate a meaningful portion of their early operational budgets to awareness and education initiatives. Industry participants therefore recommended that CODI review its public awareness strategy, including the resources dedicated to consumer education, multilingual communication, and outreach programmes.

In line with international practice, CODI should remain the primary driver of public awareness initiatives, with banks and industry associations supporting these efforts as partners rather than as the principal communicators.



Review the funding model and contribution structure

The funding model underpinning the Deposit Insurance Fund remains an important area for ongoing evaluation.

Align income with operational requirements

During its first year of operation, CODI collected approximately R91 million in levies while operational expenditure was significantly lower. While it is expected that expenditure will increase as the scheme matures, it may be appropriate for the CODI Board to periodically review the relationship between collected levies and operational funding requirements.

International practice generally encourages deposit insurers to maintain funding structures that ensure operational sustainability while avoiding unnecessary financial burdens on member institutions.

Simplify the levy and premium structure

Internationally, deposit insurance systems typically operate with a single contribution mechanism rather than maintaining a distinction between levies and premiums.

Over time, policymakers may therefore consider simplifying CODI's funding model by consolidating the levy and premium structures into a single contribution framework. While such a change would require legislative amendment, a simplified model could enhance transparency and administrative efficiency.

Review the liquidity layer over time

CODI's funding framework includes a liquidity tier requiring banks to place a portion of covered deposits with the scheme. While this structure is relatively uncommon internationally, it has been recognised by industry participants as an innovative mechanism aimed at strengthening the scheme's liquidity position.

Industry feedback suggests that returns on the liquidity layer are currently viewed as conservative. As the scheme matures, there may be scope to review the



investment strategy within appropriately conservative risk parameters to ensure that the mechanism operates efficiently for both CODI and participating institutions.

Pending any broader review of the funding model, maintaining the current approach of holding these funds with the South African Reserve Bank may continue to provide a prudent and secure interim solution.

Introduce risk-based contributions over time

As the Deposit Insurance Fund develops and supervisory data becomes more robust, policymakers may consider introducing a phased transition toward risk-differentiated contributions.

International experience demonstrates that risk-based premium systems can:

- Improve perceptions of fairness across institutions
- Encourage prudent risk management
- Strengthen industry support for the scheme

A gradual approach — potentially beginning with broad risk categories before evolving toward more granular differentiation — may allow such a transition without introducing instability into the system.

Maintain mandatory participation and clarify membership scope

Mandatory participation is widely recognised as a core principle of effective deposit insurance systems. Universal membership prevents adverse selection and ensures consistent depositor protection across the financial system.

While South Africa’s framework reflects this principle for licensed banks, the current exclusion of certain deposit-taking institutions may create inconsistencies in depositor protection and competitive conditions.

It may therefore be appropriate for policymakers to develop a longer-term roadmap for the potential inclusion of currently excluded deposit-taking institutions, particularly where these institutions operate in similar market segments.



Clarify the long-term coverage strategy

The current coverage limit of R100,000 is broadly accepted by industry participants and is consistent with the objective of protecting the majority of retail depositors.

Nevertheless, international practice suggests that coverage levels benefit from periodic review to ensure that they remain appropriate relative to:

- inflation
- changes in deposit concentration
- shifts in the structure of the banking sector

Policymakers may therefore consider introducing a predictable review mechanism to evaluate the coverage limit over time. Such an approach can enhance policy credibility and reduce the likelihood of reactive adjustments during periods of financial stress.

Improve proportionality in administration and reporting

While larger institutions have generally integrated CODI requirements successfully, smaller banks have reported greater operational challenges in meeting data, governance, and reporting requirements.

Industry participants have therefore emphasised the importance of proportionality, suggesting that reporting and operational expectations should reflect the size, complexity, and risk profile of participating institutions.

Streamlining reporting requirements and ensuring proportional application of administrative obligations could reduce compliance burdens while maintaining the integrity of the deposit insurance framework.

Strengthen transparency and ongoing industry engagement

Maintaining strong relationships between CODI and the banking industry will remain important as the framework evolves.



Industry feedback indicates that engagement has been constructive but could benefit from greater consistency and responsiveness to stakeholder inputs. Continued consultation forums and structured engagement mechanisms could assist in:

- identifying operational challenges early
- improving clarity around policy proposals
- strengthening collaborative implementation.

Greater transparency in areas such as fund management, investment strategy, and contribution methodology may also reinforce confidence in the scheme and support accountability within an industry-funded framework.



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Appendices:

Appendix A – Interview Questionnaire

Industry participants were asked to respond to the following questions as part of the interview process.

1. Does your organisation support the introduction of a Deposit Insurance Scheme (DIS) for South Africa? Does the scheme support financial stability and strengthen the banking sector?
2. Does the introduction of a DIS add value to your organisation? Please provide details.
3. Are you comfortable with the R100,000 coverage limit?
4. Are you comfortable with the financial contributions your organisation made to CODI over the past year?
5. What is your view on the return or income received from the liquidity layer of the Deposit Insurance Fund?
6. What are your views on CODI's reporting requirements for banks?
7. Is CODI engaging and communicating adequately with banks?
8. Does CODI adequately consider your organisation's views and inputs?
9. Is CODI doing enough to educate members of the public about deposit insurance and the protection it provides?
10. What would you consider CODI's top achievements during its first year of operation?
11. Is there anything else you would like to highlight or share?



Appendix B - Research participants

The research included interviews and questionnaire responses from nine banking institutions representing a range of segments within the South African banking sector. These included large domestic commercial banks, foreign banks operating in South Africa, mutual banks, and cooperative financial institutions, allowing the study to capture a diversity of operational perspectives on the implementation of the Deposit Insurance Scheme (DIS) and the role of the Corporation for Deposit Insurance (CODI).

The participating institutions were:

- Investec
- Standard Chartered Bank
- Deutsche Bank
- Nedbank Group
- GBS Bank
- OSK Kooperatiewe Bank
- Ziphakamise Co-Operative Bank
- Bank of China
- Finbond Mutual Bank

Institutional Segmentation of Participants

Banking Segment	Participating Institutions	Number of Institutions
Large Domestic Commercial Banks	Investec, Nedbank Group	2
Foreign / International Banks Operating in South Africa	Standard Chartered Bank, Deutsche Bank, Bank of China	3
Mutual Banks	GBS Bank, Finbond Mutual Bank	2



Banking Segment	Participating Institutions	Number of Institutions
Cooperative Financial Institutions	OSK Kooperatiewe Bank, Ziphakamise Co-Operative Bank	2
Total Participating Institutions		9

Participants included executives, senior managers, and technical specialists responsible for areas directly affected by the implementation and operation of the deposit insurance framework. These functional areas included:

- Risk management
- Regulatory reporting
- Transaction banking
- Treasury and balance sheet management
- Compliance and financial crime
- Operations and banking infrastructure

Interviews were conducted between September and October 2025, with some institutions also providing supplementary responses through structured questionnaires. In total, the study captured insights from multiple representatives across participating institutions, allowing for a qualitative thematic assessment of industry perspectives on the operational implementation, governance, and communication of CODI.

The diversity of participating institutions enabled the research to reflect different operational realities across the banking sector, including the perspectives of systemically important banks, internationally headquartered institutions, and smaller community-based banks.



To encourage open discussion, individual responses are presented in aggregated thematic form and are not attributed to specific institutions or individuals.

