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The Countdown to JIBAR Cessation: Pricing, Valuing and Hedging in a ZARONIA World



By Ian Sams, Global Head of Product, TraditionData

South Africa's interest rate market is approaching a significant moment. JIBAR will cease publication on May 31, 2027, bringing an important change to how rand-denominated financial contracts are priced, valued and hedged. With the "no new JIBAR" initiative having started on May 1, 2026, the transition is already in full swing with market activity and liquidity slowly growing with the transition to ZARONIA, the South African Rand Overnight Index Average.

For banks, asset managers and corporate treasurers, the challenge goes beyond replacing a benchmark in a contract. It requires a clear view of where liquidity is developing, how pricing relationships are changing and how risk transfers into ZARONIA linked instruments.

ZARONIA is based on actual unsecured overnight deposits. Its overnight structure differs from JIBAR's term structure, with compounded ZARONIA introducing different cash-flow and operational requirements.

In December 2025, SARB Deputy Governor Rashad Cassim reported that ZARONIA-linked activity had grown from R6.4 billion to more than R200 billion in the months following "ZARONIA First". A market-led initiative, "ZARONIA First" was recommended in May 2025 by the Market Practitioners Group (MPG) and the South African Reserve Bank (SARB) to build liquidity in ZARONIA linear derivatives.

More recent indications show acceptance spreading across the OTC markets. On June 18, 2026, the South African Foreign Exchange Committee reported that approximately 90% of cross-currency swap pricing now referenced ZARONIA.

This progress shows ZARONIA becoming increasingly embedded in trading and hedging.

The transition also creates valuation challenges. A legacy JIBAR position and a new ZARONIA hedge do not automatically have identical factors. Credit adjustment spreads, compounding conventions, contractual fallbacks and discounting arrangements can affect cash flows and valuations. Teams need to differentiate changes caused by the transition from changes in the market's underlying rate expectations.

For product control and risk teams, this makes consistent, timely market data essential for the construction of curves, verifying valuations and monitoring of basis exposure.

Tradition's market presence connects execution with insight. Tradition's established South African rand OTC franchise provides a strong foundation for supporting this shift.

Its role in the developing ZARONIA market is reflected in FTSE Russell's Term ZARONIA benchmark, which uses Tradition as one of the major inter-dealer broker sources intended for the indicative rate layer of the benchmark methodology.



How TraditionData can support you in this transition

TraditionData provides access to OTC market data that supports trading, valuation and risk management, with ZAR coverage including ZARONIA OIS. The data can support curve construction, independent price verification and analysis of forward interest rates. Used alongside legacy JIBAR pricing, it can also help participants assess the changing relationship between the two benchmarks as portfolios transition.

As ZARONIA becomes more widely used, market participants also need to understand the uncertainty around future rates and the cost of protecting against adverse moves.

TraditionData's forthcoming ZARONIA interest rate options (IRO) product will extend its ZAR offering into this developing area. It is intended to support the growing need for ZARONIA-referenced options data, helping users assess volatility, value optionality and evaluate hedging choices as the market evolves. The product coverage will include out of the money (OTM) and at the money (ATM) pricing for both swaptions and caps/floors.

For a treasury team, this means considering both the forward cost of borrowing and the price of protection against higher rates. For a derivatives desk, it means assessing curve and volatility exposures together. For valuation teams, it means developing inputs appropriate to ZARONIA-linked instruments.

With cessation approaching, the priority is to build a reliable view of the market that will replace JIBAR. Tradition's ZAR broking expertise, TraditionData's existing rates coverage and its forthcoming ZARONIA IRO product connect that transition to the data needed to price, value and manage rand interest rate risk.



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