



CBUAE to launch a new index for actual overnight funding transactions, named “DONIA”

Abu Dhabi (14 November 2021): The Central Bank of the UAE (CBUAE) will publish a new index for actual overnight funding transactions denominated in UAE Dirham from 7 December 2021, named DONIA – Dirham Overnight Index Average - as part of the new Dirham Monetary Framework implementation plan.

The objective of this new index is to provide market participants with data pertinent to the overall state of the actual interbank market, and to improve transparency in domestic money market activities.

DONIA is the effective overnight reference rate for the Dirham. It is computed as a volume-weighted money market rate for all actual overnight secured and unsecured funding transactions of AED 10 million or greater contracted by all banks operating in the UAE, captured through the UAE Funds Transfer System (UAEFTS). It shall be published on UAE official working days by 09:30 hours local time on the CBUAE’s website, and via Bloomberg (Index Ticker “DONIA”) and Refinitiv Eikon (Instrument Code “DONIA”).

The index is constructed following global best practices, and in line with similar interbank indices published in other leading jurisdictions.

The CBUAE expects that this index will serve as an anchor for banks in determining factors relevant to their daily fixing of interbank rates (EIBOR). DONIA should also help improve monetary policy transmission in the UAE, underpinned by the transparency in terms of the way it is computed, and the fact that it is a true reflection of actual local interbank market conditions.

The CBUAE has no plans to discontinue the EIBOR once the DONIA is published, as DONIA and EIBOR will co-exist in the domestic markets. At this stage, DONIA shall not be used to price financial market products offered or structured in the UAE.

Commenting on the launch of the DONIA, H.E. Khaled Mohamed Balama, Governor of the CBUAE, stated: “The launch of DONIA facilitates implementation of the new Dirham Monetary Framework. We, at the CBUAE, are confident that the publication of this new reference rate will not only provide additional transparency to the Dirham money markets, but also help the CBUAE in ensuring overnight money market rates are aligned to prevailing Base Rate.”

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