Digitization of Financial Transactions Between Banks in Algeria

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Abstract:
This study highlights the digitization of interbank financial transactions in Algeria, focusing on the advancements in banking systems, particularly in the digitization of financial transactions, which distinguishes them from other economic transactions. It also examines the , and the role of the Algerian government in adopting several projects aimed at developing and modernizing banking services to support the financing of economic institutions and keep up with technology. Furthermore, it explores the government's ability to achieve economic stability effectiveness of these advancements in keeping pace with global developments and balance. The research includes an analytical study of interbank financial transactions in Algeria, from clearing to electronic clearing, which is a mechanism used by banks to settle financial transactions and process operations more quickly and securely ,Finally, suggestions and recommendations were presented based on the findings of this study .

Keywords: banking systems, financial transactions, clearing, remote clearing, electronic settlement.

JEL Classification Codes: G33 ،G38 ،G50 ، G59 ، G53.

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1. Introduction:

The banking system is considered the cornerstone of all countries' economies and holds immense importance in various economic systems. Its significance is amplified by rapid technological advancements within banks and financial institutions, particularly the digitization of financial transactions between banking institutions, most notably electronic clearing. In this regard, Algeria has undertaken several structural and organizational transformations across its various economic sectors, some of which are evident in the banking sector. This is a crucial stage, representing a transition from a centrally planned economy to a more flexible market economy. This situation has enabled Algerian banks to develop modern payment methods and systems among themselves: the electronic settlement system for large sums and expedited payments was introduced, and electronic clearing was introduced in May 2006.

Research Problem:

The research problem can be formulated in the following question: What are the mechanisms for settling financial transactions between banks in Algeria? And how effective are they in regulating interbank relationships?

Research Hypotheses:

To reach conclusions, the following hypotheses can be formulated:

1. Electronic clearing is considered one of the modern mechanisms for settling financial transactions between banks.
2. Electronic financial transactions play an important role in regulating and improving the relationship between banking institutions.

Methodology:

This study employs a descriptive-analytical approach as its foundation for clarifying electronic financial transactions between banks in Algeria (electronic clearing).

Importance of the Research:

The study's significance lies in the importance of electronic transactions between banks, specifically electronic clearing as an alternative to traditional clearing methods, in order to keep pace with rapid technological advancements.

Study Plan:

To address this research question, the study relies on the following elements:

- An overview of the Algerian banking system.
- An overview of electronic clearing. Electronic financial transactions between the Public Treasury and the Bank of Algeria as a case study.

2: An Overview of the Algerian Banking System:

The banking sector is considered one of the leading sectors in modern economies. Its role is not limited to financing investment, which represents the lifeblood of economic activity and the mobilization of local and foreign savings, but also includes its role as the most important link with the outside world.

1.2 - Stages of the Banking System:

The banking system encompasses all activities related to banking operations, especially those concerning the granting of credit. It has characteristics that distinguish it from other banking systems, including the size of the banks it comprises, the number of their branches distributed throughout the country, their ownership, mergers, and the structure of its organization. The banking system has several stages:

-The founding stage "1962-1970":

After independence, Algeria adopted the economic development plan model. This stage included the nationalization of foreign financial and monetary institutions present in Algeria - where on "August 19, 1962" the Algerian treasury was separated from the French treasury, on "December 13, 1962" the Central Bank of Algeria was established for banking supervision and maintaining financial balance, on May 7, 1962 the National Development Fund was established to finance economic plans and manage the treasury, on October 4, 1964 the national currency was issued in dinars and the National Savings and Reserve Fund was established to finance housing projects.[1](Farida, 2003).

The network of foreign banks was nationalized, and the Commercial Bank was granted the exclusive right to issue currency in 1966.

- The Financial Planning Phase of the Economy (1970-1986): During this period, some of the most important banks that emerged, characterized by the development of a secure financial and monetary system, were:[2] (Bakhar Yaadel, 2003): the Local Development Bank (BDL), the Algerian People's Credit Bank (CPA), the Algerian Foreign Bank (BEA), the Bank of Agriculture and Rural Development (BADR), and the National Bank of Algeria (BNA).

[1] . Bakhar, Yaadel Farida (2003). Banking Management Techniques and Policies. University Publications Office, Algeria, p. 70.

[2] . Bakhar, Yaadel Farida. Ibid., p. 72.

- The transition to a market economy since 1986: The year 1986 can be considered the beginning of economic reforms with the issuance of three texts that paved the way for and led the transition to a market economy:

- Law 86-12 of August 19, 1986, concerning the system of loans and banks.
- Law 88-16 of January 12, 1986, concerning the independence of institutions.
- Law 19-10 of April 14, 1990, concerning money and credit.

2.2- Structure of the banking system: Algerian national banks were established with 100% public capital. These banks were classified according to two banking circles, the first being financial and the second being savings and investment, and they include the following:

- Financial banking circle:

This circle includes a central bank, four primary banks and a specialized bank. The central bank was renamed the Bank of Algeria and is considered an institution with legal personality and financial independence that allows it to secure its real role as an issuing institution in accordance with Law 90/10 dated April 14, 1990.

Commercial banks (deposit banks) finance activities, acting in the roles of the central bank and treasury. The most important of these banks are:

- **The National Bank of Algeria (BNA)**[3](Chaker, 1992), established by decree on June 13, 1966, which implements the state's short- and medium-term credit plan.
- **The Algerian People's Credit Bank (CPA)**[4](Chaker, Lectures in Banking Economics, 1992), established on May 14, 1967, with a capital of 15 million Algerian dinars. It is a deposit bank that provides loans to artisans and self-employed professionals.
- **The Algerian Foreign Bank (BEA)**[5] (Chaker, ibid., 1992) was established by Decree 67/204 of November 1, 1967, with a capital of 20 million Algerian dinars. It is subject to commercial law and is among the state-owned deposit banks.

[3] . Chaker Al-Qazwini (1992). Lectures in Banking Economics. University Publications Office, Algeria, p. 75.

[4] . Chaker Al-Qazwini (1992). Lectures in Banking Economics. University Publications Office, Algeria, p. 75.

[5] . Chaker Al-Qazwini. Ibid., p. 58.

- **The Local Development Bank (BDL)**[6] (Chaker, ibid., 1992) was established by Decree 85/85 of April 30, 1985, with a capital of half a billion Algerian dinars. It is the newest bank in Algeria and operates like a deposit bank.
- **The Bank of Agriculture and Rural Development (BADR)** [7] (Chaker, ibid., 1992) was established by Decree No. 206/82 of March 13, 1982. It is tasked with financing agricultural production structures and activities and is a specialized bank.

The Savings and Investment Sector:
This includes:

- **The Algerian Development Bank (BAD)**, established by law on May 7, 1963, under the name of the Algerian Development Fund, and reconverted from a fund to a bank in 1971.
- **The National Savings and Reserve Fund (CNEP)**, established by Decree No. 64/227 issued on August 10, 1964.
- **The Insurance Sector:** Established by Law No. 63/167 issued on June 8, 1963, it handles all insurance activities and includes the Algerian Insurance and Reinsurance Fund.
- **The Public Treasury (TR):** Its financial function is to ensure the ability to meet foreign exchange needs, i.e., the constant pursuit of a balance between public revenues and expenditures.

3: An overview of electronic clearing: Clearing is considered one of the important means that banks in all countries of the world resort to. It works to settle and process the transactions between financial institutions as a result of their direct dealings with each other. Clearing is defined as the process of exchanging transfers and checks between banking institutions and banks, whereby amounts are paid for the transactions exchanged between the two banks concerned with clearing on that day, and processing and issuing a result, either one bank pays or receives and the other receives in return.

The purpose of clearing is to enable members to settle daily checks, promissory notes, and generally all outstanding debts owed to each other. These exchanges and transaction processing take place at the central clearinghouse, which oversees the clearinghouse's operations on behalf of participating members. The central bank assigns an employee to supervise

[6] . Chaker Al-Qazwini. Ibid., pp. 62 & 63
[7] . Chaker Al-Qazwini. Ibid., pp. 62 & 63

daily clearinghouse operations and provide all necessary facilities and services to ensure their completion. On the morning of each clearing transaction, the clearinghouse representative classifies all commercial papers and transfers, determines their amounts according to locality, and examines the following:

3-1 The amount of the sums in numbers and words - the correspondence between the values and numbers with the relevant accounting documents. Each local member submits papers, checks and transfers in a bundle of papers accompanied by a receipt (Central Bank printout) issued by the clearing representative, which proves or issues each individual situation or case by the primary banks. Accordingly, the clearing house prepares three individual cases or situations (checks, commercial papers, transfers).

Among the advantages of clearing are avoiding the transfer of cash and the associated risks, as well as the speed with which banks convert their receivables into cash that can be invested and generate returns. Furthermore, banks' receivables are settled electronically without the need for physical cash transfers. This translates, for the central bank, to faster money circulation in various economic sectors, thus fostering greater economic development.[8](Khaled Amin, 2014)

3-2 Traditional clearing has become inadequate and unable to meet the demands of modern banks or keep pace with continuous technological advancements, especially given the increasing volume and speed of financial transactions between banks and financial institutions. Therefore, electronic clearing has become the most successful solution adopted by modern banks.

Electronic clearing is defined as: a system for settling check payments between banks instead of paper payments at a clearinghouse. Electronic payments are recorded on magnetic tape.[9](Nabil, 2010) Electronic clearing is also defined as: the latest method of electronic payment, executed on a specific date in favor of a specific individual at the customer's request. Through this method, money is transferred from the customer's account to the account of an individual at any branch of any bank in the country. Currently, electronic payment clearing services are used for electronic settlement of payments.[10] (Ahmed Abdullah, 2010)

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[8] . Khaled Amin Abdullah (2014). Banking Operations: Modern Accounting Methods. 7th Edition. Publishing and Distribution House, Amman, p. 113.

[9] . Nabil Dhunoun (2010) Obstacles to Implementing Electronic Banking – University Journal of Economic Sciences – Issue 25 – Baghdad, Iraq – p. 8.

[10] . Ahmed Abdullah Al-Awadi (2010) Factors Affecting Marketing and E-Commerce – Journal of Economics and Society – Issue 6 – pp. 168-169.

4: Electronic financial transactions between the Public Treasury and the Bank of Algeria: The Bank of Algeria is a direct participant in the block payment clearing system (large amounts of payments). Therefore, it has established a system called the "Algeria Instant Settlement System for Transfers" (ARTS) and the remote clearing system (for checks) "ATCI". This is in order to process transactions and the immediate aggregate settlement of large amounts and urgent payments between banks, for payment orders via bank and postal transfers of large amounts or urgent payments made by participants in this system.

As for the ARTS system "Algérie Real Time Sottement", it is known as the lump sum settlement system. It is a central electronic system that operates on an immediate, final and continuous basis to execute credit transfer orders and provides a settlement point for clearing systems operating in a country, through the central accounts of banks.[11] (Al-Ani, 2014). The immediate lump sum settlement system for large sums of money and urgent payment is also known in Article No. 02 of Law No. 04-05 relating to the Bank of Algeria, which states that the "ARTS" system, meaning Algérie Real Time Sottement, is an interbank settlement system for payment orders related to the transfer of sums between accounts, or the withdrawal of large sums or the execution of urgent payment operations for its subscribers.[12](Zerdani, 2014).

As for the ATCI (Algérie Télé Compensation Interbancaire) system, it is defined as a complementary system to the Instant Gross Settlement (IGGS) system. New payment methods were gradually introduced into the system, which initially processed standardized checks.

The first day of transactions was May 15, 2006. Initially, checks were processed, and by the end of 2006, other payment methods were included. In May, the ATCI system processed 71,933 transactions worth 51.12 billion

[11] . Al-Ani, Iman – Commercial Banks and the Challenges of E-Commerce, Master's Thesis in Economics, Specialization: Banking and Insurance – Mentouri University of Constantine, Algeria 2006/2007, p. 231.

[12] . Zerdani, Linda – The Effectiveness of Implementing Electronic Clearing in Regulating the Relationship Between Banks, Master's Thesis in Economics, Specialization: Finance and Banking – Larbi Ben M'hidi University – Oum El Bouaghi 2014-2015, p. 33.

dinars, and in December of the same year, it processed 48,943 transactions worth 303.17 billion dinars.[13] (Zerdani, ibid., 2014)

Based on this, and in order to address the validity of the hypothesis and answer the problem raised, we will conduct an analytical study of the data that corresponds to the research problem related to the electronic clearing of the ATCI system and the ARTS system, in the processing of checks and transfers between the Public Treasury and the Bank of Algeria as a model.

4.1. Remote clearing for checks: In the ATCI system, checks, bills of exchange and promissory notes are submitted in a non-physical form. The participant must have the payment instruments in paper form and verify their validity. In this system, the Public Treasury is considered a technical representative of the Bank of Algeria, securing check receipts for the Public Treasury's account. The Public Treasury is an indirect participant in the clearing system. The system only works for transfers of amounts less than 1,000,000 DZD. Checks are processed between the Wilaya (province) Treasury and the Bank of Algeria branch through the following stages[14] (Mansour, 2007):

-Going to the clearinghouse: "Aller compensation" under the (ATCI) system: The treasurers prepare the checks in a list of three copies containing a maximum of 25 checks, and the checks are deposited twice a day at the headquarters of the Bank of Algeria. After scanning them, the Bank of Algeria records the received checks and sends them to the clearinghouse, with the Bank of Algeria issuing a report on the clearing process and delivering it to the treasury for accounting processing.

-Return from clearing: Under the ATCI system, the Bank of Algeria prepares a detailed report on future financial transactions in the clearinghouse (checks drawn by treasury clients). This report is delivered to the treasury officers, accompanied by a list of images of the checks (front and back, JPEG) and the financial transactions recorded on a CD-ROM. Based on the detailed report and the observation of the check images, the treasury officers prepare a list of rejected checks, focusing on the outgoing

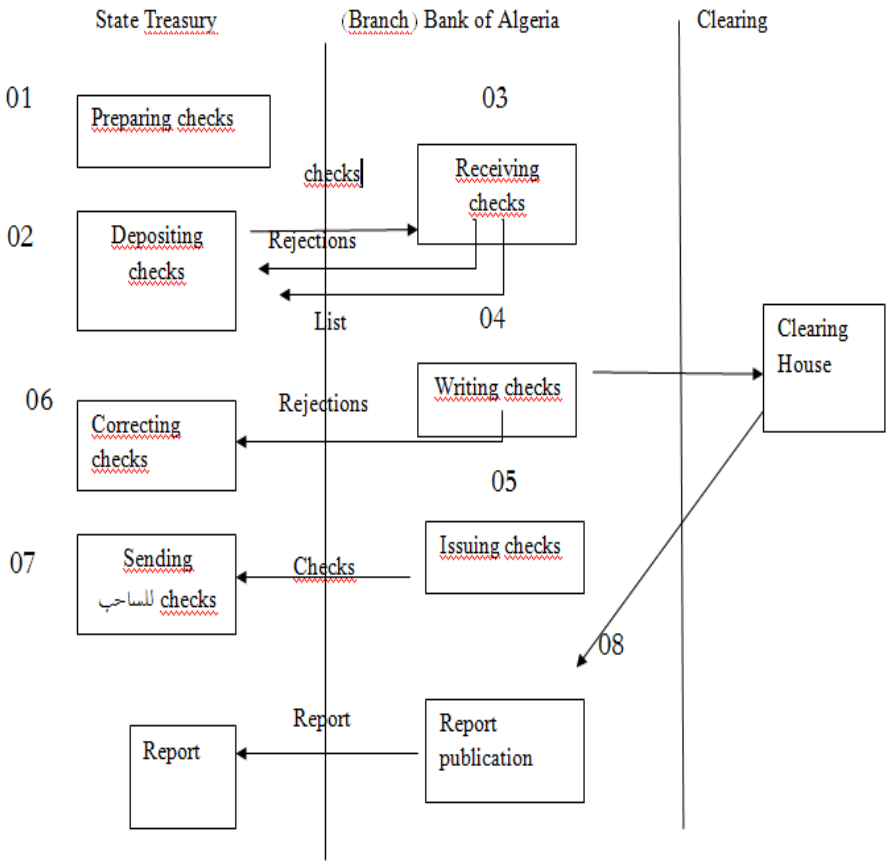
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[13] . Zardani, Linda - The effectiveness of applying electronic clearing in regulating the relationship between banks, a thesis for obtaining a master's degree - the same previous reference, p. 55.

[14]. Mansour Charifa - Financial Transactions between the Bank and the Public Treasury: A Case Study of the Public Treasury and the Bank of Algeria for the State of Mostaganem - Graduation Thesis for the Bachelor's Degree in Commercial Sciences, specialization in Finance, University of Mostaganem - Algeria 2006-2007, pp. 90, 107.

transactions. Meanwhile, the Bank of Algeria records the rejected checks to the treasury account (receiving bank rejections from outgoing funds). This is done as follows:

Figure 01: The Going Axioms Method (ATCI System)



Source: The same previous reference, p. 92.

Explanation and Analysis of the Form:

1- Preparation of Checks:

The State Treasury conducts a thorough inspection of checks, ensuring: - the presence of the signature - the date - the back of the check - that it is a complete check. Each check must bear the name of the State Treasury (stamped and made payable to the State Treasury). A list of checks containing a maximum of 25 checks, in three copies each, must be prepared.

2- Deposit of Checks:

The individual presenting or depositing these checks with the Bank of Algeria must deposit them twice daily, once in the morning and again after 3:30 PM (15:30), so that the checks can be processed by the Bank of Algeria on the same day.

3-Guide to receiving checks:

Checking the conformity of the original to the list in the presence of the treasury agent of the creditor as follows: Conformity of the original to the number and total amount of checks issued and declared in the list, monitoring the principle of separation between the lists of checks issued (tax and private funds), monitoring the type of check, monitoring the presence of the "RIB"(Relevé d' Identité Bancaire)Bank account details of the treasury that is in the list of checks issued, monitoring the backs of the checks. As for checks that have not been checked well, they are rejected directly by the state treasury. The note is recorded in the list of checks for the rejection decision, the reason, the date and time, with the signature of the Bank of Algeria. The Bank of Algeria also keeps a copy of the list. As for checks that are correct, they are accepted directly, and are identical to the list (date and time). A copy is given to the treasury, with the Bank of Algeria keeping two copies of the list.

4 - Recording of checks:

Checks must be recorded for accounting purposes from 3:30 PM on the day "J" until 11:00 AM on the following day "J+1" for the date of amendment "J+3". The user program must be numbered. The number and total recorded in the check list must be entered, the checks photographed, the amounts recorded by scanning the images, and the OCRB data not read by a visual instrument recorded. The data must not be altered. The number and total amounts of the checks issued must be checked against the number and total amounts read by the application. The check list must be printed when all checks are recordable. If a check is not recordable and has not been corrected (OCRB font, which is an optical strip that recognizes digital writing), it will be rejected from the treasury's records.The printing of the receipts and the monitoring of the printing by another person, i.e., monitoring the treasury list with the software list and correcting errors, approving the correct receipts and returning the rejected receipts to the treasury, accompanied by the receipts list with the reason for rejection. Also, the central agent must use the receipts account on the numbering center, sending three receipts, each with a check code, including:

- Code 30 (Checks less than 50,000 DZD): File without image.

- Code 031 (Checks between 50,000 DZD and 200,000 DZD): Image of check required.
- Code 032 (Checks greater than 200,000 DZD): Image required.

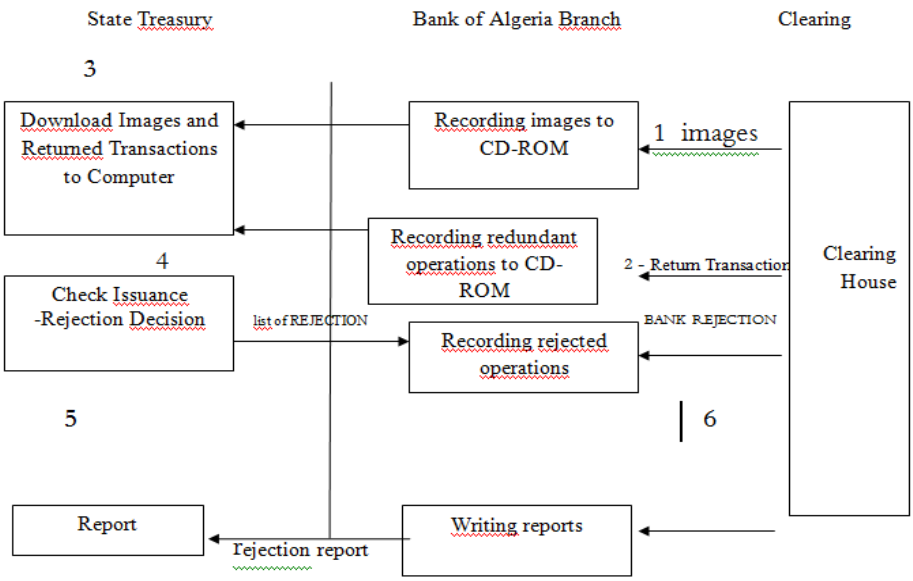
5. Issuance of Treasury Checks: Upon the next visit of the Treasurer, checks are issued for all valid receipts. Each check is accompanied by a copy of the receipt list (date and time). The Bank of Algeria retains a copy of the receipt list and arranges the checks numerically.

6. Correction of Receipts: The Treasury corrects erroneous receipts issued by the Bank of Algeria, along with the reason for rejection. Corrections are made at the Bank of Algeria headquarters, if possible, and the receipt is resubmitted promptly once it has been deposited.

7. Sending Checks to the Bank: Upon receiving checks, the treasury deposits them with the drawer's bank, prioritizing checks with amounts exceeding 200,000 DZD.

8. Report Publication: After the clearing session (starting at 1:00 PM), the information obtained from the clearing process is published. This information is compiled by the drawer's bank and includes the following details for each transaction: check number, beneficiary's RIB, drawer's RIB, RIO (Interbank Reference), date of issue, date of amendment, and total. These reports are provided to the treasury officials for accounting purposes.

Figure 02: The Referencing Postulates Method (ATCI System)



Source: Same reference, page 97

Explanation and Analysis of the Figure:

1- Recording Images on CD-ROM: Starting at 1:00 PM and after the clearing session, the central system receives images of the checks (images) in JPEG format, including both the front and back images of each check. Each list contains the check number, bank code, agency code, and drawer's account number. These check lists are recorded in a special index at the Digital Center (D:/ROOT-ST/AGENCE/BASE/Image).

Note: Images of checks with an amount greater than or equal to 50,000 DZD are required.

2. Recording Returned Transactions on CD-ROM: Starting at 1:00 PM, after the clearing session, the central system receives the returned clearing lists. The operator must record them on a CD-ROM and return it to the treasurer during their evening visit, along with the CD containing the images.

3. Downloading Images and Returned Documents to the Computer:
The treasury clerk downloads the lists of images and returned documents from the CD-ROM onto their computer and reviews the returned documents using PDS.

4 - Issuance of checks:

According to the laws followed between banks, for each returned transaction, the treasury officer must check the following:

Absence of check objections, conformity of RIB specifications, suitability of the check number to the account holder, absence of objections to the account, respect for deadlines for submitting check image registrations, respect for the check document, and the availability of funds.

- Before the settlement date, checks rejected for reasons known within the interbank system must be monitored for a maximum of 3 days.
- The list of rejected checks (a printed document from the Bank of Algeria) is kept in a folder for each check, including the check number, the drawee's RIB, the amount, the date of modification of the initial transaction, and the reason for rejection according to the interbank code.
- The list of rejected checks must be submitted to the Bank of Algeria before 9:00 AM on the settlement date for these transactions.

5. Recording Bank Rejections:

When the Bank of Algeria receives a list of rejected transactions, it focuses on the date and time of receipt. Rejections are recorded using an APPROVE rating scale, according to the following steps:

Stage 1: This includes the following steps: - Writing the rejected transactions, extracting the rejected transaction from the column of data surrounding the selected transaction, saving the selections, and under code 103, we save the repeated images in the list. The system searches for rejected transactions using the RIB (bank account number) of the drawee. Double-clicking on the transaction (the rejected transaction) turns it blue.

-For each rejected transaction, the Treasury requests a code and the reason for rejection in the statement.

- The "Returned Rejected Transactions" option is stored under code 108, indicated by a yellow box on the left.

-The check disappears from the list when the "Confirm" button is clicked. These transactions are detailed in the system for rejected transactions.

Second stage: These transactions are copied in cases of mediation and confirmed rejection. Rejected transactions are verified with a report to the Public Treasury, particularly regarding the drawee's RIB number and the amount.

Phase Three: Correcting Rejected Transactions in Case of Errors. Automatic posting of rejected transactions by Decision No. 108. If the decision is not to reject, Decision No. 107 reverts the transaction to payment, cancels the rejection for that decision, and the transaction is then processed for payment. If the decision is to reject the rejected transactions, they are automatically rejected.
-All accepted checks are paid to the beneficiary on day J+3.

6. Publication of the Outgoing Rejections Report (by the Treasury):
The Bank of Algeria uses the REFORT scale to select the list of rejected transactions. The list of outgoing interbank transactions is then selected, and a summary of the rejections recorded by the receiving bank is published. The rejected transactions are placed on the list when it is completed for clearing.
At the Bank of Algeria, the clearing officer verifies, by comparing it with the list of rejected transactions sent by the Treasury, that the rejected transactions are valid and accepted for clearing.
7. The Banking Rejections Report is sent to the Treasury as justification for recording the requested rejections.
4.2- Clearing for Transfers (Les VIREMENT): The Bank of Algeria is the direct participant in the clearing system for bulk payments and technically represents the Public Treasury within this system. Therefore, the Bank of Algeria guarantees the Public Treasury's account for interbank transfers of amounts greater than or equal to DZD 1,000,000, which are processed using the ARTS (Algeria Real Time System). The rules agreed upon between the banks cover four types of transfers, including:
- Customer service transfers.
- Bank-to-bank transfers.
- Regulatory transfers.
- Incoming transfers from abroad.

There are transfers that are rejected for two reasons:
- Common reasons for all payment methods (insufficient funds, code 007).
- Regular transfers due to (code 101, discrepancy between account number and beneficiary name) and (code 102, customer not found).

1- Clearing: "Aller compensation" under the ARTS system: State treasury officials are equipped with software that allows them to record transfers. These transactions are recorded on a CD-ROM and sent to the Bank of Algeria, which then forwards the transactions to the remote clearing system.

2- Return from clearing: "Retour compensation" under the (ARTS) system: Transfers sent from the Treasury and received by the Centre Près Compensation Interbancaire (CPI) are transferred on a CD-ROM to the provincial treasury. The data received is reviewed via the software installed by the Bank of Algeria at the treasury.

4.3. Major Principles of the ARTS System: Transfer Data: Transfer data is written and copied onto a CD-ROM. The data typed varies depending on the nature of the transfer and is primarily:
- RIB of the originating bank (Treasury client) - RIB of the beneficiary - Amount - Purpose of transfer - Address.
The software performs the following formatting checks: - Mandatory field - Matching of beneficiary bank codes - Originating bank code (008) - Matching of Treasury agency code - Correction of rejection code for regular transfers - Correction of foreign currency code for incoming transfers - Data recorded on day J is processed for clearing on the following day J+1.

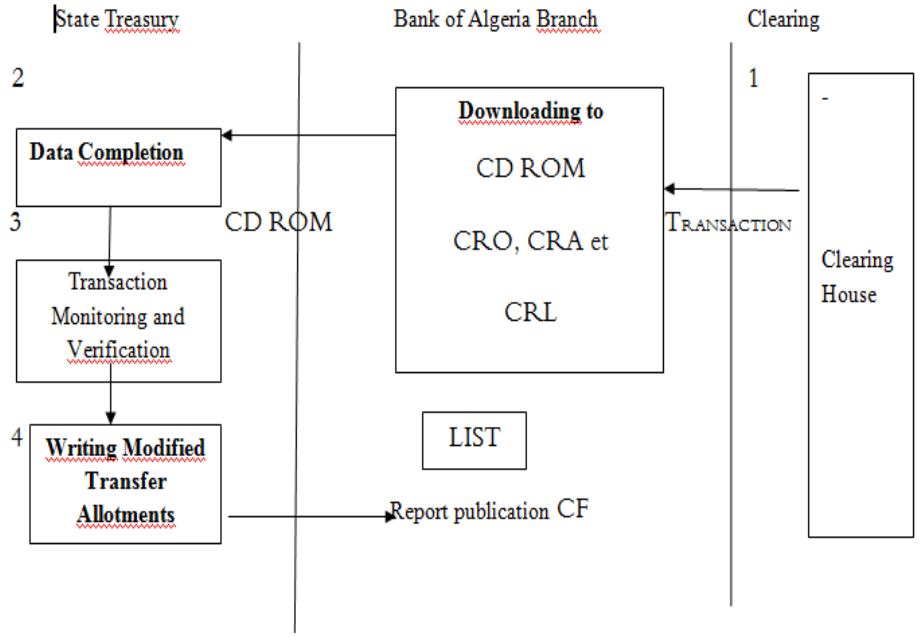
5-Publication of the Quota List:
Upon completion of the quota entry, the quota list is published after the completion of the appendix. The quota is valid if the data is correct. This list is signed by the authorized personnel and is monitored after collection (CD). Simultaneously, the list is transferred to the Bank of Algeria headquarters along with the CD containing the quotas.

5-1Uploading to a CD:
Quotas completed on the day of entry remain automatically in the index (out). At the end of the day, all quotas created in the index (out) are uploaded to a CD. These transactions, along with the lists, are transferred to the Bank of Algeria headquarters before 4:00 PM to be ready for clearing the following day before 9:00 AM. Specifically, entries made on Saturday must be transferred to the Bank of Algeria headquarters on Sunday morning before 9:00 AM. The settlement date applies to transfers and is determined by the clearing day.

✓**Data Completion:** Before 9:00 AM, the Bank of Algeria receives the CD sent from the Treasury and verifies it, primarily focusing on the total amount for each lot.
✓**Transfer of Valid Lots:** Lots not rejected are sent to the clearing system before 9:00 AM and are considered valid.

✓**Uploading CRA and CRL:** When the clearing system receives the transaction lots, the following are returned to the central agent for each lot:
CRL (Compte Rendu Lot) to secure the total or partial cost of the lot.
CRA (Compte Rendu Aller) to confirm the transaction calculation by the system and the applicable settlement date.
Both CRA and CRL are uploaded to a CD, printed on a list signed by the responsible official, and sent to the Wilaya Treasury starting at 12:00 PM.

Figure 3 : Return Statements Method



Source: Same reference, page 98

-5-2 Return Statements:

Downloading to CD-ROM: Return statements for transfers (credit to the Treasury account) arrive at the Central Bank of Algeria headquarters after the exchange session. After 10:00 AM, the statements are automatically transferred to the Wilaya (province) offices.
The Wilaya (Province) offices record the data related to the (return) statements on a CD every day at 11:00 AM. The CD is placed with the treasury officers, along with a list, at 12:00 PM, at the same time as the CRA and CRL statements.

Data Completion: Cashiers automatically complete all data on the CD (load button).

Transaction Monitoring and Verification: Cashiers review the transfers in detail and verify the accuracy of the beneficiary's bank details.

Writing Modified Transfer Allotments: The RIO (Return to Transaction) is entered for the transaction before displaying the modified transfers, along with the reason for the modification. Modified transfers are part of the same quota (a maximum of 999 transactions per quota). Modified transfers follow the same principles as the standard transfer method.

Note: If the bank's balance is overdrawn, it is obligated to cover the deficit by repaying the outstanding amount to the Bank of Algeria within 24 hours. Otherwise, a charge of 19% of the outstanding amount, known as "overdrawn balance interest," will be applied, payable to the Bank of Algeria.

6- Conclusion:

From the above, we conclude that electronic clearing is simply an electronic version of traditional clearing. It can be considered one of the projects that allows us to measure the degree of development of the banking sector and the economic development of the country. We find that banks and the treasury issue and receive payment instruments daily, such as checks and transfers. This entails rights and obligations between these banks. In order to settle and process these transactions, banks seek a clearing system as a mechanism to achieve this. Electronic clearing has achieved maximum efficiency in processing transactions with greater speed and security. However, Algeria has not been able to keep pace with other countries due to a lack of banking awareness in the field of electronic money.

Electronic clearing is one of the positive aspects that the Algerian banking system relies on to attract foreign investment. This system also works to reduce cases of fraud, facilitate financial exchanges between participants, speed up payments and settlements between banks, and enable rapid transfer of funds between banks in record time. Finally, banks participating in the electronic clearing system must work on periodic and continuous coordination with the pre-clearing center, in order to avoid or at least prevent recurring errors, and work on continuing to develop and update the banks' infrastructure in order to keep pace with and absorb information technology.

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8.Attachments:



