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Liquidity Management, by the Bank of Algeria, in the Algerian System of Immediate Settlement “ART” during the Period 2006-2020

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Abstract:

The present research paper comes to shed light on the way the Bank of Algeria deals with liquidity problems in the Algerian system for immediate settlement, since its entry into execution in 2006 until 2020, and the extent to which it keeps pace with the mechanisms adopted by the rest of the other central banks in this field. Results show that the Bank of Algeria uses the waiting queue mechanism without having to activate it with resorting to the cash market and finally the daily facilities of the Bank of Algeria as a last lender.

Key words: Payment system, Algerian system for immediate settlement, Bank of Algeria, Liquidity.

JEL Classification Codes: E58, E42.

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Introduction:

With the beginning of the eighties, the global banking arena witnessed a huge acceleration in its rate of change, as a result of the development of information and communication technologies. This development initially affected the real economy, specifically trade, which became known as electronic commerce. Then, it affected all the components of the economy, which necessitated to move from traditional transactions to electronic transactions at all levels and fields in order to achieve various goals of development. Among the components of the economy that have undergone a radical change as a result of this transformation, we mention the banking system, which worked hard to adapt with the new environment. Electronic transactions appeared to contribute to a large extent in revitalizing the economy, reducing transaction costs and completing them in an almost real time.

Statement of the problem: In this context, Algeria was able in 2006 to embody an electronic payment system to keep pace with global changes, through the embodiment of a secure and effective electronic payment system centered on the Algerian system for immediate settlement. The Bank of Algeria, as the designer, manager and controller of this system, works hard to ensure that the latter is controlled and operated effectively. In order to avoid any systematic imbalance and suspension of this system. In reality, transactions are settled on a gross basis, which gives the Algerian system for immediate settlement the advantage of a consumer of liquidity, which explains its great exposure to liquidity problem.

Through the above, the problem of the study can be asked as follows: **How does the Bank of Algeria manage liquidity in the Algerian system of immediate settlement?**

Research questions: This problem can be divided into the following sub questions:

- ✓ What do we mean by the Algerian system of immediate settlement?
- ✓ What is the reality of the Algerian system for immediate settlement?
- ✓ How does the Bank of Algeria deal with the problem of liquidity in the Algerian system of immediate settlement?

Research hypotheses: In order to tackle the above problem, the following hypotheses are set:

1- In dealing with the problem of liquidity, the Bank of Algeria follows the various mechanisms adopted by the rest of the central banks, which operate according to the market economy.

2- The Bank of Algeria intervenes when the necessary liquidity to complete the payment orders is absent within the Algerian system for immediate settlement.

Methodology: The descriptive analytical approach is adopted in order to become familiar with everything related to the Algerian system of immediate settlement, and the Directorate of Payment Systems at the level of the Bank of Algeria is approached in order to examine how the latter manages liquidity in the Algerian system of immediate settlement, accompanied by the aid assigned to the Algerian system of immediate settlement; this is during the period from the entry into execution of the system until 2020.

Significance: The importance of the study lies in the fact that it examines one of the fundamental issues that occupy banking thinking in the global financial arena. It revolves around the way the Central Bank deals with the most important problem facing the immediate total settlement system, which would generate a systemic risk that may lead to the collapse of the local and global banking and financial system; Namely, the liquidity problem of the immediate gross settlement system.

Objectives: The study aims to shed light on the mechanisms followed by the Bank of Algeria in its management of liquidity problems in the Algerian system for immediate settlement, as it is the core of the Algerian electronic payment system, and the extent of these mechanisms' conformity with the international standards applicable in this field, in order to come up with recommendations.

Organization: In order to answer the questions of the study, this latter is divided into the following points:

1. What the Algerian system for immediate settlement stands for;
2. The activity of the Algerian system for immediate settlement during the period 2006-2021;
3. The Bank of Algeria's dealt with liquidity problems in the Algerian system of immediate settlement.

Liquidity Management, by the Bank of Algeria, in the Algerian System of Immediate Settlement "ART" during the Period 2006-2020

First subtitle: What the Algerian system for immediate settlement stands for

In order to modernize the Algerian banking system, especially payment systems, the Bank of Algeria, in cooperation with the Ministry of Finance and with the assistance of the World Bank, initiated the implementation of an advanced electronic payment system for large and urgent payments, the Algerian system for immediate settlement, which entered into effect on February 8, 2006.

Before we review the Algerian system of immediate settlement, we will first address the concept of the payment system in general and its most important objectives.

1. The concept and objectives of the payment system

Payment systems are of great importance and allow for efficient processing of payments. They also contribute to good economic performance by ensuring the transfer of funds and values between the participants in these systems, in a short period and a very high degree of security and at the lowest possible cost.

1.1. Concept of Payment System

Before defining the payment system, we first shed light on the term system. The term "system" is derived from the Greek word "SYSTEMA" which is in turn derived from the word "synestanaí" which means "to put together" and "unify in a regular order." Bertalanffy believes that the system is "the sum of the elements interacting among themselves" (Von Bertalanffy, 1973, p. 53), and De Rosnay adds to the above that "the elements of the system are in dynamic interaction, and are organized according to a specific goal" (De Rosnay, 1975, p. 93).

It is worth noting that the "systems" theory, outlined by "Bertalanffy" in 1950, believes that a change in any of the components of a single system affects its other components, given the emphasis of systems theory on the view of the whole, considering that studying the parts separately is a misleading process between closed and open systems. This theory defines the open system as the system that depends for its survival on interaction with the external environment through the exchange of inputs and outputs. So that any defect that may affect one of the elements of the system may be transmitted by infection to the rest of the other elements, which leads to the collapse of the whole system, which is called by regular notification.

As for the definition of the payment system, the Payment and Settlement Systems Committee of the Bank for International Settlements referred to the payment system as "a set of means, rules and procedures that secure the transfer of funds between participants in the system, where an agreement is made between the participants and

the system administrator (generally the central bank) in order to transfer of funds by agreed technical basis" (BRI-ICSPR, 2006, p. 81).

From the above and based on what was mentioned in the theory of systems and the Payment and Settlement Systems' Committee, it can be said that the payment system is a total of arrangements that ensure the transfer of values between the participants in the system at the lowest cost, with the least risk, and in a quick time. Also, any defect that may affect one of the components of this system may lead to negative effects that are reflected on the rest of its components, which may lead to a total collapse of the system.

From the above, it can be said that the payment system is a total of arrangements that guarantee the transfer of values between the participants in the system, at the lowest cost, with the least risks and in a quick time, and that any defect that may affect one of the components of this system may lead to negative effects that are reflected on the rest of its components, which It may lead to a complete collapse of the system.

1.2. Objectives of payment systems

Modern economic data impose on the various countries of the world the need to find a payment system that guarantees settlement of transactions in the best conditions. For this, the payment system seeks to achieve a set of objectives represented in the following (BRI-ICSPR, 2006, p. 7):

- ✓ Meet the requirements of all economic agents in terms of executing payment and collection orders;
- ✓ Meet the requirements of the monetary authorities in terms of implementing an effective monetary policy and regulating public means of payment;
- ✓ Reducing transaction costs in the money and financial market;
- ✓ Reducing payment settlement times;
- ✓ Ensuring payment systems safety and security;
- ✓ Reducing risks to payment systems, especially those related to systemic risks;
- ✓ Cooperation at the internal and external levels in order to achieve international standards in the management and control of payment systems;
- ✓ Working to raise the efficiency of payment systems by working to reach a balanced efficiency point between security, transaction costs and payment terms (Rambure, 2005, p. 42).

2. The concept of the Algerian system of immediate settlement

The Algerian system of immediate settlement is defined in Article 2 of Law No. 05-04 relating to payment systems of large sums and urgent payments, established by the Bank of Algeria and named "ARTS System" after its initials (Settlement Algeria Real Time), as a system of settlement between Banks for payment orders related to transferring large amounts of money or making urgent payments to its subscribers. (Banqued'Algérie, 2005) and means:

- ✓ Gross Settlement: Every operation that is implemented by the Algerian system for immediate settlement in the Bank of Algeria is on a gross basis, after ensuring the adequacy of the balance (there is no clearing).
- ✓ Immediate settlement: indicates the continuity of operations without interruption or delay, and the completion of the settlement process takes place at the time orders are received by the system.

The Algerian system of immediate settlement is also defined as a system of interbank payment for large and urgent amounts of more than 10 million dinars, and it allows the execution of transfer orders in real time. (Banque d'Algérie, 2005).

3. The objectives of the Algerian system for immediate settlement

The establishment of an immediate gross settlement system seeks to achieve a set of objectives, which are as follows:

- ✓ Processing and in real time, in a final and absolute manner;
- ✓ Developing settling transfers of large and urgent amounts ordered by the participants in the system,
- ✓ infrastructure and means of payment according to international standards;
- ✓ Linking the Algerian system of immediate settlement with the external systems and internal structures of the Bank of Algeria;
- ✓ Reducing the deadlines and costs of settlement of payments and ensuring the security and speed of exchanges in accordance with international standards;
- ✓ Keeping pace with international standards and standards in the field of risks of various payment systems, especially the statutory risk and the rehabilitation of the banking sector;
- ✓ Strengthening relations between banks and the effective management of monetary policy and its tools;
- ✓ Encouraging the establishment of foreign banks and the development of the capital market, as well as stimulating and attracting foreign investment.
- ✓ Developing the economy and working to catch up with the world.

4. Conditions of participation in the Algerian system of immediate settlement

A set of conditions have been established for joining and participating in the payment system in order to benefit from the services of the latter, and they are as follows (Banque d'Algérie, 2005):

- ✓ Submission of an application to join the system to the organizing body, highlighting the type of participation, direct or indirect;
- ✓ Concluding an agreement in order to obtain secret codes as well as open a settlement account, which enables the participant to make payments;
- ✓ Direct connection to the system through the Swift network and/or the private network with a side sharing floor, and this is after determining the type of participation (a direct participant through his own floor or an indirect participant through the floor of the direct participant in exchange for a commission)
- ✓ Each participant authorizes one or several persons as the only interlocutors in the system with the Bank of Algeria;
- ✓ Security conditions set by the Bank of Algeria must be adhered to;
- ✓ The responsibilities resulting from participation in the system must be adhered to.

5. Operations handled by the Algerian system of immediate settlement

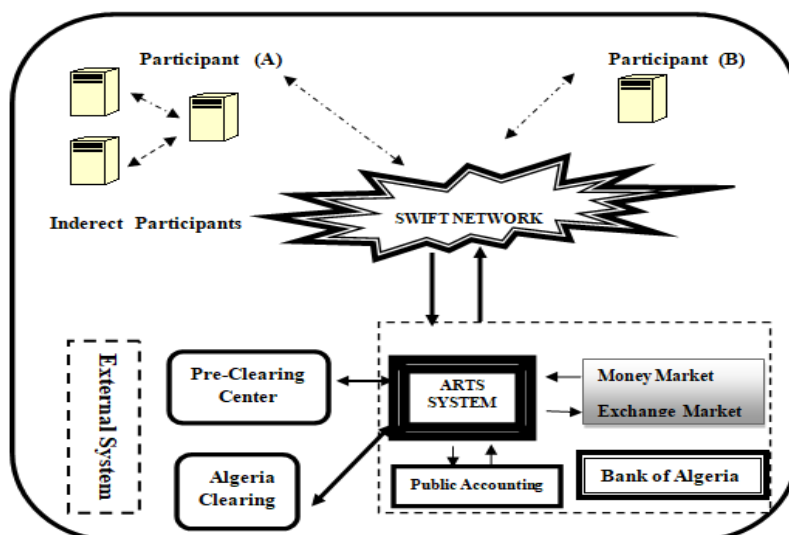
The system handles various banking operations between financial and banking institutions and participants in general, as follows (Banque d'Algérie, 2005):

- ✓ Inter-Participant Operations: These include the following:
 - Transfers between direct and indirect participants within the framework of interbank transactions;
 - transfers to the account of customers of direct and indirect participants in the framework of transactions in favor of customers;
 - Orders to return the money between the participants in case of wrong issuance.
- ✓ Operations between the participants and the Bank of Algeria:
 - Credit operations at the Bank of Algeria: The transactions are carried out within the framework of the transactions between the headquarters of the Bank of Algeria and the state headquarters of the latter for the benefit of the directorates and agencies of the participating banks in other states, and this is by using the

- pre-booking with the Bank of Algeria for the specified amount, for the withdrawal to be made after that day +1, which is valid for four days;
- Settlement of the clearing balances resulting from the Algerian system of remote interbank clearing and those from the pre-clearing center and their settlement by the Algerian system for immediate settlement;
 - Settlement of the clearing balances resulting from dealing in securities, which are monitored by the central depositor in his capacity as a representative of the Algerian clearing house in the securities settlement system;
 - Transferring and bringing in hard currency through dealing in the exchange market;
 - Monetary policy operations between the participating banks and the Bank of Algeria, such as open market operations, auctions, etc.;
 - Dealing with the daily facilities granted by the Bank of Algeria to insolvent participants;
 - Deduction of interests and commissions: such as subscription and dealing expenses in the Algerian system of immediate settlement, which includes fixed costs estimated at 575,000 Algerian dinars per quarter, and variable expenses according to the number of orders executed in favor of the participant, estimated at 42.13 Algerian dinars per letter, employment benefits in deposit facilities bearing interest By the banks employed by the Bank of Algeria, we also find discount commissions for various bonds at the Bank of Algeria.

All participants are connected to the ARTS device stationed at the Bank of Algeria through their headquarters using a pate form that enables them to send and receive transfer orders and all the necessary information related to the operations processed by the system is highly secured, and the following figure shows the various operations that take place between the participants in the system.

Figure N°01: Transactions between the Different Participants in the (ARTS)



Source: Prepared By the Researcher Based On (Payment systems' directorate, Bank of Algeria).

6. Operational principles of the Algerian system of immediate settlement

The Algerian system of immediate settlement operates according to a set of principles that guarantee its good functioning, including the following (Banque d'Algérie, 2005)

- ✓ **Settlement account:** The Bank of Algeria, which supervises the management of the system, opens in its records in the name of each participant settlement accounts, which are divided into sub-accounts, and these accounts are transferred according to cases in the increase or decrease in the amounts of the participants' current accounts, which are set by the general accounting of the Bank of Algeria and the settlements made through the system where it is done continuously and in real time.
- ✓ **Liquidity management:** Each participant in the system must ensure that his account position allows him to cover all orders issued by it (monitoring the available provisions), and accordingly, in the event of a liquidity problem arising at any time, any circumstance, it resorts to various sub-accounts, money, daily permanent loans, compulsory reserves, loans payable during the same day, and in case this problem persists, the system resorts to different mechanisms Including: queuing, advances payable during the day (crédit intra journaliers).
- ✓ **Irreversible in settlement:** Transfers are irreversible once they are accepted by the RTGS party, that is, it is impossible to cancel them unilaterally, and the purpose is to ensure that payments are made in a continuous form throughout the day of the exchange.
- ✓ **Activating the waiting queue:** he periodically resorts to the procedures for activating the waiting queue in order to reduce the need for liquidity for central cash, which is first the rule of "what goes in first gets out first", then the system of priorities and then switching these priorities through computer-level algorithms.
- ✓ **Organizing the exchange day:** The settlement of the relevant accounts is also done in an irreversible manner, as once they are accepted by the RTGS system,

they cannot be canceled later so that the purpose of the settlements is permanently guaranteed over the day of the exchange, which is according to the following table:

Table N°01: The Process of the Exchange Day in the (ARTS)

Opening day of exchange	08:00	08:30
Morning exchanges: bank of algeria transactions	08:30	11:30
Receiving clearing balances period	11:00	11:30
Settlement of clearing balances	11:30	12:00
Morning exchanges period	12:00	12:30
Morning exchanges and settlement of clearing results	12:30	13:00
Evening exchanges	13:00	16:00
Refund of daily facilities	16:00	16:30
Stop exchanges	16:30	16:35
Cancel payment orders	16:35	16:45
Edit date and reports	16:45	17:00
Suspending of operations	17:00	17:05
Archives	17:05	17:30
Exchange day closing	17:30	17:30:01

Source: Prepared By the Researcher Based On (Payment systems' directorate, Bank of Algeria)

✓ **The security policy of the Algerian regime for immediate settlement:**

The following explains the security policy of the Algerian system for immediate settlement (Directorate of Payment Systems, Bank of Algeria):

-Network engineering and much secured equipment:

- The machines and dispensers are double, while the main distributor is working, the reserve distributor is always on standby.
- Each distributor has several moving cylinders, and dual access devices for participants.
- A local network and a dual internal network, so that it is possible to move from one network to another at any time.
- Insured electrical supply.

-Continuity Scheme:

- Emergency base for the participant.
- The use of emergency positions at the level of the Bank of Algeria.
- Switching via magnetic supports in the event of network failure.
- Possession of an emergency site far from the main site.
- Procedures for preservation that ensure a high degree of availability.
- Preventive measures, guaranteeing a high degree.

-Provides a high degree of processing.

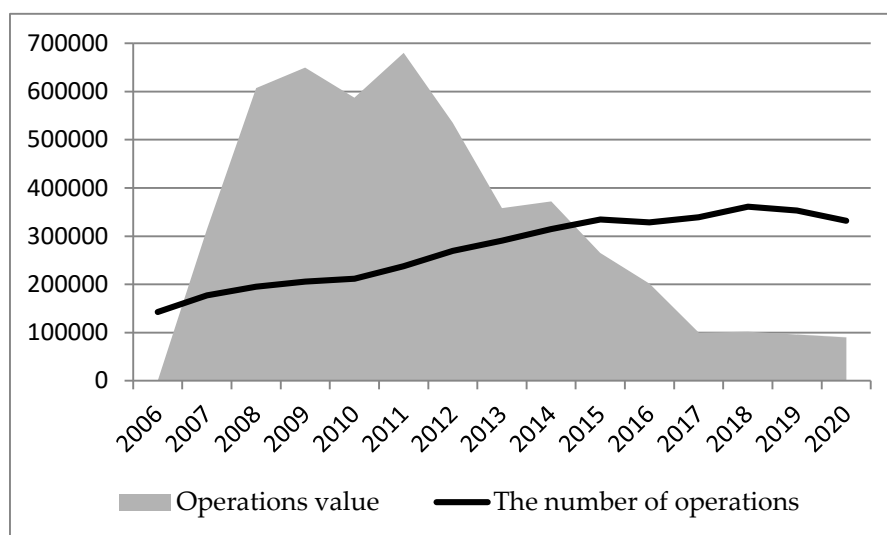
- Supplying or transferring information from the main site (production site) to the emergency site at the end of each stage.

Second subtitle: The activity of the Algerian regime for immediate settlement during the period 2006-2020.

The reality of the Algerian system of immediate settlement is reflected in the number of completed transactions and their value, since its entry into execution in 2006 until 2020, and this is illustrated by the following figure:

Figure N°02: The evolution of the activity of the Algerian system for immediate settlement during the period 2006-2020

Unit: 1 billion Algerian dinars



Source: Prepared by the researcher based on: Statistics 2006-2018 (Bank of Algeria, 2006-2018) and statistics of 2019 and 2020 (Payment systems' directorate, Bank of Algeria).

From the above figure, we note the operations carried out by the regime were in continuous development and this until 2015, and this is a result of the repercussions of the oil crisis that destabilized the global and Algerian economy in particular, to know after that a kind of recovery in 2017 by 3.2% and 6% in 2018, This is after the Bank of Algeria intervened with some mechanisms to revitalize the monetary and financial market in Algeria, but the Covid-19 crisis, which began in March 2019, caused the gradual decline in the number of operations completed through the system.

As for the value of the operations carried out through the system, it witnessed a continuous increase during the first years of the system's operation, as its growth rate reached 93.7% in 2008, after which it was known a fluctuation between rise and decline at other times, so that the years following the oil crisis in 2014 witnessed a decline Almost continuous, except for the slight increase in 2008, and this decline was deepened by the repercussions of the Covid-19 crisis. All of these results reflect the difficulties faced by the real sector, which has become suffering as a result of the oil crisis, as well as the repercussions of the Covid-19 crisis, which in turn negatively affected the Algerian central payment system in general.

Third subtitle: The Bank of Algeria' dealt with liquidity problems in the Algerian system of immediate settlement

The Algerian system for immediate settlement, similar to the various payment systems in the world, aims to process and settle the largest possible number of daily transactions while avoiding any kind of problems that would disrupt the functioning of the system and this is in respect of the various principles of the Bank for International Settlements, and the following are the most important stages through which the Bank of Algeria is going The problem of liquidity that may result in the Algerian system of immediate settlement.

1. Managing and activating the Algerian system for the immediate settlement of the waiting queue

In the event of a decline in the liquidity of the banks, it is not possible to settle all payment orders immediately upon their receipt, and this is due to the lack of sufficient liquidity in the account of the concerned participant, which requires placing him in a waiting queue, and as soon as liquidity is available either by receiving payment orders or by pumping liquidity, the orders are released Held in queue.

In principle, the management of the queue is subject to the rule of "first in, first out," with the order of priority of orders, where the order is released according to its priority level. This priority is classified in the Algerian system of immediate settlement as follows:

Table N° 02: Priority levels when treating payment orders in the (ARTS)

First level	Transactiond for benefit of the bank of Algeria
Secendlevel	Pump clearing balances
Thirdlevel	Orders by subscribers as « Urgent »
Fourthelevel	Normal ordesrs

Source: Prepared By the Researcher Based on(Banque d'Algérie, 2005).

Through the table, it can be noted that this mechanism in addressing the liquidity problem in the Algerian system for instant settlement is characterized by a lack of flexibility, since in the event that the first order placed in the queue has a high value, it can prevent orders of less value even if the status of their settlement account allows By settlement, and to remedy this lack of flexibility, Article 38 of Law No. 05-04 gave participants the right to change the priority level of the order placed in the queue either to be executed or to trigger the situation. Article 46 of the same law also confirmed that the system bank launched various mechanisms in order to activate the waiting queue, and this is in order to reduce the use of external sources of liquidity, which is characterized by its cost.

But through a field inspection within the interest of the Algerian system for immediate settlement in the Payment Systems Directorate of the Bank of Algeria, we noticed the lack of resort to the different queuing activation mechanisms that are used in the rest of the central banks operating according to the market economy, among which we find: the "balanced net balances" method, the "available first out" method. First, the "first in, first out" method with the possibility of override the next command, and the "first in, first out" method with a change of priority.

In addition, we note that the process of activating the waiting queue is possible and feasible in the event that liquidity is available in the system, even if the latter is not available at the time of its maturity, but in the absence of the necessary liquidity, these programs and the aforementioned rules become useless to solve the problem of stopping queues in the Algerian system of immediate settlement. This calls for the intervention of the Bank of Algeria through other methods that we present below.

2. Financing from the interbank money market

By embodying the Algerian system of instant settlement, the participants were able to settle their payments in the interbank money market through the settlement accounts opened with the Bank of Algeria and this in real time.

Where the interbank money market was opened in Algeria in 1989, in the form of a short and medium-term money market, where the Bank of Algeria plays the role of mediator in the exchanges between the parties forming the market and it also ensures the implementation of the targeted monetary policy, and the money market in Algeria is divided into two parts: the market daily and futures market.

Funding is obtained by participants in the Algerian system of immediate settlement through one of the following transactions:

- **Auction operations:** where the Bank of Algeria faces the offers and requests and transfers their results before one o'clock in the afternoon on the Algerian system of settlement;
- **Employment of liquidity:** where the Bank of Algeria coordinates among participants who know a surplus of liquidity in order to employ it in the form of deposit facilities with interest rates: employment for 7 days at a rate of 1.25%, or employment for 91 days at a rate of 2%.
- **24 Hours Deposit Facility:** It is a method used by the Bank of Algeria for the benefit of the banks in order not to freeze the daily surplus liquidity. This latter yields an interest of 0.3%.

This is the ideal financing method for addressing the liquidity problem facing the Algerian system of immediate settlement, as it works to remove the specter of the statutory notifier and without direct intervention of the Bank of Algeria, whose intervention is limited to being a regulator and observer of the interbank money market.

It is clear that the validity of the money market to secure the liquidity of the payment system depends on the extent of its growth, and it is inferred from the growth of the money market in terms of its capacity and its liquidity and activity. The needs of dealing with them, and market liquidity depends on the ease of converting those assets into cash when necessary, which depends on the amount of dealing activity, and on the amount of resources available to the market, and this is what the Algerian cash market is relatively lacking as it is still modest in terms of transactions and assets traded therein.

3. Daily facilities from the Bank of Algeria

With the aim of increasing the liquidity of the system, and in the event that the insolvent participant is not able to obtain sufficient funds to release the order issued by him, which may lead to a systemic halt, the Bank of Algeria enables this participant to obtain daily facilities, and this is as a last resort after resorting to the interbank cash market, which is characterized by low Its cost is compared to the cost of financing from the Bank of Algeria.

In this context and within the measures taken by the Bank of Algeria to confront any threat to the payment system in light of the difficult economic conditions, the Bank of Algeria, following the 2014 oil crisis, formed a working cell on a project to prevent daily facilities for a group of participants in the system within the framework of its liquidity management, and this is from In order to have more control over this mechanism, the Bank of Algeria has set work steps and conditions for benefiting from the latter as follows:

3.1.Parties involved in obtaining daily facilities: There is a certain category entitled to receive the daily facilities of the Algerian Bank, which are:

- ✓) Participant in the system directly or indirectly: This is after submitting a request for daily facilities;
- ✓ The manager of guarantees: the management of guarantees is carried out at the level of the Bank of Algeria, and this profession is practiced by the Directorate of

Refinancing at the level of the Directorate General of Credit and Banking Legislation;

- ✓ Custodian of securities: the manager of treasury bonds at the level of the Bank of Algeria. This profession is exercised by the Directorate of Control, Budget and Accounting.

3.2. Conditions for obtaining daily facilities: There are a set of conditions that must be met in order to obtain the Bank of Algeria facilities, which are:

- ✓ Granting daily facilities is in exchange for public securities as a guarantee such as treasury bonds, meaning that the participant who owns this type of securities is only eligible to obtain these facilities;
- ✓ Securities accepted as collateral must cover 110% of the value of the daily facilities;
- ✓ The facilities are granted by the Bank of Algeria free of charge throughout the day of the exchange, provided that they are paid before the end of the day;
- ✓ In the event that the facilities are not paid before the end of the day, they become facilities for 24 hours, which are at interest rates equal to the trust rate for one day, plus 2%.

3.3. Stages of the process of obtaining daily facilities: The process of obtaining daily facilities passes through the following stages:

-Reservation phase of guarantees: After the participant submits a request to obtain the daily facilities for the collateral routing, using the basis of his participation in the system, specifying the loan amount, the collateral facilitator checks with the custodian of the existence of the public papers used as collateral, and then this good thing seizes the relevant public papers and informs the accounts manager of that.

-The stage of granting the participant daily facilities: The collateral manager informs the concerned participant of providing him with the loan in order to dispose of the liquidity.

-The stage of paying the daily facilities: Before the end of the day, the concerned participant pays the loan, and the collateral manager informs the custodian in order to release the retained papers, and in the event that these facilities are not paid before the day of the exchange, they will be transferred to 24-hour facilities, which are 2% more

than the rates of the deposits, which are as follows: 1 day 0.3 %, one week 0.75%, three months 1.25%, these rates are the opportunity cost of the participant who chooses it as a mechanism to provide liquidity.

Conclusion:

Through our presentation of the Algerian system for immediate settlement and its activity during the period from 2006-2020, we note that this system has passed through two main phases, the first phase that preceded the oil crisis of 2014, which was characterized by a liquidity surplus of a structural nature at the banks participating in the system, which made The settlement of payment orders take place automatically and without the emergence of a liquidity problem. But the second phase, which followed 2014, was characterized by a decline in bank liquidity and thus in the activity of the Algerian system for immediate settlement, as well as after the Covid-19 crisis, where the Bank of Algeria worked to include new mechanisms to manage liquidity in the Algerian system for immediate settlement by resorting to the cash market and resorting to the Bank of Algeria as a last lender. As for the waiting queue, which can be activated through several techniques, we have noticed the absence of various mechanisms in activating the waiting queue, which allows us to negate the first hypothesis of the study as the Bank of Algeria does not follow the various mechanisms adopted by the rest of the central banks that operate according to the market economy. As it depends on the money market, which is weak in Algeria, especially in light of the oil crisis and the Covid-19 crisis, which would exclude resorting to the Bank of Algeria through daily facilities, which is a very expensive source of liquidity.

The Bank of Algeria intervenes, as a manager of the Algerian system for immediate settlement, first preventively before any risks occur. That's by setting up various mechanisms for the proper functioning of the system and to avoid risks. However, the bank of Algeria intervenes remedially in the event of a shortage of liquidity and subsequently to recover funds, all of this leads us to reject the second hypothesis. We also note that the weak number of transactions processed by the system with the allocation of two periods for processing external clearing balances, is not in line with the great potential of this system, and thus the opportunity for optimal exploitation of this system is lost.

Through the above, the following points are suggested:

- The necessity for the Bank of Algeria to continuously update the Algerian system for immediate settlement in order to comply with the international standards

applied in managing liquidity problems, thus avoiding legal disruption and encouraging the investment process.

- The Bank of Algeria must activate dealing in the money market to ensure the optimal management of liquidity problems, and even activate the financial market to work alongside the money market in order to provide new solutions and less costly mechanisms.
- Avoiding heavy dependence on daily facilities due to the high cost of this financing method.
- Raising the degree of exploitation of the infrastructure of the payment system, through the work of the Bank of Algeria to encourage economic operators to use electronic payment methods by reducing their costs.

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