

National Clearing System

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The National Clearing System (NCS) is an interbank payment system for the clearing of funds transfer orders between its participants based on a multilateral net principle of a large number of payment transactions in kuna which are of relatively low value.

The NCS is a payment system that enables the clearing of kuna cashless interbank payment transactions among all of its participants. The NCS participants are the CNB, credit institutions (banks and savings banks) with their head offices in the Republic of Croatia that have been granted authorisation from the CNB and the Croatian Bank for Reconstruction and Development.

The NCS participants can be direct or indirect. The Financial Agency (FINA) is the operating manager and owner of the NCS, and the CNB has a special role of a bank – settlement agent in the NCS.

The rules of operation that must be met by the mentioned participants are prescribed by the CNB ([Laws and Decisions and instructions](#)). The Financial Agency issues instructions which determine the operational procedures of the NCS and the Tariffs for the Services of the NCS.

Mode of operation of the NCS

The clearing of interbank payment transactions is ongoing in four cycles and is determined by the Work Schedule for Clearing through the NCS, which is issued by the Financial Agency, subject to prior approval by the CNB. A clearing day starts at 6.30 p.m. on the previous business day and ends at 6.30 p.m. on the current business day.

The participants in the NCS send transactions by means of a database for electronic exchange (DER) (a large number of transactions within one database). The database itself is protected by the state-of-the-art cryptographic methods.

Payment transactions are cleared in the NCS up to the amount of funds available in the direct participants' clearing accounts. The CNB sets a limit up to the amount of funds allocated by the direct participant to the account with the CNB. Transactions for which a direct participant does not have sufficient funds are recorded in the payment queue, which the direct participant can manage. If funds for clearing (raising the limit or funds received from other direct participants in the clearing) are not ensured by the end of the day, transactions are returned to the participant that submitted the transaction as non-executed.

The CNB has an ongoing control and supervision over the entire system, the possibility of insight into the balance and the ability to block direct participants' clearing accounts.

The CNB (as a bank – settlement agent) settles the final net positions in the clearing accounts of direct participants in the National Clearing System (NCS) at the end of a clearing day in the NCS through the CLVPS across the participants' accounts and the NCS clearing account.