

IPCS – Internal Payment Clearing System of Mount Vema

Real Time Gross Settlement (RTGS)

The Mount Vema Real Time Gross Settlement (RTGS) is called IPCS (Internal Payment Clearing System).

It is a fund transfer system where the transfer of money or securities takes place from one bank to any other bank on a "real-time" and on a "gross" basis. Settlement in "real time" means a payment transaction is not subjected to any waiting period, with transactions being settled as soon as they are processed. "Gross settlement" means the transaction is settled on a one-to-one basis, without bundling or netting with any other transaction. "Settlement" means that once processed, payments are final and irrevocable.

IPCS Operation

The Mount Vema IPCS (Internal Payment Clearing System) is operated by the Bank of Mount Vema as it is as a critical infrastructure for the country's economy. It is indispensable to the functioning of the Mount Vema interbank, money, and capital market.

The IPCS system does not require any physical exchange of money; the central bank makes adjustments in the electronic accounts of Bank A and Bank B, reducing the balance in Bank A's account by the amount in question and increasing the balance of Bank B's account by the same amount.

The system is suited for low-volume, as well as high-value transactions. It lowers settlement risk, besides giving an accurate picture of an institution's account at any point of time. The objective of IPCS systems for the Bank of Mount Vema, like other central banks throughout the world using Real Time Gross Settlement (RTGS) is to minimize risk in high-value electronic payment settlement.

Transactions are settled across accounts held at the central bank on a continuous gross basis. The settlement is immediate, final, and irrevocable. Credit risks due to settlement lags are eliminated.