



JamClear-RTGS

This is the third in a series of weekly articles on the developments under the National Payments System Reform Project.

This edition features the Real Time Gross Settlement System, branded JamClear-RTGS.

What is JamClear-RTGS?

JamClear-RTGS is a payment system specifically designed to process large value and time-critical payments by financial market participants, in a safe and efficient manner.

The new electronic system allows participants to transfer funds between themselves, for their own account or on behalf of their clients, in real time. JamClear-RTGS facilitates fast, secure, final, and

irrevocable clearing and settlement of payments. It was commissioned on the 27th of February, 2009, and is owned and operated by the Bank of Jamaica.

Rationale for JamClear-RTGS

JamClear-RTGS was developed as part of the modernization of the Jamaican payments system infrastructure, which is geared towards bringing the financial markets in line with international best practice.

Who has access to JamClear-RTGS?

Existing settlement account holders, namely commercial banks, merchant banks, and primary dealers, will have direct access through their settlement accounts in the Central Bank. The Jamaica Central Securities Depository (JCSD) will have direct access to facilitate the settlement of equity trades. Indirect access will be facilitated through direct participants. Clearing Houses such as the Automated Clearing House (ACH) and Multilink will net-settle their obligations in JamClear-RTGS, according to predefined settlement windows.

Benefits of JamClear-RTGS

The implementation of JamClear-RTGS brings the financial market in line with international best practice, where day-to-day rapid settlement, payment, finality and irrevocability are the “norm.”

Other benefits include:

- Enhanced transparency of banking activities
- Increased speed for the settlement of payment obligations
- Reduction in payments system risk
- Improved financial stability and increased system efficiency
- Efficiency gains for treasury management
- Enhanced payments system safety and reliability

The next article in the series will focus on the other recent and major system development under the National Payments System Reform Project, the JamClear-CSD. We will look at its features and the benefits generated by this new electronic central securities depository.