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# A System with Zero Reserves and with Clearing Outside of the Central Bank: The Canadian Case

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of introducing blockchain technology in the Canadian clearing and settlement system.

KEYWORDS:

Clearing and settlement    overnight interest rate    systemic risk    government deposits

JEL CODES:

E02    E42

This article is part of the following collection(s):  
[The ROPE Collection on Central Banking and Monetary Policy](#)  
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Disclosures

No potential conflicts of interest were disclosed by the author.

Notes

- 1 Some of the literature on the role of the central bank in the economy can be found in Lavoie and Seccareccia (2015).
- 2 Nobody is claiming that the government should not run a budgetary deficit. The issue is whether the government should run a budgetary deficit in the context of a monetary policy, and the better starting place is the modern central bank’s role in the national payment

system’.

4 The CPA provides an excellent pedagogical website. See

<https://www.payments.ca/resources/learning-exchange>

5 [https://www.payments.ca/sites/default/files/10-Sep-](https://www.payments.ca/sites/default/files/10-Sep-18/2018_lvts_volume_and_value_summary_-_july_1.pdf)

[18/2018\\_lvts\\_volume\\_and\\_value\\_summary\\_-\\_july\\_1.pdf](https://www.payments.ca/sites/default/files/10-Sep-18/2018_lvts_volume_and_value_summary_-_july_1.pdf)

6 <https://www.payments.ca/about-us/our-systems-and-rules/retail-system/statistics>

7 See Payments Canada at : <https://www.payments.ca/our-directories/high-value-system-lvts-participants> There are only 12 direct clearers in the ACSS.

8 For instance, in the USA, payments can clear through Fedwire Funds Service, which is operated by the Fed and is a real-time gross settlement system (RTGS), while the Clearing House Interbank Payment Systems (CHIPS) is privately owned and nets payments, which are thus not irrevocable until the end of the day, when net final payments must be made through Fedwire.

9 [https://www.payments.ca/sites/default/files/10-Sep-](https://www.payments.ca/sites/default/files/10-Sep-18/2018_lvts_volume_and_value_summary_-_july_1.pdf)

[18/2018\\_lvts\\_volume\\_and\\_value\\_summary\\_-\\_july\\_1.pdf](https://www.payments.ca/sites/default/files/10-Sep-18/2018_lvts_volume_and_value_summary_-_july_1.pdf)

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16 How this can be reinterpreted within the post-Keynesian theory of endogenous money is explained in greater detail in Lavoie ([2010b](#)) and Fullwiler ([2013](#)).



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