



TTCC Hirschwang

## Frequently Asked Questions

This text is a modification of a text<sup>1</sup> of © 2023 Local Loop Lancaster & Morecambe<sup>2</sup>

### Basics

What is a clearing club?

A clearing club is a group of actors which agree to fulfil the non-payment part of their mutual contracts first and the payment part later on a common date. They submit data on their open obligations to a service provider (in this case TTCC Hirschwang), so that as much debt as possible can be cleared without any money changing hands.

The service provider arranges the data in a community-matrix. The total of the line of one actor corresponds to the open obligations, which he has vs. the others (or: the community), the total of his column corresponds to the open obligations, which the other actors (or: the community) have vs. him.

These two results can be set off against each other, leaving the same balance, which the actor already has in his ledger as result of the accounts receivable and payable.

The matrix shows the result in an overview, what would be left in each member's till when all mutual accounts were closed by paying or receiving the balance. Instead of paying to or receiving from every single counterpart in individual transactions, a single payment is made to or from the community.

### What is TTCC Hirschwang doing?

Nothing yet. Currently a community is looked for to run a trial. A toolbox<sup>3</sup> is in construction, which

contains issues to be dealt with by the community and tools to solve questions.

### Benefits and Costs

What are the immediate benefits?

Businesses already benefit - off the club - by having relationships of running accounts with selected partners. This technique has a centuries-old track. In their accounting they map these in a section "accounts payable and receivable" (APR) with account sheets for every single business partner. The partner has the same, only in a mirrored version. His claims are your liability and vice versa.

Businesses in a clearing club benefit through improved cashflow, no risk of gridlocks and no more late payment problems.

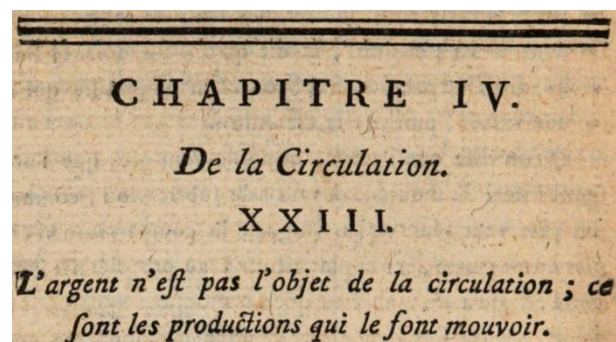
What are the medium term benefits?

Medium term benefits include a reduced cost of finance, and a better relationship with the bank.

What are the longer term benefits?

From centuries of experience in trade fairs, scontration places on the continent and in the clearing houses, which globalized in the past 200 years long-term benefits include better use of liquidity for an ever growing economy since then.

Besides that, the look onto the distribution of money in a community mirrors the distribution of goods and services – the real economy. The distribution of money therefore can be taken as an indicator of the health of the community and become a controlling instrument rather than the trace of money barter.



<sup>1</sup> <https://www.localloop.network/faq/>

<sup>2</sup> Local Loop Lancaster & Morecambe is an initiative developed with the support of Mutual Credit Services.

<sup>3</sup> Last version here: [https://drive.google.com/drive/folders/1reW7g68\\_3Z\\_zsamJdGLpbP0yPy-WQG0U8?usp=sharing](https://drive.google.com/drive/folders/1reW7g68_3Z_zsamJdGLpbP0yPy-WQG0U8?usp=sharing)

*“The object of circulation is not the money, but the money itself is put into circulation by the products.”<sup>4</sup>*

What will it cost me?

Depending on the range of services of the matrix provider, the community decides on a charge to cover the operating costs. Because the club is owned by its members, they will always have the choice to optimize the services provided. The community can decide to charge for the benefit, gained as a member and use this for the benefit of the wider community.

### Practical Matters

How does this work with my existing accounting?

Your existing accounting has a section “accounts payable and receivable” (APR) with account sheets for every single business partner. The partner has the same, only in a mirrored version. His claims are your liability and vice versa.

From this APR you know in each account sheet, how much the partner can claim from you and you from him. Both of you can message these totals to the matrix provider. If there is a difference, the provider will notice both to clear the difference and wait for corrected messages.

You and your partner can decide not to disclose the trading volume, but only the balance. Then one of the numbers transmitted to the matrix provider will be zero. The matrix is insensitive to mixed operation.

From your APR you know, which partner will be paying you and whom you have to pay. You also know the final balance.

You don't know, how the partners are engaged in the community besides the engagement with you. You don't know, which partner needs to wait, that you pay a third one, so he can pay you. The risk of gridlocks can be present.

The matrix summarises the claims and liabilities at the community level. Taking the community into

account leaves the grid of bilateral relations behind and removes the risk of gridlock.

Who sees my data?

You and your partners in the APR see the mutual data. The matrix provider can keep all information confidential, but the community can decide on the degree of privacy and change it with growing mutual trust.

The result of the matrix provider's work is a scheme, who pays whom to settle all open obligations. (If the community did not decide to carry the vector over to the next period.) You know from your APR how much you have to pay. Since the grid, which is visible in your APR is replaced by taking the community into account, as a liability or a claim vs. the community, you pay to the community or receive from it, which distributes all payments to all creditors, or you receive from the community

The matrix does not need to be published among the members. The least information distributed would be, who pays to and who receives from the others (minimum disclosure), which is the vector of the balances of the totals of lines and columns of the matrix. In a medium disclosure this could be distributed among the members, to show not only the benefit of saving the use of liquidity (8,4%), but also the volume of the turnaround.

		pay or get		debet credit		pay or get	
A	1	2.739		6.628	3.889	2.739	
B	2		1.982	4.346	6.328		1.982
C	3	318		6.542	6.224	318	
D	4	1.569		5.290	3.721	1.569	
E	5	376		6.076	5.700	376	
F	6		155	5.241	5.396		155
G	7	247		5.706	5.459	247	
H	8		417	4.872	5.289		417
J	9	361		5.530	5.169	361	
K	10		757	5.929	6.686		757
L	11	1.284		5.255	6.539	1.284	
M	12	1.015		5.496	6.511	1.015	
		5.610	5.610	66.911	66.911	5.610	5.610
		8,4%				8,4%	

Minimum disclosure      Medium disclosure

The full information distributed among the members can serve as a diagnostic tool. Why have A and D to pay over average? Why are B, L and M over average receivers? This can be discussed in a cooperative mindset to develop the internal economy of the community to the best for all.

<sup>4</sup> Le-Trosne, Guillaume Francois (1777): Traité élémentaire sur la Valeur, l'Argent, la Circulation, l'Industrie & le

Starting with the minimum disclosure, mutual trust can grow to **scale up** for the next two steps.

Maximum disclosure

	A	B	C	D	E	F	G	H	I	J	K	L	M	
	1	2	3	4	5	6	7	8	9	10	11	12		
A														
B	156													6.026 2.899 2.739
C	766	747												6.345 6.328 1.862
D	23	261	926											6.542 6.224 318
E	538	386	512	29										6.290 3.721 1.589
F	182	821	397	515	27									6.076 5.700 376
G	159	645	432	365	154	567								6.241 5.396 155
H	273	956	408	233	733	220	55							6.705 5.458 247
I	533	611	724	904	153	628	673	134						4.872 5.289 417
J	274	816	60	267	817	218	512	440	900					5.530 5.169 361
K	51	359	981	238	273	783	173	583	689	617				5.929 6.686 757
L	934	265	704	165	770	495	633	546	275	129	580			6.255 6.539 1.294
M														6.486 6.511 1.015
total	3.889	6.328	6.224	3.721	5.700	5.390	6.469	5.289	5.169	6.686	6.539	6.511	66.911	6.610 6.610 6.4%

The matrix provider can be given the rights to make entries into the ledgers of the members to close the open positions.

Why don't you look for invoice loops?

Invoice loops may be present, but don't need to be identified, since the path-orientation is replaced by a future with the community. Instead of single invoices the aggregated account sheet information of multiple unpaid invoices is used. The result of the calculation of the matrix is 100% equivalent to a cycle- and chain-scontration<sup>5</sup>. All unnecessary movements of means of payment are removed and the balances of each member (node) are upheld unchanged.

The MATS (minimum amount to settle) of the Matrix is equal to the NID (net internal debt) of the net.

What is clearing?

Clearing in a narrow sense is the process to make sure in both ledgers and account sheets are the same numbers. In a wider sense, "clearing" can include the process of settling payment after set-off.

What is set-off?

Set-off is the accounting term which describes what happens when businesses agree that the sum from a payable account sheet can be matched with the sum from a receivable account sheet by calculation, nor payment. Money changes hands only for balancing the difference.

In a clearing club, multilateral set-off means this happens for all businesses at the same time, which

is at the end of a period of time, on which the members agreed.

The Clearing Community can be further **scaled up** to a TwinToken Clearing Community, which means clearing, settlement and (temporary) local tokens for circulation.

The self-created means of payment in form of TwinTokens can be used for small and medium credit in the interest of the community, for donations and for basic income.

It can be understood with paper-slips, but implemented in a "Slipchain"<sup>6</sup>.

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*Matthew Slater said in the first session: "Scale up or go home!"*

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I understand scaling up not only as doing the same 10000 times more. Stepping up to a next level is also "scaling" up, but in quality, not quantity.

As a co-worker of a bank, which gave itself the name "Gemeinschafts-bank" 49 years ago and anticipated various forms of crowd funding ("Leih-gemeinschaft" (loan), "Schenk-gemeinschaft" (donation), "Bürgen-gemeinschaft" (guarantor)) I still have this community-orientation, which nudges me softly to the next levels of taking the community into account.

As egoistic lone warriors (~~my ledger~~ – ~~my castle~~), we will not solve the tasks that are set for us. The ubiquitous division of labour makes selfishness economically impossible.

The Thatcher dictum "And, you know, there's no such thing as society." can be overcome by Elinor Ostroms "Extensive empirical research leads me to argue that [...], a core goal of public policy should be to facilitate the development of institutions that bring out the best in humans."

**I am happy to have witnessed the dedicated, intense will to work together in Hirschwang and thank You all to have fed my synapses to get my ideas sorted better.**

<sup>5</sup> scontration: compensation among three and more

<sup>6</sup> <https://www.academia.edu/88801028>