WEIMARER BEITRÄGE

Volume 72 Issue 2 (2026)

The Obligation To Process Real Estate Transaction Prices Through Banking Channels Under Algerian Law.

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Received: 10.02.2026 **Accepted: 12.06.2026** **Published: 09.08.2026**

ABSTRACT

The Finance Law 2025 has come to establish a new legislative trend that mandates payment through banking channels in real estate transactions relating to the sale of real property. This system aims to enhance transparency and combat money laundering and tax evasion. The legislator also assigned a role to the notary in verifying compliance with this obligation, to ensure the completion of this process through banking channels, and this is in order to protect real estate dispositions and strengthen financial and tax oversight.

Keywords: Mandatory payment ,sale of real estate , notary, bankingchannels, Transparency.

Introduction

Among the most important legal and economic transactions witnessed by modern societies are real estate transactions of all kinds, given their direct connection to the right of ownership and the stability of financial transactions and the protection of national wealth. Algeria has witnessed during recent years legislative and financial reforms aimed at enhancing transparency in economic transactions and reducing the circulation of funds outside the banking system. In this context, the Finance Law 2025 has come with a set of measures aimed at modernizing the financial system and combating tax evasion and money laundering, and among the most prominent of which is the mandatory conduct of real estate sale transactions through banking channels.

This measure also aims to ensure the tracking of funds movement associated with real estate dispositions, and to enhance confidence in financial transactions. This new regulation entails legal obligations on the parties to the sale contract and notaries, through proving banking means of payment and documenting them within official contracts.

The Algerian legislator has explicitly enshrined this trend through Article 207 of Law No. 24-08 comprising the Finance Law for the year 2025, which stipulated the mandatory payment through banking and financial channels for certain transactions, particularly real estate transactions relating to built and unbuilt properties. The text of this article constitutes an important legislative shift in the field of regulating real estate sales, as it reflects the legislator's will to transition from the traditional cash payment system to a more transparent and supervised financial system, in line with the national policy aimed at combating money laundering and the financing of illegal activities and integrating the monetary mass circulating outside the banking sector into the official economic cycle.

Accordingly, the subject is of great importance given the role that banking means of payment have come to play in regulating the real estate market and achieving financial transparency, as well as its close connection to the state's policy aimed at combating the parallel economy and financial crimes. In addition to that, the frequency of practical problems associated with the application of this system, whether at the level of banks or the proof of payment or areas suffering from weak banking services.

Proceeding from the foregoing, we pose the following problem:

To what extent has the mandatory conduct of real estate sale transactions through banking channels contributed to enhancing financial transparency and combating corruption and the parallel economy, and what are the legal and practical challenges that may hinder the achievement of these objectives?

To address this problem, reliance was placed on the analytical approach through the analysis of legal and regulatory texts relating to bank transfers and real estate transactions, in addition to the descriptive approach through which the various practical problems associated with the application of this system were presented.

To answer the problem, we follow the following plan: We allocated the first chapter to the study of the conceptual and legal framework for the sale of real estate through banking channels, where I addressed in the first section the concept of the sale of real estate through banking channels and its legal basis, while I allocated the second section to the study of the scope of application of the sale of real estate through banking channels.

As for the second chapter, it was allocated to the study of the effects and problems of the sale of real estate through banking channels, where I addressed in the first section the effects arising from the sale of real estate through banking channels, while I allocated the second section to the study of the practical problems of the application of the sale of real estate through banking channels.

Chapter I

The Conceptual and Legal Framework for the Sale of Real Estate through Banking Channels

Algerian legislation has witnessed in recent years substantial transformations aimed at modernizing the legal framework for real estate transactions within the framework of the state's efforts to enhance transparency and combat money laundering and digitize the national economy.

The adoption of Article 207 of the Finance Law for the year 2025 came as a culmination of this trend, as it obligated operators in the real estate sector to complete sale and purchase operations through banking means of payment, thereby prohibiting cash dealings in this vital activity.

Accordingly, this study aims to analyze the conceptual and legal framework for the sale of real estate through banking channels in Algeria. We address in the first section the concept of the sale of real estate through banking channels and its legal basis, while the second section addresses its scope of application.

Section I : The Concept of the Sale of Real Estate through Banking Channels and Its Legal Basis

The sale of real estate through banking channels is considered a modern legal method that Algerian legislation has made mandatory for operators in the real estate market. It has become the only approved means for completing the sale and purchase process instead of cash dealings. This system is based on completing the payment process through official banking means such as bank transfer or certified bank check under the supervision of a notary and under strict administrative and tax oversight.[1]

Segment I : Definition of the Sale of Real Estate through Banking Channels

The bank transfer has become, according to the Finance Law 2025, a condition for the validity of real estate sale and purchase contracts in order to regulate the real estate market in accordance with the requirements of combating money laundering, as well as protecting the rights of the contracting parties.

First : Definition of Real Estate

Article 683 of the Algerian Civil Code stipulated that it is "everything that is stable in its space and fixed therein, which cannot be moved from it without damage, so it is real estate, and everything other than that of a thing is movable."[2] The legislator distinguishes between three types of real estate, according to the same Article 683 and following of the Civil Code – real estate by nature, real estate by allocation, and real estate by subject matter.

The legislator also defined for us real property ownership in Article 674 of the Algerian Civil Code, and ownership includes three main powers: the right of use, the right of exploitation, and the right of disposition.

Second : Definition of Banking Channels

By banking channels is meant the various means of settling the price that are carried out through banks or approved financial institutions, foremost among which are bank transfers and bank checks and other means that allow for the tracking and proof of the movement of funds. According to the Finance Law 2025, settlement through banking channels does not mean only bank transfer, but rather every recognized banking means that achieves transparency.

As for transfer, it means moving a thing from one place to another, so it is said a person transfers if he moves from one place to another, and the noun from it is transfer (al-hawl). Transfer in legal terminology does not differ from its meaning in language, as transfer within the scope of civil law means moving. Transfer of a right or a debt means moving the right or the debt. As for transfer in the banking field, the legal dictionary defined it as "the bank's transfer of an amount of money from the client's account and its entry on the credit side in the account of another."[3]

It has also been defined by some jurists as: 'An operation by which the bank, on the basis of an order issued to it by one of its clients, transfers a specific amount from another account, by means of accounting entries.

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[1] Article 207 of Law No. 24-08 dated November 24, 2024, comprising the Finance Law 2025, Official Gazette No. 84 dated December 26, 2024.

[2] Article 683 of Ordinance No. 75-58 dated December 26, 1975, comprising the Civil Code, amended and supplemented by Law No. 07-05 dated May 13, 2007, Official Gazette No. 31 dated May 13, 2007.

[3] Mahmoud Muhammad Ibrahim Abu Farwa, Electronic Banking Services, Dar Al-Thaqafa for Publishing, 2012, p. 22.

From the foregoing, we conclude that transfer means one of the services that the bank provides to its clients, and it also means the procedures carried out by the bank to transfer an amount of money from one account to another. In both cases, the operation aims to transfer funds from one account to another.

It also means the legal disposition by which ownership of real estate is transferred from the seller to the buyer in exchange for a price that is paid by means of a bank transfer or an official banking payment method instead of direct cash payment, [4]and this is in application of the legal obligation established by the Algerian legislator under Article 207 of the Finance Law for the year 2025, [5] and it can also be defined as a compound legal and banking operation that combines the provisions of the real estate sale contract organized in the Civil Code, and the provisions of banking activity stipulated in Ordinance No. 03-11 relating to currency and credit, amended and supplemented by Law No. 23-09 relating to currency and exchange. The sale amount is transferred from the buyer's bank account to the seller's bank account through an approved financial institution. [6]

This method of payment results in providing an official means of proving the payment of the price, through banking documents such as transfer orders, account statements, and banking advices, which enhances the legal security of real estate transactions and contributes to combating money laundering and tax evasion.[7]

Segment II : The Legal Basis for the Sale of Real Estate through Banking Channels

The sale of real estate through banking channels is based on a set of legal and regulatory texts through which the Algerian legislator sought to frame real estate transactions.

The obligation to pay the price of the sale of real estate through banking channels did not appear as an isolated text within Article 207 of the Finance Law for the year 2025, but rather it is the result of a gradual legislative path reflecting the transformation of the state's financial policy from merely combating financial crime to enshrining the principle of banking transparency in real estate transactions. This approach can be traced through legislative milestones represented in the rooting of combating money laundering as a basis for the obligation, where Law No. 05-01 relating to the prevention of money laundering and the financing of terrorism constitutes the starting point in this path.

Article 06 stipulated that [8], that is, this article subjected financial operations, particularly those of high value, to monitoring and vigilance mechanisms and obligated financial bodies and non-financial professions to report suspicious transactions. Although the text did not explicitly stipulate the mandatory banking payment in the sale of real estate, it

[4] Article 351 of Ordinance No. 75-58 comprising the Civil Code, previous source.

[5] Article 207 of Law No. 24-08 comprising the Finance Law for the year 2025, previous source.

[6] Articles 66 and 69 of Ordinance No. 03-11 relating to currency and credit, dated August 26, 2003, Official Gazette No. 52, dated 27/08/2003, amended and supplemented by Law No. 23-09 dated June 21, 2023, comprising the Monetary and Banking Law, Official Gazette No. 43 issued on June 27, 2023.

[7] Article 117, of Ordinance No. 03-11 relating to currency and credit, previous reference.

[8] Article 06 of Law No. 05-01 dated February 6, 2005 relating to the prevention and combating of money laundering and the financing of terrorism, amended and supplemented, Official Gazette No. 11 issued on February 9, 2005, amended and supplemented by [Law] No. 23-01 dated February 7, 2023, Official Gazette No. 08 dated February 8, 2023, and [Law] No. 25-10 dated 24/06/2025, Official Gazette No. 48 dated June 24, 2024.

established two fundamental principles: the susceptibility of real estate transactions to be used as a means of integrating illicit funds, and the necessity of tracing the source of funds and ensuring the possibility of monitoring them.

Accordingly, this law can be considered the philosophical basis for the idea of subjecting real estate sales to strict financial oversight, as they are among the fields most vulnerable to money laundering. As well as the stage of quantitative restriction of cash payment, where Executive Decree No. 10-181 dated June 13, 2010, which sets the limit applied to payment operations that must be made by means of payment and through banking and financial channels, came. Article 1 thereof stipulated that "In application of Article 06 of Law No. 05-01 dated February 10, 2005, amended and supplemented."

This decree aims to set the limit applied to payment operations that must be made by means of payment and through banking and financial channels[9].

Article 2 thereof also came and set the financial value that must be the minimum for payment by means of payment and through banking and financial channels, and specified the nature of these channels, as it urges the following: "Every payment exceeding the amount of five hundred thousand Algerian dinars (500,000 DA) must be made by the following means of payment:

The check, transfer, payment card, draft, promissory note, and any other written means of payment."

Then this trend was reinforced by Executive Decree No. 15-153 dated June 16, 2015, which sets the limit applied to payment operations that must be made by written means of payment through banking and financial channels [10]. We note from this article that the purchase of real estate properties through the payment process via banking and financial channels is mentioned for the first time and explicitly, as Article 10 thereof stipulates the following: "The provisions of this decree take effect as from June 1, 2015." [11]

However, there was no serious follow-up by the competent authorities in the application of this decree.

Then came the text of Article 207 of the Finance Law for the year 2025, which explicitly decided the obligation to pay the price of the sale of real estate through banking channels "[12].

This text represents a fundamental shift consisting of the transition from a general rule setting a cash ceiling to a special rule targeting sales relating to this operation, which concerns us specifically, namely the sale of real estate. It enshrines banking payment as a

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[9] Article 1 of Executive Decree No. 10-181 dated June 13, 2010, setting the limit applied to payment operations that must be made by means of payment and through banking and financial channels, Official Gazette No. 43 dated July 14, 2010.

[10] Article 02 of Executive Decree No. 15-153 dated June 16, 2015, setting the limit applied to payment operations that must be made by written means of payment through banking and financial channels, Official Gazette No. 33 dated June 22, 2015.

[11] Article 10 of the same source.

[12] Article 207 of Law No. 24-08 comprising the Finance Law for the year 2025, Official Gazette No. 84 dated 26/12/2024.

mandatory mechanism, not merely an organizational option, with the integration of the obligation within the tax and supervisory framework of the state.

Article 207 of the Finance Law for the year 2025, which came with the mandatory sale of real estate through banking channels, stipulates that it is considered a special text in relation to the rule that the special restricts the general, because the Civil Code did not mention the method of paying the price of the sale of real estate [13]. Therefore, the special text is applied based on the rule that the special restricts the general, whenever its conditions of application are met.

Regulatory texts and instructions have also come to clarify this process, including Memorandum No. 02/2025 issued by the National Chamber of Notaries, which stipulates that for exchanges and transactions that require payment through banking channels, the notary must verify all that proves that the entire price of the transaction has been paid through banking channels, whether one-fifth of the price or four-fifths of the price of the transaction, while mentioning the mechanism and references of payment in the content of the contract . [14]As well as Memorandum No. 01 issued by the Directorate of Regulation and Accounting Execution of Budgets dated 02/01/2025, addressed to the regional directors of the Treasury, in order to notify the treasury secretaries in the provinces to implement this memorandum. Which stipulated: "Within the framework of implementing the provisions of Law No. 24-08 issued on November 24, 2024 regarding the Finance Law for the year 2025, compliance with the provisions of Article 207 of the aforementioned law is required, which stipulates the following:

As from the date of publication of this law, the transactions mentioned below must be carried out by non-cash means, through banking and financial channels. Please accept, ladies and gentlemen, our utmost appreciation and respect. Signed by the Director of Regulation and Accounting Execution of the Budget, Azzedine Moussa [15].

Through this memorandum, we conclude that the application of Article 207 of the Finance Law for the year 2025 also applies at the level of the treasury in the provinces, which confirms that the registration of contracts at the level of these structures is only possible if the payment of the price of the real estate has been made through bank transfers, otherwise it is not registered, and this leads to the non-publicity of contracts by the land registry.

Section II : The Scope of Application of the Sale of Real Estate through Banking Channels

Determining the scope of application of the sale of real estate through banking channels is among the essential issues for understanding the extent of the mandatory nature of this system and its legal limits, especially after the Algerian legislator enshrined the necessity of payment through banking means in real estate transactions. This requires determining this scope in two branches: the first branch: the scope of application in terms of persons obligated to respect this procedure, and the second branch in terms of the subject matter.

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[13] Article 207 of Law No. 24-08 comprising the Finance Law for the year 2025, previous source.

[14] Memorandum No. 02/2025 dated 23/04/2025 issued by the National Chamber of Notaries concerning the application of Article 207 of the Finance Law 2025.

[15] Memorandum No. 01 issued on 02/01/2025 by the Director of Regulation and Accounting Execution of the Budget, Azzedine Moussa.

Segment I : The Scope of Application in Terms of Persons

The scope of application in terms of persons means determining the categories covered by the obligation to pay through banking channels in the sale of real estate, namely the parties to the real estate sale contract, the role of the notary in monitoring banking payment, and the role of banks and financial institutions.

With regard to the parties to the real estate sale contract, they are the persons between whom the contractual relationship arises directly, and in whose liability the rights and obligations arising from this contract rest. The real estate sale contract remains, even under the mandatory payment through banking channels, based on two essential parties, namely the seller and the buyer, according to the general rules stipulated in the Algerian Civil Code, which is what legal jurisprudence has settled upon, which considers that the sale contract is one of the consensual private contracts based on the exchange of obligations between these two parties [16]. They are the seller and the buyer.

Within the framework of the sale through banking channels, the seller remains bound by his traditional obligations, particularly the transfer of ownership and the guarantee of eviction and warranty against defects of title [17], however, these obligations are affected by the requirements of modern financial texts, foremost among which is Article 207 of the Finance Law for the year 2025, which enshrined the mandatory payment through banking channels in certain transactions or among them real estate transactions, where some jurists consider that this type of intervention falls within the legitimate restrictions on the principle of the authority of the will with the aim of protecting the economic public order [18].

Accordingly, the seller is obligated to accept the payment of the price through a banking means of payment, and he may not agree to violate that, such as cash payment outside the banking system, due to what that may constitute of a breach of mandatory legal provisions aimed at enhancing transparency and combating money laundering [19].

As for the buyer, he is the party obligated to pay the price in exchange for the transfer of ownership of the real estate to him, which is the essential obligation upon which the sale contract is based. Article 379 of the Algerian Civil Code has affirmed that: "The due price shall be paid at the agreed place and time," which opens the door for the legislator to intervene to regulate the means of payment.

In this context, Article 207 of the Finance Law 2025 imposed on the buyer the obligation to pay the price through banking channels whenever its conditions of application are met, which makes cash payment outside this framework legally unacceptable, which jurisprudence considered a modern trend towards framing the freedom of payment in a way that serves the requirements of financial transparency and combating money laundering [20].

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[16] Abd al-Razzaq al-Sanhouri, Al-Wasit in the Explanation of the Civil Code: The Sale Contract, Dar Al-Nahda Al-Arabiya, Cairo, n.d., p. 15 and following.

[17] Article 361 (Obligations of the seller and his guarantees), of the Algerian Civil Code, previous source.

[18] Ammar Amour, Al-Wajiz in the Explanation of Commercial Law, within the framework of the legislator's intervention to regulate financial transactions, Dar Al-Ma'rifa, Algeria, 2000, p. 112.

[19] Article 207 of Law No. 24-84 comprising the Finance Law for the year 2025, previous source.

[20] Nadia Fadil, Algerian Commercial Law, University Publications Office, with regard to banking transactions and financial transparency, 2013, p. 110.

As for the role of the notary in monitoring the banking payment process, if the principle in transactions is that they are subject to the principle of consensuality, they nevertheless require submission to the formality of writing, whether as a pillar of the contract or merely a means of proof, where the legal disposition is concluded before the notary, aiming to ensure the availability of the elements of the contract or to prove its clauses, as well as to alert the contracting parties to the importance of the disposition they are about to undertake, and to protect the will of the contracting parties from the risks surrounding contractual relations, which in most cases require caution and deliberation [21].

The bank acts as an intermediary between the two parties and transfers an amount of money deposited by one of the parties at the bank branch to the other party and the place to which it is transferred, and it is not one of the commercial papers; it is characterized by ease of use, low costs, and speed of payment. An agreement may be made between the bank and the account holder in cases of periodic recurring transfers, such as workers' wages that the employer transfers to their accounts periodically [22].

The bank undertakes to transfer the sale amount from the buyer's account to the seller's account, and this is done according to regulated procedures that ensure the tracking and documentation of the process.

The bank also provides official documents such as the transfer receipt and account statement as legal evidence of the completion of the payment of the price, and this proof is necessary for the completion of the sale contract before the notary.

This is what Article 36 of Law No. 23-09 comprising the Monetary and Banking Law provided.

Segment II : The Scope of Application of the Process of Sale of Real Estate through Banking Channels in Terms of Subject Matter.

According to Article 207 of the Finance Law 2025, the subject matter intended by this process is "built and unbuilt real estate."

The real estate concerned by the obligation of the process of sale of real estate through bank transfers consists of unbuilt real estate, vacant land, spaces, or those prepared for construction. These lands assume utmost importance as they are a field for hosting various activities, and a space susceptible to geometric subdivision and architectural partitioning, which conceals on these properties surplus values and a means of profit-making and accumulation of wealth that may lead to social inequality, especially in the urban environment [23].

Unbuilt lands are also considered to be lands that are in the process of construction from the completion of works on them. Real estate can also be defined as a set of lands,

[21] Dabesh Nouriya, The Role of the Notary in Ensuring the Stability of Dispositions Relating to Real Estate under Algerian Legislation, Doctoral Thesis, University of Abou Bakr Belkaid Tlemcen, Algeria, Faculty of Law and Political Science, year 2021-2022, p. 32.

[22] Mohamed Shukrin, Credit Card in Algeria, Memorandum submitted for obtaining the Master's degree in Economic Sciences, specialization in Money and Finance, University of Algeria, 2010, p. 36.

[23] Ahmed Hadhrati, The Local Tax System in Light of Comparative Western Legislation, Publications of the Moroccan Journal of Local Administration and Development, p. 92.

whether agricultural, pastoral, or mountainous, built or unbuilt; by this we mean the surface of the earth or its interior, of quarries, minerals, planted trees connected to the earth by their roots, as well as things connected to the earth ... serving the land in all its types, real estate by allocation [24].

As for the issue of proving the payment of the price in the sale of real estate through bank transfers, in embodiment of the legislative trend towards the digitization of transactions and the enhancement of financial transparency, Article 207 [25] of the Finance Law for the year 2025 mandated the adoption of banking channels in paying the prices of real estate dispositions. This obligation is integrated with the provisions of Law No. 05-01, amended and supplemented, particularly Articles 2 and 3, which enshrine the principle of tracing financial operations and the source of funds.

The proof of banking payment is embodied through official written means such as transfer orders and bank account statements, which constitute written evidence according to Article 223 [26] of the Civil Code, and their probative value is reinforced under Article 324 bis, which recognizes the probative value of electronic means. Moreover, the subjection of these means to the provisions of Ordinance 23-09 [27], especially what relates to banks' supervision of means of payment, grants them double probative force, considering that they are issued by a banking system subject to a legal framework that enshrines culture and financial tracking."

Chapter II
Effects and Problems of the Sale of Real Estate through Banking Channels

Real estate is considered the fundamental pillar of economic and social development in any country, and for its protection, the Algerian legislator surrounded it with a strict legal arsenal based on the principle of "formality" and "land publicity." With the development of financial transactions and the emergence of the urgent need to combat money laundering and control cash liquidity, the technique of bank transfers emerged as a modern and often mandatory alternative for paying the prices of real estate.

The transition from the traditional cash payment pattern to payment through banking intermediaries in real estate transactions is not merely a technical procedure, but rather a radical transformation entailing legal effects that affect the probative force of the sale contract, and economic effects aimed at monitoring the movement of funds and integrating them into official channels. Through this chapter, we address two sections: the first is: the effects arising from the sale of real estate through banking channels, and the second is: the practical problems of the sale of real estate through banking channels.

Section I : The Effects Arising from the Sale of Real Estate through Banking Channels

Reliance on bank transfers raises questions about probative force, the timing of the transfer of ownership, and the extent of the notary's responsibility in ensuring the receipt of

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[24] Rahdi Yakan, Detailed Explanation of Real Property Ownership, Part One, Dar Al-Thaqafa for Printing and Publishing, 3rd ed., 1990, p. 41.

[25] Article 207 of Law No. 24-08 comprising the Finance Law for the year 2025, previous reference

[26] Ordinance No. 75-58 comprising the Civil Code, Articles 323 and 324, previous source.

[27] Ordinance No. 23-09 comprising the Monetary and Exchange Law, previous source.

the price, especially in light of the strictness imposed by the land publicity law [28]. From an economic perspective, the withdrawal of real estate transactions from the "parallel market" and their channeling into "official banking channels" represents a strategic tool for combating money laundering and absorbing the monetary mass circulating outside official frameworks [29].

Segment I : The Legal Effects of the Process of Sale of Real Estate through Banking Channels

The process of sale of real estate through bank transfers is considered one of the most important modern means of settling the price, and it has imposed multiple legal effects at the level of the validity of the contract, its proof, and its execution, as well as enhancing transparency and combating manipulation in real estate transactions. We note that the Algerian legislator did not view the means of payment as merely a secondary element, but rather it has become having direct repercussions on the legal position of the parties to the contract.

The formation of the real estate sale contract in Algerian legislation is subject, in principle, to the general rules stipulated in the Algerian Civil Code, particularly the availability of consent, subject matter, and cause, in addition to the formality of the official document as a necessary pillar in dispositions transferring real property ownership. Article 324 bis of the Civil Code stipulated, which indicates that formality is the condition for the validity of formation and that the intervention of the notary is an essential element in the existence of the contract legally [30].

Proceeding from this text, the real estate sale is not validly concluded merely by mutual consent as in the sale of movable property, but rather it must be drawn up in an official instrument before the notary.

As for payment by bank transfer, it is not considered an independent objective pillar of the pillars of formation, but rather a legal means for executing the buyer's obligation to pay the price and proving payment. However, the Algerian legislator has recently tended to give a mandatory character to this means in real estate sales, not as a constitutive condition of the contract, but rather as a mechanism to ensure transparency and trace the source of funds [31].

Accordingly, it can be said that the bank transfer is not a constitutive pillar of the sale contract, but rather a legal condition complementary to the legality of the execution of the obligation to pay the price, which enhances the soundness of the contracting and ensures the conformity of the process with the provisions of the financial public order. From this, it is determined that the price and the means of payment thereof are among the effects of the contract, not among the pillars of its formation, unless the legislator intervenes by a special peremptory text, and that notarization and publicity are two complementary stages for

[28] Hamdi Basha Omar, Transfer of Real Property Ownership in Light of the Latest Amendments and Most Recent Judicial Rulings, Dar Houma, Algeria, tenth edition, 2022, p. 112.

[29] Article 06 of Law No. 05-01 relating to the prevention and combating of money laundering and the financing of terrorism, amended and supplemented, previous source.

[30] Article 324 bis of the Algerian Civil Code, previous source.

[31] Article 2 of Executive Decree No. 15-153 setting the limit applied to payment operations that must be carried out by written means of payment through banking channels, previous source.

protecting the legal security of real estate transactions. Here, the notary plays a supervisory role in verifying the soundness of the contract procedures, including including the method of payment of the price [32].

The adoption of the bank transfer also facilitates the notary's monitoring of the execution of financial obligations, as he is the guarantor of the soundness of the contractual process, as he must verify the correctness of the essential data of the contract, including the method of payment of the price, in line with the requirements of formality and the protection of contractual security [33]. Consequently, banking payment constitutes an effective legal means for securing and executing the financial obligation and proving its occurrence.

The bank transfer is an official means of payment that allows the proof of payment of the price to be traced precisely through the transfer receipt and the bank account statement, which facilitates for the judge and the notary the verification of the occurrence of payment, its amount, and its date. This matter assumes special importance in real estate sales, as they are among the formal dispositions that require formality and publicity according to Article 324 bis of the Algerian Civil Code [34].

The bank transfer also helps the notary to verify the execution of the agreed financial obligations, before completing the drafting of the contract and delivering it to the parties, which reinforces his preventive role in protecting contractual balance. The notary, under Article 3 of Law No. 26-02 comprising the regulation of the notary profession, undertakes the task of conferring formality on legal dispositions and ensuring their soundness [35].

Article 18 of the same law also imposes on the notary the duty to verify the correctness of the data, declarations, and documents submitted to him.

Among its effects is the strengthening of confidence in the real estate market and the combating of the parallel economy. The adoption of the bank transfer for paying the price of real estate enhances confidence among operators, reassures the seller of the buyer's seriousness, and reassures the buyer that his payment has been made within a regulatory framework that can be referred to in the event of dispute, which would encourage investment and the stability of real estate transactions.

Segment II : The Economic Effects of the Process of Sale of Real Estate through Banking Channels

The intervention of the Algerian legislator through the enshrinement of the mandatory payment through banking channels in real estate transactions, particularly under Article 207 of the Finance Law 2025, has led to a structural transformation in the organization of the real estate market, by transferring it from the scope of uncontrolled cash transactions to an organized financial space subject to supervision and tracking.

The effect of this transformation is not limited to legal aspects only, but extends to include deep economic and financial dimensions, touching the essence of the tax system, the market structure, and the principles of financial transparency.

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[32] Article 10 of Law No. 06-02 comprising the regulation of the notary profession, previous source.

[33] Law No. 06-02, articles relating to the verification of the content of the disposition and the essential data of the contract, previous source.

[34] Article 324 bis of Ordinance No. 75-58, amended and supplemented, previous source.

[35] Article 3 of Law No. 06-02 comprising the notary profession, previous source.

Its role is exemplified, for instance, in combating tax evasion, as tax evasion is considered one of the most prominent problems from which the real estate market in Algeria suffered, due to operators' reliance on cash payment, which allows concealing the real value of transactions. Hence, the legislator's intervention came to impose dealing through banking means as an effective mechanism to contain this phenomenon. Under Article 207 of the Finance Law for the year 2025, the payment of the price of real estate has become mandatory to be made through banking channels, which leads to the recording of the transaction within the official financial system, and thus creating a traceable financial effect by the tax administration[36].

Hence, the value declared in the contract becomes actually linked to the financial movement recorded in the bank accounts, which limits the phenomenon of false declaration or reduction of the sale value to evade fees.

This is what prompted the legislator to use the right of pre-emption according to the Finance Law for the year 2026 in Article 79 thereof, which stipulates: "The provisions of Article 38 bis of the Tax Procedures Code are amended and supplemented." Accordingly, it can be said that the bank transfer represents an effective tool in combating tax evasion, but it remains linked to the extent of strict application and integration of oversight among the various professional bodies.

As well as its role in reducing the parallel market, as the parallel market is considered one of the most prominent challenges facing the national economy, especially in the field of real estate transactions, which have always been associated with cash circulation outside official frameworks. In this context, the mandatory payment through bank transfers came as a legal mechanism aimed at reducing this phenomenon and integrating real estate activity into the official economy.

Segment III : The Role of Banking Channels in Enhancing Financial Transparency

The Algerian legislator's enshrinement of the mandatory payment of the price of real estate transactions through banking channels, particularly under the provisions of modern finance laws, has led to a qualitative shift in the pattern of fund circulation within the real estate market. Cash payment is no longer the dominant means, but rather has been replaced by bank transfers, which enable the tracking of fund movements, a matter that reflects positively on enhancing financial transparency and reducing illicit practices.

The traceability of financial operations is among the most prominent manifestations of transparency, as bank transfers allow for the creation of a written and electronic record for each financial transaction. Once a bank transfer is completed, it is recorded in bank records, identifying the parties, the amount of the transaction, and its date. Thus, the process of sale of real estate through bank transfers is not merely a means of payment, but rather a legal tool to ensure transparency, through the possibility of tracing the source of funds and their path, which makes it difficult to conceal illicit operations.

Among the most important problems that used to arise under cash payment was the recourse of some operators to declaring unreal values for real estate (fictitious declaration), with the aim of tax evasion or money laundering. However, the imposition of payment

[36] Article 207 of the Finance Law for the year 2025, previous source.

through bank transfers limits these practices. The value declared in the contract must match the amount actually transferred through the bank, which imposes a kind of financial discipline and reduces the gap between the real price and the declared price.

Regulatory texts, particularly Executive Decree No. 15-153 setting the methods of payment through banking channels, have supported this trend by specifying the acceptable means of payment, such as transfers and bank checks, and prohibiting cash dealing in high-value transactions, according to Article 2 thereof.

Banking channels are characterized by enabling the tax administration and supervisory bodies to exercise effective oversight over financial transactions. Thanks to banking data, the tax administration can compare the declarations submitted with the financial reality.

This mechanism also allows banks and competent bodies, such as the Financial Intelligence Processing Unit, to monitor suspicious transactions, especially those characterized by a disproportion between the parties' income and the value of transactions.

In this context, Law No. 05-01, amended and supplemented, imposes on banks the duty to report suspicious transactions, which enhances transparency and limits financial crimes, particularly Article 20.

Section II : Practical Problems of the Application of the Sale of Real Estate through Banking Channels

The Algerian legislator approved the process of payment through banking channels in real estate transactions, with the aim of enhancing transparency and reducing informal cash circulation. However, the practical application of this measure has revealed several difficulties, whether at the level of banks, in terms of proof of payment, or in some areas suffering from weak banking coverage.

Practical application may produce several difficulties, whether of a legal nature related to proof of payment, or of a practical nature at the level of banks and the financial environment.

Segment I : Difficulty of Application at the Level of Banks

The mandatory payment of the price of real estate transactions through banking channels embodies an important step to combat money laundering and the parallel market. However, the implementation of this requirement at the level of banks raises complex practical problems related to the disparity of oversight, as well as special cases related to the indebtedness of one of the parties to the contract [37].

First - The Disparity of Transfer Paths between the Same Bank and Different Banks and Its Effect on Execution

Distinguishing between transfer within the same bank and transfer between two different banks is among the critical issues in understanding the practical difficulties.

A/ Transfer within the same bank: It is assumed that execution is carried out quickly given the unity of the information system. However, these operations remain subject to strict internal oversight based on what is stipulated in Ordinance No. 03-11 relating to currency and credit, particularly Article 68 thereof, which obliges banks to monitor the operations they

[37] Article 207 of the Finance Law 2025, previous source.

carry out and to ensure their conformity with the applicable legislation and regulation [38]. It follows from this that transfers, even internal ones, are subject to procedures that may lead to delays in execution.

B/ Transfer between two different banks: The operation is characterized by greater complexity, as it passes through national payment systems, foremost among which is the Real-Time Gross Settlement System (RTGS) and the clearing system, which leads to a multiplicity of interveners (the ordering bank - the beneficiary bank - the Bank of Algeria), and the resulting fragmentation of responsibilities and extension of execution deadlines [39].

It is noted in this context that the absence of unification of banking procedures relating to real estate transfers has contributed to creating disparity in processing, which negatively affects the stability of transactions.

Second - The Limited Suitability of Bank Transfer Systems to the Nature of Real Estate Transactions

A real problem arises concerning the extent to which the adopted payment systems are suitable for the nature of real estate transactions, which are based on speed and certainty.

As for the Real-Time Gross Settlement System (RTGS), although it provides immediate and final settlement of high-value operations, its activation remains conditional on the availability of immediate liquidity at the bank, in addition to its subjection to prior supervisory procedures, which may lead to the disruption of the execution of the transfer despite the availability of contractual will [40].

As for the clearing system, which is based on the aggregation of operations and their settlement at later dates, it is not consistent with the particularity of real estate transactions, which require immediate execution of the payment of the price, leading to the suspension of the legal effects of the contract until the confirmation of the transfer.

This situation results in a practical problem in determining the moment of completion of payment, especially since the legislator linked the validity of the contract to the banking means of payment, which makes the delay of the transfer an influential factor in the stability of the contractual relationship.

Segment II : Problems of Proving the Payment of the Price through Banking Channels

The proof of payment of the price in the sale of real estate has become linked to the presentation of official banking means of payment instead of reliance on traditional cash payment. Despite the transparency and financial security achieved by this system, practical application has revealed several difficulties relating to the probative value of banking documents, the timing of the transfer, and the proof of the actual execution of payment.

First - The Probative Value of Banking Documents in Proving the Payment of the Price of Real Estate

The process of proving the payment of the price through bank transfers raises the problem of determining the legal value of banking instruments presented to prove payment,

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[38] Article 68 of Ordinance No. 03-11, previous source.

[39] Mohamed Bouzid, Banking Operations in Algerian Legislation, Dar Balqis, Algeria, first edition, 2021, p. 241.

[40] Abdelkader Zarrouk, The Legal System of Banks in Algeria, Dar Houma, Algeria, 2nd ed., 2022, p. 148.

especially in the absence of a precise detailed regulation specifying which banking document alone is suitable as conclusive evidence of the execution of the obligation.

In practice, operators rely on bank transfer orders, deposit slips, or bank account statements. However, these documents do not all enjoy the same legal probative value; the deposit slip of a transfer order does not prove payment, but rather the account entry advice is the strongest evidence of the occurrence of actual payment [41].

The Algerian legislator organized the rules of proof in civil obligations through the text of Article 323 of the Civil Code, which stated: "The creditor must prove the obligation, and the debtor must prove his discharge therefrom," which means that the buyer is legally obligated to prove the execution of his obligation to pay the price [42].

The Algerian legislator also organized the provisions of payment as the natural cause for the extinction of the obligation, as stipulated in Articles 258 and 267 of the Civil Code.

Second - The Problem of Timing and Non-Matching of Banking Data

One of the most prominent practical problems is determining the legal moment at which payment is considered to have been effected, especially when the sale contract is drawn up before the final confirmation of the arrival of the amount in the seller's account.

The buyer may issue the bank transfer order before the signing of the official contract, but the transfer may be delayed for several technical or procedural reasons, which raises a dispute as to whether the obligation has been executed upon the mere issuance of the bank order or upon the actual crediting of the amount to the beneficiary's account.

In this context, the legislator obliged banks to ensure the security of means of payment and to monitor banking operations, as Article 117 of Law No. 23-09 relating to currency and credit stipulates that payment institutions and banks are committed to ensuring the safety and security of the means of payment used by clients [43]. Article 118 of the same law also stipulates the necessity for banks to take the necessary measures to monitor banking operations and prevent errors and incidents related to modern means of payment [44].

This situation imposes on the notary the necessity of matching the data contained in the banking documents with the data recorded in the official contract, in order to avoid any future dispute concerning the proof of payment of the sale price.

Third - Failure or Delay of the Bank Transfer

The failure or delay of the bank transfer may give rise to complex legal disputes between the parties to the real estate sale contract, especially if the real property ownership has been transferred before the final confirmation of the execution of payment.

In some cases, the official contract is drawn up relying on a preliminary bank receipt or merely a commitment to transfer, and then it is subsequently discovered that the amount did not reach the seller's account due to insufficient balance, a technical fault, or the freezing of the bank account.

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[41] Mohamed Hassanin, Proof of Legal Dispositions in Algerian Legislation, University Publications Office, Algeria, 4th ed., 2010, p. 214.

[42] Article 323 of the Algerian Civil Code, previous source.

[43] Article 117 of Law 23-09, previous source.

[44] Article 118, same source.

In this case, the buyer insists that he has executed his obligation upon the mere issuance of the transfer order, while the seller insists that he has not received the price, which raises the problem of determining legal responsibility.

Liability may also extend to the bank or the notary depending on the nature of the error committed, especially since Article 37 of Law No. 06-02 relating to the regulation of the notary profession stipulates that the notary is "civilly liable for errors committed during the exercise of his functions" [45], as well as the memorandum issued by the National Chamber of Notaries in this regard, which imposes on the notary the duty to ensure the payment of the price of real estate through bank transfers [46].

Conclusion

The Algerian legislator has enshrined, according to the Finance Law 2025, the principle of mandatory recourse to banking channels in the process of sale of real estate, within the framework of a legislative policy aimed at enhancing transparency, reducing cash circulation, combating money laundering and tax evasion, in addition to providing safer means for proving the payment of the sale price and protecting the rights of the contracting parties. It also ensures the tracking of fund movements and lends credibility and transparency to real estate dispositions. The notary has a role in verifying compliance with this obligation to ensure the soundness of transactions. However, the success of this legal reform remains contingent upon providing an effective banking system and simplifying banking procedures, along with spreading legal awareness of the importance of this measure. Nevertheless, its practical application reveals some problems that call for regulatory legislative intervention to clarify procedural aspects. The mandatory sale of real estate through banking channels is not merely a formal procedure, but rather a mechanism for achieving legal security and transparency. The notary has been compelled, through the National Chamber of Notaries, as well as the provincial treasuries by the General Directorate of the Treasury, to apply this process, which forces the land registrar not to record the contract in the land register if it has not been registered with the tax authorities. However, the achievement of the objectives sought by this measure remains dependent on addressing the practical and legal deficiencies that hinder its effective application.

Based on what we have reached, we propose the following recommendations:

- The necessity of expediting the issuance of regulatory decrees clarifying the application of the provisions of Article 207 of the Finance Law 2025, with an explanation of the practical procedures to be followed in settling real estate transactions through banking channels.
- Expanding banking coverage, especially in remote areas, so as to enable all citizens to implement this process in accordance with the law.
- There must be awareness campaigns for the benefit of citizens and operators in the real estate market regarding the importance of complying with the sale of real estate through banking channels.

[45] Article 37 of Law No. 06-02, previous source.

[46] Memorandum No. 2 issued by the National Chamber of Notaries, previous source.

- To ensure the application of legal texts, coordination must be established between notaries, banks, and the tax administration.

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2- Law No. 24-08 dated November 24, 2024, comprising the Finance Law 2025, Official Gazette No. 84 dated December 26, 2024.

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