



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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With a population of about 1.6 million and an forecasted GDP of nearly \$48bn in 2025, Bahrain is a small open economy underpinned by diversification beyond hydrocarbons, notably in financial services, aluminum smelting, and refining.

Non-oil activities account for nearly 86% of GDP, while services dominate alongside manufacturing. External vulnerabilities include a high public debt ratio — approximately 90.7% of GDP as of late 2024 — though this is on par with other Gulf economies. Fiscal credibility is moderate; while reforms such as VAT and subsidy adjustments are ongoing, debt remains elevated.

Structural challenges include reliance on regional support, lingering dependence on oil revenues, and the need to boost competitiveness in banking and logistics. Economic growth is projected at around 3% in 2024, supported by non-oil sector momentum.

Summary

BNP Paribas presence

With a long-standing presence in Bahrain extending over 34 years, BNP Paribas has established a very strong presence and built relationships with both corporates and government entities. BNP Paribas' regional hub in the Gulf Co-operation Council (GCC) is located in Bahrain, providing expert cash management and trade finance support. Although there are a number of local banks offering comprehensive domestic services, BNP Paribas combines local services, including access to the local clearing system, with international capabilities both across the GCC and globally. BNP Paribas is one of only a few international banks that has a presence in every GCC country, enabling customers to benefit from integrated, comprehensive regional solutions and services.

Currency

Currency

- Bahraini Dinar (BHD)

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: USD per BHD	2.6596	2.6596	2.6596	2.6596	2.6596

Source: IMF, International Financial Statistics, June 2021.

Central Bank

- The Bahrain central bank is the Central Bank of Bahrain (CBB -www.cbb.gov.bh).

Bank supervision

- Bahrain banks are supervised by CBB.

Bank accounts

Resident / non-resident status

- There is no distinction between resident and non-resident status in Bahrain.

Bank accounts for resident entities

	Within BAHRAIN	Outside BAHRAIN
Local Currency	Permitted, restrictions apply	Not permitted
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within BAHRAIN	Outside BAHRAIN
Local Currency	Permitted without restriction, fully convertible	Not permitted
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

Lifting fees

- Banks make no distinction between resident and non-resident bank accounts.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●
Virtual accounts	●
International incoming transfers	✓
Card acquiring	●

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	●
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

Channels

Local e-Banking	●
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Payments & collections

Market overview

Bahrain is undergoing a change in its payments landscape. Cash, until recently, was a popular payment method for retail purchases. However, there is an increasing trend towards cashless payments and the use of digital wallets, such as BenefitPay. According to data from the Central Bank of Bahrain, the number of POS transactions rose from some 64.5 million in 2018 to 73.7 million in 2019 – a 14.3% increase. Electronic payments via Fawri, Fawri+ and Fawateer saw a 13.4% rise in total amounts transferred, to BHD 12.7 billion over the same period. The pandemic has further increased the use of contactless and electronic payments, with transaction volumes via BenefitPay surpassing USD 4 billion in 2020.

In tandem to the shift in consumer payments' behaviour, the country's leading banks have invested heavily in digitising their services and/or launching standalone digital banks.

Electronic banking services are available from most banks. There is no national electronic banking system in Bahrain, so companies use banks' proprietary services. BENEFIT provides an internet banking shared platform for banks. Online and mobile banking services are provided by the country's leading banks.

Payment Systems

<u>RTGS</u>	Type	<ul style="list-style-type: none"> Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> 29 participants.
	Transaction types processed	<ul style="list-style-type: none"> All BHD-denominated electronic credit transfers. Net obligations from the Bahrain Cheque Truncation System and ATM/POS transactions processed by the BENEFIT network.
	Operating hours	<ul style="list-style-type: none"> 08:00–14.07 AST, every business day.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Payments are cleared and settled in real time.
	System holidays	<ul style="list-style-type: none"> The RTGS system is closed on all Bahraini bank holidays. Bahrain's bank holidays are: 2nd half 2021: 20-22 July*, 10, 19, 20 August*, 19 October*, 16, 17 December. 2022: 1 Jan, 1, 2-4 May*, 9-11 July*, 8, 9 August*, 8 October*, 16, 17 December.

Bahrain Cheque Truncation System	Type	<ul style="list-style-type: none"> Deferred net settlement system.
	Participants	<ul style="list-style-type: none"> 23 commercial bank participants.
	Transaction types processed	<ul style="list-style-type: none"> BHD-denominated cheque payments which are truncated into electronic items before processing.
	Operating hours	<ul style="list-style-type: none"> 07:30–13:30 AST, Sunday to Thursday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Cheques are settled on a same-day basis. Cut-off time = 11:30 AST, for same-day funds. All other cheques are settled on a next-day basis. Final settlement takes place via the RTGS.
	System holidays	<ul style="list-style-type: none"> The Bahrain Cheque Truncation system is closed on all Bahraini bank holidays. Bahrain's bank holidays are: 2nd half 2021: 20-22 July*, 10, 19, 20 August*, 19 October*, 16, 17 December. 2022: 1 Jan, 1, 2-4 May*, 9-11 July*, 8, 9 August*, 8 October*, 16, 17 December.
EFTS	Type	<ul style="list-style-type: none"> There are three separate systems for processing payments: Fawri+ a near real-time fund transfer service for amounts up to BHD 1,000 per day; Fawri, a deferred settlement fund transfer service; and Fawateer a real-time bill payment system. The EFTS system includes the EBPP system, which is operated by BENEFIT.
	Participants	<ul style="list-style-type: none"> 26 participants.
	Transaction types processed	<ul style="list-style-type: none"> Electronic retail transactions.
	Operating hours	<ul style="list-style-type: none"> 24 hours a day seven days a week. Fawri+ operates 24/7/365.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Fawateer payments are settled on a near real-time basis. Fawri+ provides near real-time transfers for up to BHD 1,000 per day. Fawri payments are settled on a same-day basis within a few hours.
	System holidays	<ul style="list-style-type: none"> The EFTS is open every day of the year.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers.
- All credit transfers are automated.
- High-value and urgent credit transfers are settled on a real-time basis via the RTGS.
- Retail credit transfers are settled via EFTS on a same-day or next day basis. The number of transactions processed via Fawri+ in 2020 was 47,247,358 (6,322,911 in 2019), with a value of BHD 2,237.8 million (BHD 542.9 million in 2019).
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits are settled via the BENEFIT electronic payment network.
- EFTS also offers a Fawateer service which enables billers to debit a customer's account via direct debit.
- The number of Fawateer transactions in 2020 was 4,199,985 (3,086,665 in 2019) with a total value of BHD 465 million (BHD 291.5 in 2019).

Cheques

- The cheque is the most popular cashless payment instrument in Bahrain, used by both consumers and companies.
- The number of cheques processed in 2020 was 2,331,423 (2,964,508 in 2019) with a total amount BHD 7,266.4 million (BHD 8.738 billion in 2018).
- All cheques are truncated into electronic items before being settled on a same-day or next-day basis via the Bahrain Cheque Truncation System.
- Final settlement takes place via the RTGS.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were a total of 83,785,810 transactions in 2020 (31,863,198 were contactless), with a value of BHD 2,341,915,369 (BHD 438,734,453 contactless).
- Visa and MasterCard-branded cards are the most widely issued.
- Contactless payment cards are available.
- Each bank has its own clearing arrangements with the relevant card issuer.

- All cards issued have EMV chips.

ATM/POS

- A number of Bahrain's banks operate proprietary ATM networks, which are linked via the BENEFIT Electronic Payment Gateway. BENEFIT also operates its own network of 300 ATMs – 25 banks participate in BENEFIT's network.
- BENEFIT links to the Gulf Cooperation Council's (GCC) GCCNet ATM network, as well as to the national networks in Egypt, Iran, Jordan and Lebanon. (The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.)
- There were 28,287 POS terminals in Bahrain at the end of April 2021.
- The number of POS transactions rose from some 64.5 million in 2018 to 73.7 million in 2019, a 14.3% increase; cards issued in Bahrain accounted for 79.3% of them. The value of POS transactions through credit and debit cards increased from BHD 1,977,214,256 in 2018 to BHD 2,434,395,681 in 2019, a 23.1% increase; cards issued in Bahrain accounted for 77.1% of them.

Electronic wallet

- The dominant electronic wallet schemes in Bahrain are pre-paid cards, which can be used at ATMs or online.
- E-money payments are settled via the individual schemes.
- There are now more than 300,000 registered users of the National Mobile Electronic Wallet (BenefitPay). There are now more than 300,000 registered users. The wallet enables instant payments via smartphone and facilitates the collection of payments electronically through debit, credit and pre-paid cards and online bank accounts.
- A number of other e-wallet providers operate, including b-wallet, Stc Pay and BFC Payments.
- Digital wallet transactions increased by 566% in 2019, to 8 million. The value of transactions increased 1,316% to BHD 409.4 million.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are available. Prior approval from the CBB must be obtained.

Demand deposits

- Demand deposits denominated in BHD or major foreign currencies are available for various terms.
- Deposit periods range from one week to 12 months.
- Some banks require a minimum deposit of BHD 1,000 for BHD deposits and USD 3,000 or foreign currency equivalent for foreign currency deposits.

Time deposits

- Time deposits are available in BHD or major foreign currencies for terms ranging from one day to one year.

Certificates of deposit

- Domestic banks issue certificates of deposit with varying terms.

Treasury (government) bills

- The CBB issues Treasury bills at regular intervals for terms of 91 (issued on a weekly basis), 182 (issued on a monthly basis) and 364 days (issued on a monthly basis).
- The Bahrain government issues short-term (three-month) Shariah-compliant government bonds (*Sukuk Al Salam*) via the CBB.
- Short-term Ijara Sukuk are issued on a monthly basis with a 182-day maturity. Ijara Sukuks are a BHD-denominated leasing instrument.

Commercial paper

- Domestic [commercial paper](#) is issued by companies in Bahrain.

Money market funds

- Money market funds are available for short-term investment.

Repurchase agreements

- Repurchase agreements with maturities ranging from overnight to more than one week are available in Bahrain.

Banker's acceptances

- Banker's acceptances are not used in Bahrain.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	●

Trade channels

Connexis Trade	✓
Connexis Supply Chain	●

SWIFTNet Trade for Corporates	✓
Connexis Connect	✓
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- BNP Paribas' branch in Bahrain is the regional hub for BNP Paribas Global Trade Solutions (GTS) in the Middle East and Africa. The branch is supported by a dedicated senior trade salesperson, a trade middle officer and a trade structurer.

International trade

General trade rules

- As a member of the Gulf Cooperation Council (GCC), Bahrain has entered into a customs union with all GCC member states. The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.
- As a member of the Greater Arab Free Trade Area (GAFTA), Bahrain has eliminated most trade tariffs with GAFTA member states. GAFTA comprises Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

Trade agreements

- Bahrain has signed a free trade agreement with the USA.
- The GCC has signed an FTA with EFTA and Singapore. Trade talks are ongoing with the European Union, Mercosur, Japan, China, South Korea, Australia, Pakistan and Turkey. A free trade agreement has been concluded with New Zealand but has not yet been ratified.

Imports / exports

Imports	Cars	Iron ore	Jewellery	Gold	Gas turbines
Primary Import sources	UAE (27.0%)	China (11.0%)	Saudi Arabia (7.0%)	USA (5.0%)	Brazil (5.0%)
Exports	Refined petroleum	Aluminium	Crude petroleum	Iron ore	Gold
Export markets	UAE (31.0%)	Saudi Arabia (12.0%)	Japan (8.0%)	USA (8.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	12,784	15,376	18,044	18,120	NA
	- services USD m	10,998	11,356	12,054	11,578	NA
Imports	- goods USD m	13,588	16,076	19,110	13,256	NA
	- services USD m	7,500	7,800	8,077	8,083	NA
Current account as % GDP		- 4.7	- 4.6	NA	NA	NA

Source: IMF, International Financial Statistics and World Trade Organisations, June 2021.



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