



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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With a population of 40 million, vast hydrocarbon reserves and its proximity to Europe, Algeria has significant economic development potential, but its future outlook is subject to great uncertainties. In addition to the COVID-19 pandemic, Algeria will have to deal with large macroeconomic imbalances.

After a recession of 5% in 2020, the economy should post a modest rebound in 2021 (3.5%) before to decelerate again due to the necessity of consolidating public finances and external accounts. Algeria is fundamentally a state-driven economy that runs large twin deficits. The rebound in global oil prices will thus provide a short-term respite but this will not be sufficient to restore macroeconomic stability.

The fragile socio-political context since the resignation of former President Bouteflika compounds these difficulties. Negligible external debt gives some room for manoeuvre, however, even if the rapid erosion of FX reserves is a source of concern. Furthermore, macroeconomic challenges have pushed the authorities to change their attitude towards foreign investors. Several reforms have been introduced since the beginning of 2020 with a view to improve the country's attractiveness, in particular in the oil and gas sector as many years of under-investment and robust domestic energy consumption have affected the country's ability to export hydrocarbon products.

Summary

BNP Paribas presence

BNP Paribas El-Djazaïr was launched in 2002 and is one of only a few international banks in Algeria. The bank has actively developed its capabilities, which include card issuing and acquiring, and has become a reliable and trusted partner both for corporations and retail customers, with 13 business centres supporting both Algerian companies operating internationally and foreign companies doing business in the country.

BNP Paribas is one of the top 3 retail banks in sub-Saharan Africa with a well-established African network across 9 countries: Algeria, Tunisia, Morocco, Senegal, Guinea, Ivory Coast, Burkina Faso, Gabon and Mali. The bank offers a full range of products and services, with experienced sales, support and product teams across 676 branches and 36 corporate business centres.

Currency

Currency

- Algerian dinar (DZD)

Exchange rates

Exchange rate	2016	2017	2018	2019	2020
Exchange rate: DZD per USD	109.44	110.97	116.59	119.35	126.78

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Algerian central bank is Banque d'Algérie (www.bank-of-algeria.dz).

Bank supervision

- Algerian banks are supervised by The Banking Commission (Commission bancaire)
- Licensing and regulation of Algerian banks is carried out by the Money and Credit Council (Conseil de la Monnaie et du Crédit).
- The Governor of Banque d'Algérie chairs all of the supervisory institutions.

Bank accounts

Resident / non-resident status

- A company is considered resident in Algeria if it is incorporated in Algeria.
- Branches of foreign companies and permanent establishments are also considered resident for tax purposes.

Bank accounts for resident entities

	Within ALGERIA	Outside ALGERIA
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Local Currency	Permitted without restriction.	Not permitted
Foreign Currency	Permitted with restrictions. CEDAC accounts only are fully convertible	Not permitted

Bank accounts for non-resident entities

	Within ALGERIA	Outside ALGERIA
Local Currency	Permitted without restrictions, fully convertible	Not permitted
Foreign Currency	Permitted without restrictions, fully convertible.	Not applicable

Lifting fees

- Percentage-based lifting fees are typically applied on payments between resident and non-resident 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

Algeria is largely a cash-based economy. Payment card penetration rate is low but rising as consumers become more comfortable using cards as a payment method. For example, in Q1 2021, there were 1,782,213 internet transactions carried out by CIB and Edahabia cards, a 340.65% increase on the same period 2020. Value rose from DZD 634 million to DZD 2.2 billion.

The government is keen to encourage the use of electronic payments and as such in September 2020, made the use of all electronic payments free of charge. As of 31 December 2020, all merchants were required to set up infrastructure to enable cashless transactions. Merchants without the means to receive electronic payments are required to set up a remote payment service, i.e. the TPE QR Code, by end-2021.

Limited electronic banking services are available from some banks. These services are primarily used by larger companies. There is no national electronic banking system in Algeria, so companies use banks' proprietary services.

Limited online and mobile banking services are provided by the country's leading banks. The use of digital financial services is low: 16% of adults use digital payments.

Payment Systems

ARTS	Type	<ul style="list-style-type: none">• Real-time gross settlement.
	Participants	<ul style="list-style-type: none">• Algeria's banks, the Banque d'Algérie, Algérie Poste and the Treasury participate in ARTS.
	Transaction types processed	<ul style="list-style-type: none">• High-value (DZD 1 million and above) DZD-denominated electronic credit transfers.• Net obligations from Algeria's other payment systems.
	Operating hours	<ul style="list-style-type: none">• 09:00 to 16:00 local time, Sunday to Thursday.
	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"> • ARTS is closed on all Algerian bank holidays. • Algeria's bank holidays are: • 2nd half 2021: 10, 19 Aug*, 19 October*, 1 November. • 2022: 1, 12 January, 1, 2*, 3* May, 5, 9*, 10*, 30* July*, 8 Aug*, 8 October*, 1 November.
ATCI	Type	<ul style="list-style-type: none"> • Multilateral deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • Algeria's banks, the Banque d'Algérie, Algérie Poste and the Treasury participate in ARTS.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value (Below DZD 1 million), DZD-denominated electronic credit transfers. • Paper-based payments (credit transfers and cheques) which are truncated into electronic items before being processed. • Direct debits.
	Operating hours	<ul style="list-style-type: none"> • N/A
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled electronically on a same-day basis. • Final settlement takes place via ARTS at the end of each day.
	System holidays	<ul style="list-style-type: none"> • ATCI is closed on Algerian bank holidays. (Dates as above) <p>* The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.</p>

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers.
- High-value credit transfers are settled in real time via ARTS.
- Low-value credit transfers are settled on a same-day basis via ATCI.
- 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 on a same-day basis via ATCI, with the beneficiary able to access funds on a next-day basis.

Cheques

- The cheque is the most popular cashless payment instruments, used by both consumers and companies.
- Cheques are truncated into electronic items before being settled on a same-day basis via ATCI. The beneficiary is able to access funds on a T+2 basis.

Card payments

- Card penetration, particularly of credit cards, is low in Algeria but rising,
- There are approximately 6.5 million cardholders.
- The Carte Interbancaire (CIB) debit card scheme is operated by SATIM (Société d'Automatisation des Transactions Interbancaires et de Monétique). There are over two million SATIM cards in circulation. The CIB card can be used to pay for services and bills online.
- Algérie Poste issues a debit/ATM card, the Carte Edahabia. There are approximately five million Edahabia cards in circulation. The Edahabia card can be used to pay for services and bills online.
- In Q1 2021, there were 1,782,213 online transactions carried out by CIB and Edahabia cards, a 340.65% increase on the same period 2020. Value rose from DZD 634 million to DZD 2.2 billion.
- Contactless payment cards are expected to be issued in 2020.
- Algeria's national CIB card payments are cleared by SATIM. Sixteen banks and Algérie Poste participate in SATIM.
- Internationally-branded card payments can be processed via the card-issuing companies.

ATM/POS

- There are approximately 3,030 ATMs in Algeria.
- There are 38,144 very small enterprises using TPEs (electronic payment terminals) in Algeria. In May 2021, there were 195,440 TPE payments transacted, with a value of DZD 1,297.8 million.
- SATIM operates Algeria's ATM and EFTPOS networks.
- Payments can be settled on a same-day basis via by SATIM.

Electronic wallet

- Electronic money schemes are available in the form of reloadable pre-paid cards.

- In 2020, Algérie Poste launched its electronic payments system for mobile phones. Barid PAY allows users to pay for items using just their phones.
- In March 2021, the National Bank of Algeria launched a contactless mobile payment app, Wimpay-BNA, based on a QR code.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing accounts are permitted.

Demand deposits

- Demand deposits denominated in DZD are available.

Time deposit money market instruments

- Time deposits are available in DZD or major foreign currencies (USD, GBP, CHF and EUR). Minimum tenor is three months for DZD deposits. Foreign currency deposits have a minimum tenor of one month.
- The minimum investment for DZD-denominated time deposits is DZD 10,000.
- Interest rates are generally set by Banque d'Algérie.

Certificates of deposit

- Domestic banks issue medium term notes with terms ranging from three months to four years. These are negotiable instruments.

Treasury (government) bills

- The Banque d'Algérie issues Treasury bills for terms of 13 and 26 weeks.

Commercial paper

- No commercial paper market exists in Algeria.

Money market funds

- Money market funds are not popular short-term investment instruments.

Repurchase agreements

- Repurchase agreements are available in Algeria.

Banker's acceptances

- Banker's acceptances are not used in Algeria.

BNP Paribas Trade Finance Capabilities

Trade payments



Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	●
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Payables	
Inventory	

Trade channels

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

- BNP Paribas is ranked as one of the top five banks for trade finance in Algeria. The bank's Global Trade Solutions (GTS) team includes six highly-skilled trade finance experts based in Algiers, offering a comprehensive range of cross-border and domestic trade finance and working capital solutions to corporations headquartered or operating in Algeria.

International trade

General trade rules

- As a member of the Greater Arab Free Trade Area (GAFTA), Algeria 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

- Algeria has an Association Agreement with the EU.
- Algeria is in negotiations with Libya to establish an FTA.
- The African Continental Free Trade Agreement (AfCFTA) is a [trade agreement](#) between 55 [African Union](#) member states. Free trading officially commenced under the AfCFTA on 1 January 2021.

Imports / exports

Imports	Refined petroleum	Wheat	Packaged medical supplies	Milk	Vehicle parts	
Primary Import sources	China (18.0%)	France (14.0%)	Italy (8.0%)	Spain (8.0%)	Germany (5.0%)	Turkey (5.0%)
Exports	Crude petroleum	Natural gas	Refined petroleum	Fertilizers	Ammonia	
Export markets	Italy (13.0%)	France (13.0%)	Spain (12.0%)	USA (7.0%)	UK (7.0%)	India (5.0%)

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	29,317	34,570	41,124	34,995	NA
	- services USD m	3,430	3,002	3,264	3,325	NA
Imports	goods USD m	49,317	48,811	48,284	44,321	NA
	- services USD m	10,880	11,317	11,769	9,937	NA
Current account as % GDP		– 16.4	– 13.2	– 9.8	– 10.6	NA

Sources: IMF, International Financial Statistics, July 2021.

Documentation

- The following documentation is required in order to import goods into Algeria:
 - customs declaration
 - commercial invoice
 - packing list
 - bill of lading
 - certified copy of the commercial registry
 - inspection report.
- Payments for imports need a letter of credit.
- All importers are required to establish residency status by presenting a commercial contract or pro forma invoice to an authorised bank.

Import licences

- The Algerian Ministry of Commerce administers a list of goods subject to restrictions.

Import taxes and tariffs

- Tariffs are generally not set on imports from GAFTA member states.
- Customs duties range from 0% to 60%. An additional safeguard duty (DAPS) set at between 30% and 200% was introduced in 2018.
- In addition to customs duty, a special contribution at a rate of 2% applies to the import of goods into Algeria.
- All tobacco products are subject to excise tax.

Financing requirements

- Advance payments are limited to 15% of the value of the import. Authorisation must be obtained if this ceiling is exceeded.

Risk mitigation

- Compagnie Algérienne d'Assurance et de Garantie des Exportations (CAGEX) provides state-supported export credit insurance.
- Export credit insurance is also available from the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC).

Prohibited imports

- A regulatory framework with additional customs duties replaced a negative list of prohibited imports in 2019.

Trade finance - Exports

Documentation

- The following documentation is required in order to export goods from Algeria:
 - customs declaration
 - commercial invoice
 - packing list
 - bill of lading
 - certified copy of the commercial registry.

Export licences

- Export licences are required for restricted items.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- CAGEX the (Compagnie Algérienne d'Assurance et de Garantie des Exportations) provides state-supported export credit insurance.
- Export credit insurance is also available from the ICIEC (Islamic Corporation for Insurance of Investment and Export Credit).

Prohibited exports

- NA

Regulatory requirements

Reporting regulations

- All transactions between resident accounts and accounts held by non-residents must be reported to Banque d'Algérie.

Reporting method

- Daily reports of fund transfers and repatriation transactions must be submitted to Banque d'Algérie within 24 hours of the transaction taking place.
- Monthly reports of transactions must be submitted to Banque d'Algérie within ten days of the end of the month.
- Banks submit information on behalf of their customers, although the resident entity is ultimately responsible for compliance.

Exchange controls

- Exchange controls are administered by the Money and Credit Council, which delegates controls to banks and financial institutions.
- Export proceeds must be repatriated within 180 days of the delivery date and 50% must be deposited with commercial banks. For proceeds of hydrocarbons and mineral products, the repatriation period is

30 days, which may be extended to 90 days. Companies in the hydrocarbon sector must receive 100% of export revenue in local currency.

- Capital funds may be transferred abroad by residents with Money and Credit Council approval. Funds must be used to finance any operations abroad that complement those undertaken in Algeria. Foreign currency proceeds from such operations must be surrendered.
- Proceeds from capital transactions must be repatriated as soon as the transactions are carried out.
- Residents' purchases abroad must be authorised by the Money and Credit Council.
- Non-residents are not permitted to issue securities in Algeria.
- Residents are not permitted to grant commercial or financial loans/credits to non-residents.
- Loans from non-residents to residents to finance domestic investments are authorised subject to being made on a free basis (without interests or any fee). Repayment of any loan or credit issued by non-residents must be repaid within three years. International bank funding is possible subject to approval by the government.
- In 2020, the 49/51 Rule for foreign investments in non-strategic sectors was removed.
- According to the 2020 Finance Law, adopted on 11 December 2020, foreign investors will be permitted to finance their investments in Algeria with facilities provided by foreign lenders.

Taxation

Resident / non-resident

- Tax residence is not legally defined in Algeria. Companies incorporated in the country are treated as resident.
- Branches of foreign companies and permanent establishments also considered resident and taxed on their Algerian-sourced income.

Tax authorities

- Direction Générale des Impôts (DGI).

Tax year/filing

- The tax year is the calendar year ending 31 December.
- Final tax payments are due by 30 April following the close of the tax year, along with the statutory return and the appropriate financial statements.
- Large companies must make three provisional tax payments by 20 March, 20 June and 20 November each amounting to 30% of the previous year's tax liability.
- For new companies, 5% of paid-up capital is deemed taxable income. Any withholding tax incurred is treated as a payment of corporate tax.

- Algerian companies may elect for group treatment where a parent company owns at least 90% of a subsidiary. The election is optional but once made, is binding for at least four years. A specific regime also applies to companies involved in the hydrocarbon sector.

Financial instruments

- It is our understanding that there are no specific taxes on financial instruments in Algeria, but please contact your tax advisor for more information.

Interest and financing costs

- It is our understanding that there is no specific tax requirements related to interest and financing costs in Algeria, but please contact your tax advisors for more guidance.

Foreign exchange

- It is our understanding that there is no specific tax related to foreign exchange in Algeria, but please contact your tax advisors for more guidance.

Advance tax ruling availability

- A tax ruling regime has been introduced. A ruling applies only to the taxpayer that requested the ruling.

Capital gains tax

- Capital gains generally are taxed as ordinary income. For certain assets, 30% relief is given where the assets have been held for up to three years, or 65% for longer holding periods.
- Capital gains on the disposal of assets can be exempted if the company commits to re-invest them within a three-year period.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
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Resident entities	10%	15%	0%	0%
Non-resident entities	10% (1)	15%	30%	30%

Cross-border loans are forbidden in Algeria except for intercompany loans but no interest may be charged.

*The Complementary Finance Act 2020 increases the rate of WHT applicable on revenue generated by foreign companies involved in service contracts to 30% from 24%.

Tax treaties / tax information exchange agreements (TIEAs)

- Algeria has concluded more than 30 tax treaties.

Thin capitalisation

- There are no thin capitalisation rules.
- Finance Law 2019 provides a new provision that limits the deduction of financial interest paid to shareholders within the frame of their business relationships with the Algerian company.

Transfer pricing

- There are no formal transfer pricing rules, but the arm's-length principle applies to transactions between related domestic and foreign entities, and the Algerian tax authorities can tax profits where the transaction differs from that between independent enterprises.
- All entities registered with the tax department responsible for multinational companies (DGE) must, when requested by the Algerian tax administration, submit documentation within 30 days to support their transfer pricing practices.

Stamp duty

- Most documented private and administrative activities are subject to [stamp duty](#).
- [Stamp duty](#) is levied on the formation of a company at a rate of 0.5% of the initial capital.

Cash pooling

- It is our understanding that there is no specific tax related to [cash pooling](#) in Algeria, but please contact your tax advisors for more guidance.

Financial transactions / Banking services tax

For services, a 4% tax applies on every import at the time the payment for the services is made.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com)



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