

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 10 million and a forecasted GDP of $321bn in 2025, Portugal is a small open advanced economy, anchored by diversified tourism, tradeable services, and improving fiscal and external metrics. Its public debt ratio has declined from over 116?% of GDP in 2019 to about 99.1?% in 2023, with expectations of falling further to around 95?% in 2024.

Fiscal performance turned markedly positive in 2023, with a budget surplus of around 1.2?% of GDP, the country's first surplus in decades and the strongest since the restoration of democracy. The surplus was supported by strong tax revenue growth and labour market resilience. Forecasts anticipate a smaller surplus (~0.2?%) in 2024, but continued debt reduction.

Portugal's fiscal credibility is solidifying, with credit upgrades reflecting reduced external liquidity risk and improved public finance metrics. Nonetheless, debt remains high relative to peer countries, requiring prudent consolidation to embed gains and support long?term stability.

Structural headwinds include demographic ageing, climate adaptation needs, housing affordability and productivity convergence. Growth is expected to remain modest but positive into 2025, underpinned by tourism, EU recovery funds and structural reform momentum.

Summary

BNP Paribas presence

BNP Paribas first established a presence in Portugal in 1985, the first foreign bank to do so, with a business centre based in Lisbon. Since then, the bank has continued to invest heavily in the country across all business lines, including Corporate and Investment Banking. BNP Paribas has more than 1,800 employees in Portugal supporting nearly 1.8m clients.

Currency

Currency

- Portugal uses the euro (EUR).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Portuguese central bank is Banco de Portugal (www.bportugal.pt).
- The Banco de Portugal is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – www.ecb.europa.eu).

Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the Banco de Portugal.
- The National Council of Financial Supervisors (CNSF) promotes cross-sector financial supervision and cooperation with overseas regulators.

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Portugal if has a registered office or its place of effective management is located there.

Bank accounts for resident entities

	Within PORTUGAL	Outside PORTUGAL
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

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

Lifting fees

- Lifting fees are applied on payments between resident and non-resident bank accounts.

Factoring

Legal framework

- The supervision and regulation is controlled by Central Bank.
- As a developed factoring country, the legal framework is very simple and in 1995 a specific legislation was approved.
- One legal status is authorised: - Factoring Entity: only traditional factoring operations are allowed.

Product specifics

- **DISCLOSED / UNDISCLOSED**

Both are available. Undisclosed programmes are only offered to well-rated companies.

- **RECOURSE / NON-RECOURSE**

Mainly non-recourse factoring, however recourse programmes are offered to high quality clients.

- **STRUCTURED PRODUCTS**

Reverse factoring under conditions rating in the group.

- **EXPORT / IMPORT**

Export factoring is usually done through the BNP Paribas Factoring network and FCI.

- **CONCENTRATION REQUIREMENTS**

A maximum limit of 50% applies.

- **MAX. PREPAYMENT %**

Average 95%.

- **CREDIT COVER %**

90% to 95%, reinsurance is a must.

- **USUAL FUNDING PERIOD**

Maximum 90 days after due date.

- **OFF-BALANCE SHEET SOLUTIONS**

Ability to create structures that meet the requirements of independent auditors, to be classified as “Off-balance sheet”.

- **INVOICE TRANSFER**

Integrated IT solutions offered (TeleFactor).

- **ON-LINE APPLICATIONS**

Integrated IT solutions are offered for portfolio information: TeleFactor, own developed system by BNP Paribas Factor France.

- **DELAYED DUNNING**

Available, usual terms between 30 and 45 days.

- **DATA FACTORING**

Available.

- **CURRENCIES OF FINANCE**

EUR, USD, GBP and JPY.

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

Credit transfers are the instrument most commonly used by companies to make supplier payments. The majority of credit transfers are initiated electronically, with a falling proportion initiated via a paper form. The use of payment cards is increasing rapidly in Portugal; the overwhelming number of card transactions are made using a debit card. Contactless payments are also on the increase. In 2020, contactless payments increased by 163% in volume and 271% in value. Digital wallets are available but to date the adoption of mobile wallets has been low.

In November 2020, the central bank published it National Strategy for Retail Payments 2022. The strategy aims to: promote greater coverage of the network of contactless point-of-sale (POS) terminals and payment cards; foster the widespread use of instant transfers; to identify and propose the revision of legislative acts and other regulation that impose/favour the use of paper-based payment instruments, in particular cheques; and to assess the feasibility of making a legislative amendment requiring firms to accept, together with cash, at least one electronic payment instrument.

Electronic banking services are available from all large banks. Portugal has adopted the ISO 20022 XML financial messaging standard. Online and mobile banking services are provided by the country's leading banks.

Payment Systems

TARGET 2-PT	TYPE	• Real-time gross settlement. • Portuguese component of the pan-European TARGET2 system.

	PARTICIPANTS	• 59.
	TRANSACTION TYPES PROCESSED	• High-value and urgent Eur-denominated domestic and cross-border credit transfers. • All card-based payments and bills of exchange with a value greater than EUR 100,000 and credit transfers, direct debits and cheques with a value greater than EUR 500,000 are settled via TARGET2-PT.
	OPERATING HOURS	• 06:00-17:00 GMT, Monday to Friday.
	CLEARING CYCLE DETAILS (eg cut-off times)	• Payments are cleared and settled in real time. • Customer payment cut-off time = 16:00 GMT. • Interbank payment cut-off time = 17:00 GMT.
	SYSTEM HOLIDAYS	• TARGET2-PT is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May and 25 and 26 December.
SICOI	TYPE	• Automated interbank settlement and exchange system.SICOI has six subsystems: • Multibanco. • Cheque subsystem. • Electronic funds transfer subsystem (SEPA and non-SEPA). • Direct debit subsystem (*Subsistema de Débitos Diretos* – SDD SEPA Core and SDD SEPA B2B). • Instant transfer subsystem. • Bill of exchange subsystem.
	PARTICIPANTS	• Multibanco: 25 direct, 13 indirect. • Cheque: 40 direct, 9 indirect. • SEPA Credit Transfers: 30 direct, 17 indirect. • Non-SEPA Credit Transfers: 25 direct, 7 indirect. • Instant Transfers: 14 direct, 3 indirect. • SDD SEPA CORE: 26 direct, 13 indirect. • SDD SEPA B2B: 12 direct, 4 indirect. • Bill of exchange: 16 direct, 3 indirect.

	TRANSACTION TYPES PROCESSED	• Multibanco: card transactions at ATM or EFTPOS terminals. • Cheque: cheques with a value below EUR 10,000. • SEPA Credit Transfers: SEPA credit transfers. • Non-SEPA Credit Transfers: non-SEPA credit transfers. • SDD SEPA: pre-authorised SEPA direct debits. • Instant Transfers: Instant credit transfers with a value of up to EUR 100,000. • Bill of exchange: commercial bills of exchange.
	OPERATING HOURS	• 24 hours a day, Monday to Friday.
	CLEARING CYCLE DETAILS (eg cut-off times)	• Payments are processed in batches in all subsystems except the Instant Transfer subsystem, which processes payments in real time. • Cut-off time for overnight settlement of SCTs by 09:00 GMT = 23:30 GMT. • Cut-off time for same-day settlement of SCTs by 09:30 GMT = 06:45 GMT. • Cut-off time for same-day settlement of SCTs by 12:30 GMT = 11:15 GMT. • Cut-off time for same-day settlement of SCTs by 15:00 GMT = 13:45 GMT. • Cut-off time for same-day settlement of SCTs by 16:30 GMT = 16:00 GMT. • Cut-off time for overnight settlement of Non-SEPA credit transfers by 09:30 GMT = 21:00 GMT. • Cut-off time for same-day settlement of Non-SEPA credit transfers by 15:00 GMT = 13:45 GMT. • Cut-off time for overnight settlement of Card-based payments by 09:00 GMT = 20:00 GMT. • Cut-off time for overnight settlement of bills of exchange by 09:00 GMT = 21:30 GMT. • Cut-off time for same-day settlement of cheques by 09:30 GMT = 03:30 GMT. • Cut-off time for same-day settlement of Consumer (CORE) SDDs by 14:00 GMT = 12:00 GMT. • Cut-off time for same-day settlement of B2B SDDs by 14:00 GMT = 12:00 GMT.
	SYSTEM HOLIDAYS	• SICOI is closed at weekends and on all Portuguese bank holidays. • Portugal's bank holidays are: ◦ 2nd half 2021: 15 August, 5 October, 1 November, 1, 8, 24, 25 December. • 2021: 1 January, 1 March, 15, 25 April, 1 May, 10, 13, 16 June, 15 August, 5 October, 1 November, 1, 8, 24, 25 December.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- The use of credit transfers increased 8% in volume and 3.5% in value in 2020. Instant transfers increased by 81.3% in volume and 50.4% in value.
- SEPA credit transfers can be settled via SICOI's SEPA Credit Transfers subsystem or STEP2.
- Approximately 36 banks in Portugal participate in the SEPA credit transfer scheme.
- Low-value, non-SEPA credit transfers are settled via SICOI on a next-day basis.
- High-value and urgent domestic and cross-border (within the euro zone) credit transfers with a value greater than EUR 100,000 are settled in real time via TARGET2.
- High-value and urgent cross-border credit transfers can also be settled with end-of-day value via the Euro Banking Association's EURO1 system. Five banks in Portugal participate directly in EURO1.
- High-value, cross-border credit transfers in domestic and other currencies can be processed via SWIFT and settled through correspondent banking and bank branch networks.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. There are 16 participants.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- SEPA CORE and B2B direct debit schemes can be settled on a same-day basis via SICOI's SDD SEPA subsystem or STEP2. There are 29 participants in the Core SDD scheme and 12 on the B2B SDD scheme.

Cheques

- The cheque is an important cashless payment instrument used by both consumers and companies. In 2020, cheque volume and value declined 27.9% and 27.8% respectively.
- Low-value cheques (with a value of EUR 10,000 or less) are truncated into electronic items before being settled via SICOI on a next-day basis.
- High-value cheques (with a value greater than EUR 10,000) are processed via the CIIC, the interbank cheque image exchange system. There are 40 participants in the CIIC.
- Cheques with a value greater than EUR 500,000 are processed via TARGET2-PT.

Card payments

- Card payments are increasingly popular, especially for retail transactions. In 2020, card payments accounted for 85% of the volume of total cleared transactions.
- There were 24.7 million debit cards and 8.65 million credit and charge cards in circulation at the end of 2020.
- Visa Electron, Maestro and Cirrus-branded debit cards are the most widely issued.
- Visa and MasterCard-branded credit cards are the most widely issued. UNIBANCO, a national credit card, is issued by UNICRE.
- Card payments are cleared via Multibanco.
- Contactless card technology is available in Portugal. In 2020, contactless payments accounted for 23.6% of total card payments in terms of volume and for 12.9% in terms of value.
- The majority of cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 14,300 ATMs in Portugal at the end of 2020.
- There were 393,600 EFTPOS terminals in Portugal at the end of 2019.
- All payments are cleared via Multibanco.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Electronic wallet schemes are becoming increasingly popular in Portugal.
- Pre-paid cards are issued by some retailers, phone companies and universities.
- Mobile payment schemes such as paysafecard and Google Pay are available but adoption to date has been slow.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Interest-bearing demand deposit accounts are available for residents and non-residents.

Time deposits

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

Certificates of deposit

- Domestic banks and the Banco de Portugal offer certificates of deposit.

Treasury (government) bills

- The Portuguese Government Debt Agency (IGCP) issues Treasury bills with maturities of three, six or 12 months.
- The IGCP, issues fixed-rate government bonds with terms ranging from one to 50 years.

Commercial paper

- Domestic and international commercial paper is issued in Portugal.

Money market funds

- Money market funds are available in Portugal.

Repurchase agreements

- Repurchase agreements (repos) are available in Portugal.

Banker's acceptances

- Banker's acceptances are not used in Portugal.

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' Global Trade Solutions (GTS) team in Portugal offers a comprehensive range of trade finance products and solutions to corporates headquartered in, and operating in Portugal. The local GTS team comprises a senior trade manager based in Lisbon, with the support of the GTS team in Spain for advisory services. In addition, a team of 3 senior trade officers is dedicated to letters of credit, guarantees and documentary collections. As a result of the strength of this expertise, BNP Paribas is able to offer customised solutions, advisory and training to support clients' diverse needs.

International trade

General trade rules

- As a member of the EU, Portugal follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

Imports / exports

Imports	Cars and vehicle parts	Crude petroleum	Aircraft	Packaged medicines	Refined petroleum	Natural gas
Primary Import sources	Spain (29.0%)	Germany (13.0%)	France (9.0%)	Italy (5.0%)	Netherlands (5.0%)	
Exports	Cars and vehicle parts	Refined petroleum	Leather footwear	Paper products	Tyres	
Export markets	Spain (23.0%)	France (13.0%)	Germany (12.0%)	UK (6.0%)	USA (5.0%)	Netherlands (4%)

Import / export volumes

		2016	2017	2018	2019	2020
Exports	**- goods USD m**	54,324	60,227	66,410	64,886	59,697
	- services USD m	29,582	35,111	39,351	39,884	25,584
Imports	**- goods USD m**	64,980	75,329	84,824	83,114	73,559
	- services USD m	14,294	16,601	18,768	19,938	15,753
Current account as % GDP		+ 0.6	+ 1.4	+ 0.6	+ 0.4	- 2.0

Sources: IMF, International Financial Statistics, July 2021.



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