



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
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Romania is an upper-middle income country of 19.8 million people with a GDP growth which is expected to decelerate markedly to 1.4% in 2024 as export growth remains subdued. A gradual recovery in external demand, easing of financial conditions and resilient private consumption and investment are set to accelerate growth above 2% in 2025 and in 2026. Inflation slowed slightly in 2023 due to a marked deceleration of energy and food prices, but is expected to remain above 5% in 2024.

Strong labour demand is set to further reduce unemployment. Romania’s general government deficit is forecast to reach 8% of GDP in 2024, much higher than in 2023. It is expected to stay broadly at that level in 2025 and 2026.

Summary

BNP Paribas presence

BNP Paribas is one of the largest international banks in Romania, with a business centre in Bucharest. The bank has direct access to the local clearing system, and provides comprehensive services for both paper-based and electronic payments, as well as international cash management and trade finance.

Currency

Currency

- Romanian new leu (RON).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: RON per USD	4.059	4.052	3.942	4.238	4.24

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Romanian central bank is the Banca Natională Românei (BNR – www.bnro.ro)
- The BNR is a member of the European System of Central Banks (ESCB).

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Romania if its place of effective management is located there.

Bank accounts for resident entities

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

Lifting fees

- The application of lifting fees varies from bank to bank.




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

Companies primarily use electronic credit transfers to pay suppliers. Direct debits are also growing in importance, both for regular payments such as utility bills and for individually authorised one-off payments. Payment cards, especially debit cards, are popular for consumer transactions. The number of contactless payments and the use of electronic wallets have surged as a result of the pandemic: electronic payments increased by 53.15% in volume and 40.36% in value in 2020. In 2020, the Romanian Government set up the Authority for the Digitalisation of Romania to support the digital transformation of the country's economy.

Electronic banking services are available from all large banks. There is no national electronic banking standard in Romania; most banks use MultiCash. Transaction and balance reporting, automated end-of-day sweeping, and some transaction initiation services are available on a domestic and cross-border basis.

Online and mobile banking services are offered by the country's banks. Adoption of digital banking services is low; Romania was ranked last at an EU level by the European Commission in 2018 in its

Payment Systems

TARGET 2- ROMANIA	TYPE	<ul style="list-style-type: none"> • Real-time gross settlement. • Romanian component of the pan-European TARGET2 system.
	PARTICIPANTS	<ul style="list-style-type: none"> • 31 direct.
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> • High-value and urgent EUR-denominated domestic and cross-border transfers.
	OPERATING HOURS	<ul style="list-style-type: none"> • 08:00–19:00 EET, Monday to Friday.
	CLEARING CYCLE DETAILS (eg cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Interbank payment cut-off time = 19:00 EET.
	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> • • ReGIS is closed at weekends and on all Romanian bank holidays. • Romania's bank holidays are: • 2nd half 2018: 15 August, 30 November, 1, 25, 26 December. • 2019: 1, 2, 24 January, 29 April, 1 May, 1, 17 June, 15 August, 30 November, 1, 25, 26 December.
ReGIS	TYPE	<ul style="list-style-type: none"> • Real-time gross settlement.
	PARTICIPANTS	<ul style="list-style-type: none"> • 40 direct.
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> • High-value (above RON 50,000) and urgent RON-denominated domestic credit transfers.
	OPERATING HOURS	<ul style="list-style-type: none"> • 08:00–18:00 EET, Monday to Friday.
	CLEARING CYCLE DETAILS (eg cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Interbank payment cut-off time = 17:00 EET.

	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> • ReGIS is closed at weekends and on all Romanian bank holidays. • Romania's bank holidays are: • 2nd half 2021: 15 August, 30 November, 1, 25, 26 December. • 2022: 1, 2, 24 January, 22, 25 April, 1 May, 1, 13 June, 15 August, 30 November, 1, 25, 26 December.
SENT	TYPE	<ul style="list-style-type: none"> • Multilateral net settlement system.
	PARTICIPANTS	<ul style="list-style-type: none"> • 36. • 4 participants instant payments.
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> • Low-value (less than RON 50,000) and non-urgent credit and debit payments. • Paper-based payments (cheques).
	OPERATING HOURS	<ul style="list-style-type: none"> • 08:25–18:00 EET, Monday to Friday. • EURO-SENT: 08:00–18:15 EET, Monday to Friday.
	CLEARING CYCLE DETAILS (eg cut-off times)	<ul style="list-style-type: none"> • SENT processes payments on a first-come, first-served basis. • Cut off for payments through its own communication network = 18:00 EET. • Clearing take place in batches three times daily for RON payments: 08:45–10:20, 11:25–13:00 and 14:05–15:40 EET. All transactions cleared before 15:25 are settled on a same-day basis. • Clearing take place in batches three times daily for EUR-denominated SEPA credit transfers: 08:15–11:00 and 11:30–14:15 EET and 14:45–17:30 EET. All transactions cleared before 16:00 are settled on a same-day basis.
	SYSTEM HOLIDAYS	<ul style="list-style-type: none"> • SENT is closed at weekends and on all Romanian Bank holidays: • Romanian bank holidays are: • 2nd half 2021: 15 August, 30 November, 1, 25, 26 December. • 2022: 1, 2, 24 January, 22, 25 April, 1 May, 1, 13 June, 15 August, 30 November, 1, 25, 26 December.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- The majority of credit transfers are automated.

- High-value and urgent EUR-denominated domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2.
- High-value (above RON 50,000) and urgent RON-denominated credit transfers can be settled in real time via ReGIS.
- High-value, cross-border credit transfers in domestic and foreign currencies can be processed via SWIFT, correspondent banking and bank branch networks.
- Low-value (less than RON 50,000) and non-urgent credit transfers can be settled on a same-day basis via SENT.
- Payments sent via the Instant Payments service can be made 24/7/365 up to a maximum of RON 50,000/EUR 15,000 online and via mobile.
- SEPA credit transfers can be settled via EURO-SENT or STEP2 (accessed indirectly via international networks). Twenty-three banks in Romania participate in the SEPA credit transfer scheme.
- 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.
- 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.
- Direct debits are settled on a next-day basis via SENT.
- SEPA direct debits are available in Romania and can be settled on a same-day basis via STEP2. Two banks in Romania offer Core SDDs. One offers B2B SDDs.

Cheques

- The cheque is not a common cashless payment instrument in Romania. It is primarily used for commercial payments.

- Cheques are truncated into electronic items before being settled via SENT. Cheques are usually settled within two days.
- Cheques that are not truncated are cleared bilaterally between banks.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 18,818,308 cards (14,592,364 were active) in circulation at the end of Q1 2021. Of these, 15.9 million were debit cards and 2.9 million credit cards.
- Contactless cards are issued and are rapidly being adopted by consumers – it is estimated that two out of three payments are made using contactless payment cards.
- Visa and Mastercard-branded payment cards are the most widely issued.
- Transactions are processed via Romcard, Provus Service Provider or PayNet before clearing via Visa and MasterCard's own clearing houses.
- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 10,184 ATMs in Romania at the end of Q1 2021.
- There were 260,594 EFTPOS terminals in Romania at the end of Q1 2021.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Reloadable pre-paid cards are available.
- Mobile wallet and payment services, such as the local Romcard Masterpass Wallet, MobilPay and Google Pay are available.

Short term investments

Market overview

Interest payable on credit balances

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

Demand deposits

- Demand deposits are available.

Time deposits

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

Certificates of deposit

- Domestic banks and the BNR issue certificates of deposit in RON, EUR and USD for terms of one, three, six, nine and 12 months.

Treasury (government) bills

- The Ministry of Finance issues treasury certificates with maturities of three, six and 12 months.

Commercial paper

- Domestic commercial paper is issued.

Money market funds

- Money market funds are not widely available in Romania.

Repurchase agreements

- Repurchase agreements with one week maturities are available in Romania.

Banker's acceptances

- Banker's acceptances are not used in Romania.

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' trade centre for Romania, based in Bucharest, comprises a senior trade manager and a trade advisor. Back office support is provided through the shared service centre located in Bulgaria. In addition to trade finance solutions, such as trade guarantees, the bank offers a highly competitive portfolio of supply chain management solutions, including inventory solutions and non-recourse, undisclosed receivables financing.

International trade

General trade rules

- As a member of the EU, Romania 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.
- Romania operates seven free trade zones.

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 and the UK are currently negotiating their future trading relationship, following the UK's withdrawal from the EU.

Imports / exports

Imports	Cars and vehicle parts	Insulated wiring	Crude petroleum	Packaged medicines	Broadcasting equipment
Primary Import sources	Germany (19%)	Italy (9.0%)	Hungary (7.0%)	Poland (6.0%)	France (5.0%)
Exports	Cars and vehicle parts	Insulated wiring	Refined petroleum	Electrical control boards	Seats
Export markets	Germany (22.0%)	Italy (10.0%)	France (7.0%)		

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	57,722	64,585	73,050	70,618	65,848
	- services USD m	19,919	24,595	28,055	30,279	27,163
Imports	- goods USD m	68,002	78,458	91,069	90,582	87,778
	- services USD m	11,372	15,348	18,194	20,601	16,383
Current account as % GDP		– 2.1	– 2.8	– 6.4	– 7.0	– 7.8

Sources: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.

- The following documentation is usually required in order to import goods into Romania from outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Import licences

- Import licences are required for specific items subject to international export controls.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU with higher tariffs for agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Romania prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Documentation

- Documentation is not required for exports to countries within the EU, although a commercial invoice should be supplied.
- The following documentation is required in order to export goods from Romania outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Export licences

- Export licences are required for specific items subject to international export controls.

Export taxes and tariffs

- None.

Financing requirements

- None.

Risk mitigation

- Romania has implemented the EU directive on export credit insurance.
- EximBank, Romania's national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- Export financing is available from commercial banks.

Prohibited exports

- Romania prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- Transactions with a value above EUR 50,000 between resident accounts and accounts held by non-residents must be reported to the BNR on a monthly basis.
- Resident entities must report all transactions on accounts held abroad and outward direct investments to the BNR on a monthly basis.

Reporting method

- Approximately 6,000 entities report quarterly and 7,000 annually.
- Monthly reports of individual transactions must be submitted to the BNR by the 20th day of the following month. In most cases, banks submit reports on behalf of their customers, although the resident entity is ultimately responsible for compliance.
- Banks must directly report cross-border payments performed with non-residents (on an aggregated basis) by the 20th day of the following month.
- Resident companies directly report transactions on accounts held abroad and outward direct investments abroad by the 20th day of the following month.

Exchange controls

- Romania has no foreign exchange restrictions.
- Resident entities must only use RON when trading in goods and services.
- BNR authorisation is required for investments of 10% or more in a bank's capital.

Taxation

Resident / non-resident

- An entity is considered resident in Romania if it is incorporated in Romania, it has its place of effective management in Romania, or it is a legal person set up in accordance with European legislation which has its registered head office in Romania.

Financial instruments

- Generally gains arising from financial instruments are taxable, and corresponding expenses deductible, but an analysis on a case-by-case basis needs to be performed.

Advance tax ruling availability

- Advance pricing agreements (APAs) are available. The deadline for issuing an APA is up to 12 months for unilateral agreements and up to 18 months for bilateral (or multilateral) agreements. The filing fee for an APA varies, depending on the taxpayer's classification (i.e. a large taxpayer). An APA can be concluded for up to five years.

Capital gains tax

- Capital gains obtained by Romanian resident companies are included in ordinary profits and taxed at a rate of 16%.
- Gains derived by resident and non-resident entities from the sale of shares and real property are included in overall profits and taxed at the general corporate tax rate of 16%.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	None	516%/0%	None	None
Non-resident entities	16%/0%	0%/5% (2)	16%/0% (3)	16%/50%

- 1. A 16% withholding tax is levied on interest paid to a non-resident company, unless the rate is reduced under a tax treaty or the EU Interest and Royalties Directive. The withholding tax on interest paid to an EU resident is reduced to 0% under the directive, provided the requirements for application of the directive are met (a minimum 25% holding for an uninterrupted period of at least two years).
- 2. The general withholding tax on dividends paid to a non-resident is 5%. A 5% rate also applies to dividends paid by a Romanian legal entity to a legal entity resident in another EU member state, or to a PE of a company from an EU member state situated in another EU member state if the dividends do not qualify for an exemption under the EU Parent-Subsidiary Directive (a minimum 10% holding for an uninterrupted period of at least one year). The rate is 0% if the directive applies.
- 3. A 16% withholding tax is levied on royalties paid to a non-resident company, unless the rate is reduced under a tax treaty or the EU Interest and Royalties Directive. The withholding tax on royalty payments made to an EU resident is reduced to 0% under the directive, provided the requirements for application of the directive are met (minimum 25% holding for an uninterrupted period of at least two years).
- Romania levies a 50% withholding tax on payments made to a jurisdiction that has not concluded an agreement with Romania for the exchange of information if the payment is made in relation to an artificial transaction.

Tax treaties / tax information exchange agreements (TIEAs)

- Romania has concluded tax treaties with approximately 90 countries.
- Romania is a signatory of a multilateral co-operation agreement (the MCAA). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).
- Romanian parent entities controlling an NE group, or entities that are part of MNE groups, whose consolidated income is greater than EUR 750 million in the year preceding the reporting fiscal year, are required to make this annual CbC report.
- With country-by-country reporting, tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA. First exchanges under the MCAA started in 2017–18 on 2016 information.

Thin capitalisation

- Romania applies the interest deduction limitation rules in the EU anti-tax avoidance directive (ATAD). Under these rules, 'exceeding borrowing costs are deductible up to a threshold of EUR 1 million plus 30% of tax adjusted EBITDA.

Transfer pricing

- Transfer pricing rules follow the OECD guidelines. The tax authorities may adjust intercompany pricing to reflect the fair market value in appropriate cases.
- Large taxpayers carrying out intragroup transactions exceeding certain thresholds are required to prepare a transfer pricing file on an annual basis. The transfer pricing file and all related supporting documentation must be submitted within 10 days of a specific request by the tax authorities.
- An APA may be obtained for up to five years.

Stamp duty

- No stamp duties are levied in Romania.

Cash pooling

- Cash pooling is not specifically regulated under Romanian fiscal legislation. In principle the cash pooling system could be structured contractually between the parties involved.
- However, from a legal compliance point of view the transactions carried out under cash pooling arrangements need to be specifically analysed by the BNR on a case-by-case basis, in order to determine whether they fall under professional granting of loans, which is subject to BNR regulations.
- From a tax point of view, receiving or granting loans through cash pooling agreements are seen as separate loan agreements.

Financial transactions / Banking services tax

- There are no specific taxes on financial transactions/banking services in Romania.

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



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