



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
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world

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With a population of 39,5 million and a forecasted GDP of \$2,225bn in 2025, Canada is a large advanced open economy, supported by high income per capita, diversified trade and services sectors, and a substantial net positive foreign asset position, equivalent to about 10%–15% of GDP.

Gross external debt is high — around 135% of GDP in early 2025 — driven principally by liabilities in the financial sector, though asset positions offset much of that.

On the fiscal front, general government net debt stood at roughly 58% of GDP in fiscal 2021–22, with federal net debt around 36%, down from about 70% at the height of pandemic measures. Despite provincial-territorial debt burdens, fiscal credibility is considered solid, and Canada benefits from strong institutional frameworks.

Risks to the Canadian economy include external portfolio divestment (foreign investors sold nearly CAD \$49 billion (€30,87 bn) of equities in 2023, the largest net outflow on record), housing-market distortions, household indebtedness, and exposure to global commodity cycles.

Growth is expected to remain stable but subdued through 2025, with productivity growth and debt burdens representing key medium-term policy challenges.

Summary

BNP Paribas presence

BNP Paribas has had a continuous presence in Canada since 1961 with a growing number of employees (currently over 500) and business centres in Montreal and Toronto. It is only one of only a small number of non-Canadian banks that is a direct clearer in the large value transfer system (LVTS). BNP Paribas has become a leading provider of global cash management and trade finance solutions, supporting the needs of domestic corporations, particularly those with international operations, and foreign corporations doing business in Canada.

Currency

Currency

- Canadian dollar (CAD)

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: CAD per USD	1.3254	1.298	1.296	1.327	1.303

Source: IMF, International Financial Statistics, May 2021.

Central Bank

- The Canadian central bank is the Bank of Canada (www.bankofcanada.ca).
- Canadian banks are supervised by the Office of the Superintendent of Financial Institutions (OSFI - www.osfi-bsif.gc.ca)

Bank accounts

Resident / non-resident status

- A company is considered resident in Canada if it has been incorporated in the country since 26 April 1965 or its place of effective management is located in Canada.

Bank accounts for resident entities

	Within CANADA	Outside CANADA
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 CANADA	Outside CANADA
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 rarely applied on payments 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

Cash payments declined 9% in 2019, accounting for less than 19% of the total payments volume. Payments Canada's annual [Canadian Payments: Methods and Trends 2020](#) found that electronic payments increased significantly in 2019 accounting for approximately 16.9 billion transactions, representing around 77% of total payments volume and 62% of total payments value. Card payments are the most widely used method of payment: debit and credit cards make up the largest portion of total transaction volume, representing 28% and 31% of total payments volumes respectively in 2019.

The Covid-19 outbreak has resulted in a significant shift in payments preference towards the use of contactless payment methods. According to a survey conducted by Payments Canada in November 2020, approximately 47% of Canadians surveyed used contactless debit and credit cards more often than before the pandemic.

Payments Canada is developing two new payment systems as part of its multi-year modernisation programme.

- Lynx, a high-value system, will replace the existing real-time settlement system LVTS. Phase I of Lynx is expected to go live by end-2021. Phase II, which includes the adoption of the international payment messaging standard ISO 20022, will be launched in 2022.
- Real-Time Rail (RTR), a real-time payment system, will process payments in real-time 24 hours a day, seven days a week. It will serve as a platform for future innovation. The RTR is expected to go live in 2022.

Electronic banking services are available from all banks. There is no national electronic banking system in Canada, so companies use banks' proprietary services.

Online and mobile banking services are provided by all of the country's leading banks. The outbreak of Covid 19 has seen a significant increase in the use of digital services across all age groups. Approximately 83% and 44% of account holders use online and mobile banking services respectively.

Interac's e-Transfer platform supports real-time payments, including P2P payments, across more than 250 financial institutions. Payments are processed 24 hours a day, seven days a week.

Payment Systems

LVTS	Type	<ul style="list-style-type: none">• Real-time gross settlement.
	Participants	<ul style="list-style-type: none">• 16 direct, 57 indirect.
	Transaction types processed	<ul style="list-style-type: none">• High-value and urgent CAD-denominated credit transfers.• Net obligations from the ACSS payment system.

	Operating hours	<ul style="list-style-type: none"> • 00:30-19:30 EST, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are settled on a same-day basis with immediate finality.
	System holidays	<ul style="list-style-type: none"> • The LVTS is closed on all Canadian bank holidays. • Canada's bank holidays are: • 2nd half 2021: July 1, August 2, September 6, October 11, November 11, December 27, 28. • 2022: January 3, February 21, April 15, May 23, July 1, August 1, September 5, October 10, November 11, December 26, 27.
ACSS	Type	<ul style="list-style-type: none"> • Deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • 12 direct, 120 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • All CAD-denominated interbank payments that are not processed by the LVTS. • The maximum threshold for cheques, bank drafts and other paper items is CAD 25 million..
	Operating hours	<ul style="list-style-type: none"> • 07:0-05:30 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Payments are usually settled on a next day basis. • Payments Canada introduced a two-hour funds availability option for automated funds transfers (AFTs) in 2018.
	System holidays	<ul style="list-style-type: none"> • ACSS is closed on Canadian bank holidays. (Dates as above)

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- Electronic funds transfers represented the largest portion of total transaction value in 2019, accounting for 52% of total payments. Growth in value is driven by business usage.
- High-value and urgent CAD-denominated credit transfers are settled in real time via the LVTS.
- In 2019, high-value credit transfer value rose 4.5% on 2018 figures, to CAD 47,660 billion. Volumes rose 11.1%, to 10 million transactions processed.
- Non-urgent and low-value credit transfers, Automated Funds Transfer (AFT) credits, are processed through the ACSS. Most payments are processed to be settled within two days. These are primarily used for supplier payments and payroll. A two-hour funds availability option for AFTs is available, enabling same-day payroll, expedited bill payments and faster settlement of invoices.

- In 2019, low-value credit transfer volume and value rose 0.3% and 4.5% respectively on 2018 figures, to 1,459 million transactions, with a value of CAD 3,256 billion.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- USD-denominated AFT payments can be processed through the US Dollar Bulk Exchange system (USB) for settlement across accounts held at correspondent banks in New York. (The USB is a parallel system to the ACSS. USD-denominated cheques and electronic payments (AFT credits and debits) can be settled via correspondent banks in New York using the USB.)

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Debit payments must be pre-authorised (PADs).
- Direct debits are settled on a next-day basis via the ACSS.
- USD-denominated AFT debits can be processed through USB for settlement across accounts held at correspondent banks in New York.
- In 2019, direct debit volume and value rose 2.6% and 5.2% respectively on 2018 figures, to 942 million transactions, with a value of CAD 861 billion.

Cheques

- The cheque remains a common payment instrument, used by both consumers and companies. Cheques remain an important payment option for large-value corporate payments.
- In 2019, cheque volume and value fell 11.4% and 5.3% respectively on 2018 figures, to 444 million cheques, with a value of CAD 2,706 billion.
- Cheque payments with a value in excess of CAD 25 million are processed electronically via the LVTS. All other cheques are processed via the ACSS.
- Cheque images can be transmitted to data centres where they are printed as clearing replacement documents (CRDs) for clearing as paper items.
- Banks are allowed to make bilateral arrangements for the exchange of cheque images and corporate customers are permitted to transmit deposit data directly to their banks. Electronic Clearing Exchange rules allow for the electronic exchange of images between financial institutions without the need for bilateral agreements.
- Some financial institutions have already developed smartphone applications that enable users to take photos of the front and back of cheques before sending the images to the banks electronically. In 2019, electronic images accounted for 82% of all the checks exchanged between financial institutions.
- Cheque payments are settled on a same-day or next-day basis.
- USD-denominated cheques deposited at banks in Canada are cleared and settled through the USB.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 25.5 million debit cards and 99.5 million credit cards in circulation at the end of 2019.
- In 2019, debit card volume and value rose 3.4% and 1.6% respectively on 2018 figures, to 6,249 million transactions, with a value of CAD 255 billion.
- In 2019, credit card volume and value rose 12.3% and 6.0% respectively on 2018 figures, to 5,749 million transactions, with a value of CAD 581 billion.
- Interac is the primary debit card scheme. Debit cards supporting both Visa and Interac networks are also available. Domestic transactions made via these cards are processed through the Interac system, with online and international transactions processed via the Visa network. Debit card payments are settled on a next-day basis via ACSS.
- Visa, MasterCard and American Express-branded credit cards are the most widely issued.
- Contactless payment cards are available. The number of contactless transactions in Canada increased by almost 15% in volume and 20% in value terms in 2019. Thirty-nine per cent of all debit transactions were contactless.
- Interac Flash is a contactless enhancement of Interac Debit. Interac Flash enabled debit cards are currently issued by over 100 financial institutions.
- The majority of cards issued have EMV chips.

ATM/POS

- There were 68,000 ATMs in Canada at the end of 2019.
- There were approximately 1.75 million POS terminals in Canada at the end of 2019.
- Most ATMs and POS terminals are EMV-compliant.
- Interac Cash is the nationwide network for both ATM and POS transactions.

Electronic wallet

- The dominant electronic wallet schemes in Canada are reloadable pre-paid cards. Contactless payment cards are also available, including Interac Flash, MasterCard PayPass and Visa payWave.
- The mobile payment schemes Samsung Pay, Google Pay and Apple Pay are also available. They all support Interac Debit.
- Interac payments are settled on a next-day basis via the ACSS.
- Other electronic wallet payments can be settled by the individual schemes.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing accounts are permitted in Canada.

Demand deposits

- Demand deposits denominated in CAD or major foreign currency are available for various terms.

Time deposits

- Time deposits are available in CAD or major foreign currency, usually for terms of less than one year. Short-term deposits (with a maturity of less than five years) are guaranteed up to CAD 100,000, as long as the deposit holder is a member of the Canada Deposit Insurance Corporation (CDIC).
- Effective 30 April 2020, CDIC coverage will include eligible deposits held in foreign currency and deposits with terms longer than five years.

Certificates of deposit

- Domestic banks issue certificates of deposit with terms ranging from three months to five years. These can be denominated in CAD or foreign currency.
- The minimum investment amount is CAD 5,000.

Treasury (government) bills

- The Canadian federal government, and provincial governments, issue Treasury bills, typically for three-month terms, although a range of maturities are available.

Commercial paper

- Domestic commercial paper is issued with terms ranging from overnight to one year. The minimum investment amount is CAD 100,000.
- Canadian companies can invest in US commercial paper (USCP). Issuers usually have a published credit rating and issue USCP for maturities under 270 days in USD.

Money market funds

- Money market funds are available in Canada.

Repurchase agreements

- Repurchase agreements are available in Canada.

Bankers' acceptances

- Bankers' acceptances are available in Canada, with terms ranging from overnight to one year.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓

Inventory	✓
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Trade channels

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

BNP Paribas is an important provider of trade and working capital solutions for large Canadian corporates with global operations and multinational corporations with Canadian operations, particularly corporations in the energy, mining, manufacturing, software and engineering industries. With a local team of 4 trade finance managers supported by experienced back officers, BNP Paribas offers advice and expertise developed over many years, and a comprehensive product range including an integrated approach to cash and trade, including conventional trade, and specific products such as ECR and tailored working capital solutions.

International trade

General trade rules

- As a member of the United States-Mexico-Canada Agreement (USMCA),
- Canada has free trade agreements (FTAs) with Mexico and the USA.

Trade agreements

- Canada has 14 trade agreements in force with over 51 countries around the world, including the Comprehensive Economic and Trade Agreement (CETA) with the European Union (EU) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- On 1 April 2021, a transitional agreement (Canada-UK Trade Continuity Agreement (CUKTCA)) between Canada and the UK came into the force.
- Canada is negotiating FTAs with the Caribbean Community (CARICOM), El Salvador, Guatemala, Nicaragua, the Dominican Republic, Singapore, India, Japan and Morocco, and is negotiating the expansion and modernization of its free trade agreement with Costa Rica.

Imports / exports

Imports	Delivery trucks	Motor vehicles and parts	Crude petroleum	Refined petroleum	
Primary Import sources	USA (57.0%)	China (11.0%)	Mexico (5.0%)		
Exports	Motor vehicles and parts	Gold	Crude petroleum	Refined petroleum	Natural gas
Export markets	USA (73.0%)				

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	393,531	423,909	453,359	450,803	391,744
	- services USD m	82,900	94,343	103,528	121,219	91,225
Imports	- goods USD m	413,060	442,717	468,686	462,379	419,065
	- services USD m	100,969	112,138	120,864	121,219	91,225
Current account as % GDP		- 3.2	- 2.8	- 2.4	- 2.1	-1.9

Source: IMF, International Financial Statistics, May 2021.



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