



# ATLAS

BY BNP PARIBAS

## CASH MANAGEMENT

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The United Arab Emirates (UAE) is a federation of seven emirates dominated by Abu Dhabi, which holds large hydrocarbon reserves, and Dubai, which enjoys the most diversified economy (service-based) in the Gulf. The AED peg to the USD is supported by this large positive net external position. The domestic political situation is stable, and there is no succession issue.

Abu Dhabi has the strongest economy in the GCC region and has the capacity to cope with the dual crises of COVID-19 and the drop in oil prices. For several years, a prudent economic policy and the tightening of prudential rules in the banking sector have reduced economic volatility of the leading emirates of the federation. Despite a less favourable oil market for producers, the fiscal and current-account deficits are expected to remain moderate (at the UAE level), access to the international debt market continues to be favourable in terms of price and volume, and massive public assets are available to address any financing shortfall.

Dubai has faced difficult times since 2020 as the COVID-19- linked crisis is taking place in an already weakened economic environment, and Dubai's strategic economic sectors are highly exposed to the consequences of the pandemic (tourism, logistic). The real estate sector poses a looming threat for the economy. Residential property prices have fallen by about 30% since 2018, but the growth in supply has not slowed in an already oversupplied market. The World Expo 2021 (six months from September 2021) should support service activities in Dubai, but the economic recovery will be gradual.

## Summary

## BNP Paribas presence

BNP Paribas has been present in the UAE since 1973 with centres in Dubai and Abu Dhabi, which are among the largest logistic hubs for trade globally. The bank offers domestic and cross-border cash, liquidity and international trade finance services to both corporations headquartered in UAE that are expanding overseas, and multinational corporations with a presence in UAE.

## Currency

## Currency

- Emirati dirham (AED).

## Exchange rates

	2015	2016	2017	2018	2019	2020
Exchange rate: AED per USD	3.6725	3.6725	3.6725	3.6725	3.6725	3.6725

Sources: IMF, International Financial Statistics, June 2021.

## Central Bank

- The UAE's central bank is the Central Bank of the UAE ([www.centralbank.ae](http://www.centralbank.ae)).

### Bank supervision

- UAE banks are supervised by the Central Bank.

## Bank accounts

## Resident / non-resident status

- A company is considered resident in the UAE if it can establish that:
  - All of the shares of the company are beneficially owned by residents of the UAE;
  - All or substantially all of the company's income is derived by the company from the active conduct of a trade or business other than an investment business in the UAE; and
  - All or substantially all of the value of the company's property is attributable to property used in that trade or business. Bank accounts

## Bank accounts for resident entities

	Within UNITED ARAB EMIRATES	Outside UNITED ARAB EMIRATES
Local Currency	Permitted without restrictions, fully convertible	Permitted with restrictions, fully convertible
Foreign Currency	Permitted without restrictions, fully convertible	Permitted without restrictions, fully convertible

## Bank accounts for non-resident entities

	Within UNITED ARAB EMIRATES	Outside UNITED ARAB EMIRATES
Local Currency	Permitted without restriction, fully convertible	Not permitted
Foreign Currency	Permitted with restrictions, fully convertible	Not applicable

## Lifting fees




- Lifting fees are 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	

### Market overview

The Central Bank's National Payment Strategy aims to transform the country into a cashless economy. In November 2020, for example, a contactless payment system for mobiles, Empay, was launched, as part of the Emirates Smart Government Program, a program to ensure that all government services are delivered electronically. Electronic methods of payment are increasing as consumers choose cards or e-wallets over cash to pay for goods: POS transactions account for over 90% of all non-bank payment transactions in the UAE.

Electronic banking services are available from most banks. These services are primarily used by larger companies. There is no national electronic banking system in the UAE, so companies use banks' proprietary services.

Online and mobile banking services are provided by the country's leading banks.

A number of digital-only banks have been launched, including CBD Now, Emirates NBD's Liv., and Mashreq Bank's Mashreq Neo.

### Payment Systems

UAEFTS	Type	<ul style="list-style-type: none"><li>• Real-time gross settlement.</li></ul>
	Participants	<ul style="list-style-type: none"><li>• 52 banks, 4 non-bank financial institutions, five third-party service providers and 47 exchange houses participate in the UAEFTS.</li></ul>
	Transaction types processed	<ul style="list-style-type: none"><li>• All AED-denominated interbank fund transfers.</li><li>• Net obligations from the ICCS.</li></ul>
	Operating hours	<ul style="list-style-type: none"><li>• 08:00–17:30 GST, Saturday to Thursday.</li></ul>
	Clearing cycle details (e.g. cut off-times)	<ul style="list-style-type: none"><li>• Payments are cleared and settled in real time.</li><li>• Participant banks operate separate cut-off times.</li></ul>

	System holidays	<ul style="list-style-type: none"> <li>• The UAEFTS is closed on Fridays and on all UAE bank holidays.</li> <li>• UAE bank holidays are: <ul style="list-style-type: none"> <li>◦ 2nd half 2021: July 19*, 20*, August 10*, October 19*, November 30, December 2, 3.</li> <li>◦ 2022: January 1, May 2-5*, July 8-11*, 30*, October 8*, December 1- 3.</li> </ul> </li> </ul>
ICCS	Type	<ul style="list-style-type: none"> <li>• <a href="#">Cheque</a> clearing system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• 56 banks, 22 government ministries and four non-bank financial institutions that currently participate in the ICCS.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• All AED-denominated cheques which are truncated into electronic items before being processed.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• 08:00-13:00 GST (Saturday to Wednesday).</li> <li>• 08:00-12:00 GST (Thursday).</li> </ul>
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> <li>• Payments can be settled on a same day basis. Cut-off time = 10:00 GST.</li> <li>• Final settlement takes place via the UAEFTS at 17:00 GST.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• ICCS is closed on Fridays and all UAE bank holidays. (Dates as above)</li> <li>• * 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.</li> </ul>
<b>UAEWPS</b>	Participants	<ul style="list-style-type: none"> <li>• 108 participants.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• Low-value credit transfers.</li> </ul>
	Operation hours	<ul style="list-style-type: none"> <li>• The UAEWPS operates during banking hours.</li> </ul>
	Clearing cycles (e.g cut off times)	<ul style="list-style-type: none"> <li>• Payments can be settled on a same-day basis.</li> <li>• Cut-off time = 13:30 GST.</li> <li>• Payments received after 13:30 are processed on a next working day basis.</li> </ul>



	System holidays	<ul style="list-style-type: none"> <li>• The UAEWPS is closed on Fridays and on all UAE bank holidays.</li> <li>• 2nd half 2019: 10–13 August*, 1 September*, 9*, 30 November, 2 December*.</li> <li>• 2020: 1 Jan, 22 March*, 24–26 May*, 30–31 July*, 1–2, 20 Aug*, 29 October*, 30 Nov, 2 Dec*.</li> </ul> <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>
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## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers.
- Credit transfers are available as both paper-based and electronic payment instruments.
- Credit transfers are settled in real time via the UAEFTS.
- Low value (AED 10,000) transfers can be made via Immediate Payment Instructions (IPIs). Transfers are made in real time, 24/7/365. In 2019, there were 2.2 million IPI transactions, with a value of AED 5.8 billion.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- The UAE is involved in developing a regional and cross-border Real-Time Gross Multi-Currency Settlement Systems (GCC-RTGS), which will settle payments in the currencies of the six Gulf region countries. The GCC-RTGS will be operated by the Gulf Payments Company based in Saudi Arabia.
- In December 2020, the UAE-based Arab Monetary Fund's regional payment system (known as Buna) went live settling transactions in multiple currencies across markets in the GCC, Middle East and Africa. Currencies cover not just the fiat currencies of the Arab countries, but principally traded currencies such as the USD and EUR.

## Direct debits

- Direct debits are mainly used for regular payments, such as credit card bills.
- The UAE Direct Debit System (UAEDDS) offers a centralised method of effecting recurring payments.
- The UAEDDS processed 15.7 million transactions in 2019, an increase of 17.2%.
- Salary payments paid via the UAE Wage Protection System are made via direct debit. In 2019, the volume of WPS transactions rose 5%.

## Cheques

- The cheque is an important cashless payment instrument in the UAE, used by consumers and companies.
- Cheques are truncated into electronic items and processed via the ICCS. Final settlement takes place on a same-day basis via the UAEFTS.
- In December 2018, the Central Bank issued guidelines requiring banks to review the creditworthiness of customers with the Al Etihad Credit Bureau (AECB) before issuing cheque books. New customers will be initially issued with just ten cheques. The Central Bank has also encouraged banks to promote the use of electronic payment methods such as direct debits and bank transfers to minimise the use of cheques.
- In 2019, 26.9 million cheques were presented (28.1 million in 2018), a fall of 4.2%.

## Card payments

- Card payments are increasingly popular, especially for retail transactions.
- Visa and MasterCard-branded cards are the most widely issued.
- The Indian domestic debit and credit payment network RuPay was launched in the UAE in August.
- Each bank has its own clearing arrangements with the relevant card issuer.
- All debit cards issued are EMV compliant.

## ATM/POS

- There were 4,422 ATMs operated by banks in the UAE at the end of December 2020.
- There are approximately 200,000 POS terminals in the UAE.
- All ATMs and POS terminals are EMV-compliant.
- Most ATMs and POS terminals are linked via the UAESwitch network. UAESwitch connects 39 banks within the UAE.
- UAESwitch 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.)

## Electronic wallet

- The dominant electronic wallet scheme, the e-Dirham card, is mainly used to pay for government services. There are 3.7 million cards in circulation. The total number of transactions in 2019 reached 49 million.
- E-money payments are settled via individual schemes.
- Mobile wallet applications are available from leading UAE banks and telecoms operator Etisalat. Other providers, such as Samsung Pay, Mashreq Pay and Apple Pay, and Google Pay, are also

available.

- Emirates Digital Wallet, jointly owned by 15 national banks, owns and operates Klip, a digital cash platform. Klip, which launched in September 2020, enables users to make instant cashless digital payments directly from their bank account or from value stored in the digital wallet.
- The eDMobile application, which provides users with access to eDirham services and e-payments through their smartphones, is an electronic wallet that allows users to store all their payment cards.

## Short term investments

### Market overview

#### Interest payable on credit balances

- Interest-bearing current accounts are available, subject to regulatory approval.

#### Demand deposits

- Demand deposits denominated in AED or major foreign currencies are available.

#### Time deposits

- Time deposits are available in AED or major foreign currencies for terms of one, two, three, six and 12 months.

#### Certificates of deposit

- The Central Bank auctions certificates of deposit (CDs) denominated in AED, EUR and USD with terms ranging from one week to five years.
- Auctions are held weekly for CDs with maturities of up to a year and monthly for CDs with longer maturities.
- CDs are issued with a minimum value of AED 1 million, EUR 1 million or USD 1 million.
- Shariah-compliant Islamic certificates are available with maturities of one week to five years.

#### Treasury (government) bills

- In 2018, the UAE issued the Public Debt Law permitting the Federal Government to issue sovereign debt for the first time. UAE banks will be able to purchase government bonds in AED or foreign

currency.

- The Central Bank began issuing AED-denominated securities known as M-Bills in January 2021. M-Bills will be issued via an auction process and replaces the conventional CD program.

### Commercial paper

- Commercial paper is issued.

### **Money market funds**

- Money market funds are available in the UAE.

### **Repurchase agreements**

- Repurchase agreements are available in the UAE.

### **Banker's acceptances**

- Banker's acceptances are not used in the UAE.

## 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	✓
	●
	●

- Backed by a senior trade salesperson, a trade middle officer and a dedicated Bahrain-based trade structurer, the UAE represents one of BNP Paribas Global Trade Solutions' (GTS) primary markets. A centralised trade middle office is located in Dubai handling middle office operations for both Abu Dhabi and Dubai branches. GTS offers a wide range of trade products in UAE, and is a leader in supply chain management solutions in the region.

## International trade

## General trade rules

- As a member of the Gulf Cooperation Council (GCC), the UAE 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), the UAE has eliminated most trade tariffs with GAFTA member states.
- The UAE is home to 45 free zones and a number of special economic zones.

## Trade agreements

- The UAE has signed free trade agreements (FTAs) with European Free Trade Association (EFTA) member states (Iceland, Liechtenstein, Norway and Switzerland), Australia, Iceland, Iraq, Jordan, Lebanon, Norway, Singapore, Switzerland and Syria.
- 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	Gold	Broadcasting equipment	Jewellery	Refined petroleum	Diamonds	
Primary Import sources	China (15.0%)	India (12.0%)	USA (7.0%)			
Exports	Crude petroleum	Refined petroleum	gold	Jewellery	Broadcasting equipment	
Export markets	India (11%)	Japan (10.0%)	Saudi Arabia (7.0%)	Switzerland (6.0%)	China (6.0%)	Iraq (6.0%)

## Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD bn	295	314	321	316	NA
	- services USD bn	66	70	71	73	NA



Imports	- goods    USD bn	267	274	262	268	NA
	- services   USD bn	84	72	72	74	NA
Current account as % GDP		3.8	7.4	10.3	7.3	NA

Sources: UAE, Bureau of Statistics, June 2021.



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