



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

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As an overseas department of France, La Réunion's GDP represents a small proportion (1%) of France's GDP. Its GDP per capita reached EUR 22,900 in 2019 in nominal terms, *i.e.* 64% of the national level (EUR 36,125). One of the main characteristics of the island is its young population as a result of a high birth rate. The region is however suffering from tough conditions in the labour market as evidenced by the elevated albeit declining unemployment rate (21% in 2019, down 3 points from 2018). Jobs in public administration, retail and construction are relatively high compared with France as a whole. Agriculture, fishing and food industries are the main spearheads of the economy. Tourism is naturally another important sector.

At the end of 2019, the economic prospects were relatively bright but they have been blown away by the Covid-19 pandemic, which disrupted a lot the Réunion economy. Real GDP suffered a severe decline of 4.2% in 2020 after growing by 2.2% in 2019. The contraction is down to the sharp fall in private and public consumption, flagging investment and an unprecedented drop in tourist spending. Despite this adverse economic background, payroll employment managed to rise by 2%, thanks to the efficacy of the job retention scheme. Household purchasing power also avoided a decline and grew by 2.3%, supported by dynamic social security benefits.

Summary

BNP Paribas presence

As an overseas territory of France, BNP Paribas customers in Réunion enjoy a comparable level of support as those in mainland France. BNP Paribas is well-established as the market-leading bank in France providing comprehensive services to both retail and institutional clients of all sizes, including both cash management and international trade services.

Currency

Currency

- 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 Institut d'émission des départements d'outre-mer (IEDOM – www.iedom.fr) acts as the central bank in French overseas departments and territories in the name, on behalf, and under the authority, of the Banque de France (www.banque-france.fr).
- The Banque de France 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.int).

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 ACPR.
- Banks are supervised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR – www.acpr.banque-france.fr).
- The IEDOM, in collaboration with the ACPR, oversees the banking system in La Réunion.

Bank accounts

Resident / non-resident status

- Réunion is an overseas region of France, consisting of a single overseas department. A resident of Réunion is therefore a resident of France.

- There is no statutory definition of company residence in French law; a company is generally considered resident in France if its place of effective management is located in France.

Bank accounts for resident entities

	Within RÉUNION	Outside RÉUNION
Local Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible
Foreign Currency	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible 	<ul style="list-style-type: none"> • Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within RÉUNION	Outside RÉUNION
Local Currency	<ul style="list-style-type: none"> • Permitted without restrictions, fully convertible 	<ul style="list-style-type: none"> • Permitted without restrictions, fully convertible
Foreign Currency	<ul style="list-style-type: none"> • Permitted without restrictions, fully convertible 	<ul style="list-style-type: none"> • Not applicable

Lifting fees

- Lifting fees are rarely applied on payments between resident and non-resident bank accounts.
- Item-based charges and/or subscription 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	

Payments & collections

Market overview

Cash withdrawal from ATMs in La Reunion is in decline suggesting the use of cash for transactions is also falling. The number of in-store card payments increased 5.4% in 2020, to 105.2 million. Transaction value increased 6.8% to EUR 4,841 million. Contactless payments are increasing, although to date not all financial institutions offer contactless payment cards .

Electronic banking services are available from all banks. Domestic companies primarily use EBICS (Electronic Banking Internet Communication Standard) protocols which have replaced the previous ETEBAC standards. Multinational companies also use the SWIFT for Corporates messaging standards.

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

Payment Systems

Target2 - Banque de France	Type	<ul style="list-style-type: none">• Real-time gross settlement.• French component of the pan-European TARGET2 system.
	Participants	<ul style="list-style-type: none">• 135 direct, 165 indirect in France (including all overseas regions).
	Transactions types processed	<ul style="list-style-type: none">• High-value and urgent EUR-denominated domestic and cross-border credit transfers.• Net obligations from CORE.

	Operating hours	<ul style="list-style-type: none"> • 06:45–18:30 CET, Monday to Friday.
	Clearing cycle details (cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Customer payment cut-off time = 17:00 CET. • Interbank payment cut-off time = 18:00 CET.
	System holidays	<ul style="list-style-type: none"> • TARGET2 is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.
CORE	Type	<ul style="list-style-type: none"> • Multilateral deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • 10 direct, 154 indirect in France (including all overseas regions).
	Transaction types processed	<ul style="list-style-type: none"> • Domestic and cross-border payments. • SEPA payments (credit transfers and direct debits). • Paper-based payments (cheques, bills of exchange) which must be truncated into electronic items before processing. • Payment card transactions. • There is a maximum value threshold of EUR 800,000.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday. • CORE closes at 14:00 CET, Saturday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • CORE operates a number of clearing cycles for different payment types. • Credit transfers, direct debits, card payments and ATM withdrawals are settled on a same-day basis. Cut-off time = 13:30 CET • Cheques are settled on a next-day basis. Cut-off time = 18:30 CET. • Electronic bills of exchange (LCRs) and promissory notes (BORs) are settled on a five-day cycle. Cut-off time = 18:30 CET.
	System holidays	<ul style="list-style-type: none"> • CORE is closed on all French bank holidays. • French bank holidays are: <ul style="list-style-type: none"> • 2nd half 2021: 14 July, 15 August, 1, 11 November, 25, 26 December. • 2022: 1 January, 15, 18 April, 1, 8, 26 May, 6 June, 14 July, 15 August, 1, 11 November, 25, 26 December.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, to make tax payments via the *transfert de données fiscales et comptables* procedure) and for treasury payments.
- SEPA credit transfers can be settled via CORE, STEP2 or via correspondent banking networks. STET expects to migrate SEPA credit transfers (SCTs) from CORE to SEPA.EU by September 2020. Unlike the current system used by CORE, in SEPA.EU the cycle concept will be replaced by continuous settlement with a prefunding model.
- Approximately 268 banks in France participate in the SEPA credit transfer scheme.
- High-value and urgent domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2-Banque de France.
- 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. Fourteen banks in France participate directly in EURO1.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- 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 126 participants of the SCT Inst scheme in France.
- The SEPA.EU platform hosts STET's Instant Payments CSM, which launched alongside the launch of the EPC's SCT Inst scheme.
- 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.
- 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 direct debits can be settled on a same-day basis via CORE or STEP2.

Cheques

- Cheques are truncated into electronic items before being settled on a next-day basis via CORE.
- A small number of cheques cannot be truncated. These, and cheques with a value greater than EUR 5,000, are physically exchanged within four days of presentation.
- Negotiable, transferable bills of exchange are also available. These are truncated into electronic items before being settled on a five-day cycle via CORE. There are two forms which remain out of the

scope of SEPA:

- The *lettre de change relevé* (LCR) is an electronic trade bill, which is usually discounted to finance trade.
- The *billet à ordre* (BOR) is a promissory note.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 814,154 payment cards (Cartes Bancaires) in circulation in La Réunion at the end of 2020, a 3.4% increase year on year. There were 129.7 million payment cards transactions in 2020, with a value of EUR 8.2 billion, a 1.8% and 3.9% increase respectively.
- There were 40,796 proprietary ATM cards in circulation at the end of 2020 and 55,793 credit cards (mainly Bourbon Benefits card and Aurore card).
- Groupe de Cartes Bancaires (GCB) is the country's national payment card operator. It has 120 participants.
- Most cards in La Réunion are co-branded with GCB and Visa.
- American Express credit cards are also available.
- Domestic card payments are processed by CORE.
- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 602 ATMs in La Réunion at the end of 2020.
- There were 17,481 POS terminals in La Réunion at the end of 2020.
- All payments are settled via CORE.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Pre-paid cards have a maximum value threshold of EUR 10,000. The limit for reloading cards is EUR 1,000 per month. Cash withdrawals are also capped at EUR 1,000 per month.
- E-money payments are capped at EUR 3,000 per transaction.
- E-money payments are settled via CORE.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted.

Demand deposits

- Demand deposits are available in EUR or major foreign currencies.

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 issue certificates of deposits (CDs) with terms ranging from overnight to 12 months.
- The minimum investment is EUR 150,000.

Treasury (government) bills

- Réunion does not issue its own Treasury bills (*bons du Trésor*); this is undertaken by the Banque de France.
- French sovereign debt management agency (Agence France Trésor).
- Short-term Treasury bills are issued at a discount for terms up to one year. These are known as *bons du Trésor à taux fixe* (BTFs).

Commercial paper

- No commercial paper market exists in Réunion.
- Commercial paper is issued by companies. Most paper (*billet de trésorerie* – BT) is issued for a month, although terms ranging from overnight to 12 months are permitted.

Money market funds

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

- Domestic money market funds (*organismes de placement collectif en valeurs mobilières* – OPCVMs) are popular short-term investment instruments.
- There are two main forms of OPCVMs:
 - SICAVs (*société d'investissement à capital variable*) are open-ended investment funds, required to publish their net asset value daily; and
 - Investors in FCPs (*fond commun de placement*) co-own assets bought by the fund, similar to a unit trust.
- OPCVMs are permitted to invest in many types of instrument, including money market instruments, bonds and equities.
- International money market funds are also available to French investors.

Repurchase agreements

- Repurchase agreements are not widely available in Réunion.
- Repurchase agreements with maturities ranging from overnight to one week are available. Longer terms are sometimes available.

Banker's acceptances

- Banker's acceptances are not used in Réunion.

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	●
	●
	●

- As an overseas department of France, customers in Réunion have access to BNP Paribas' comprehensive Global Trade Solutions (GTS) network.

International trade

General trade rules

- As part of France, La Reunion follows the EU customs code and applies all associated regulations and commercial policies.

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 entered into force on 1 May 2021.

Imports / exports

Imports	Packaged medicines	Vehicles	Crude oil	Aircraft machinery	Refined oil		
Primary Import sources	Germany (18%)	Belgium (9%)	Italy (9%)	Spain (7%)	China (7%)	Netherlands (6%)	UK (5%)
Exports	Packaged medicines	Aircraft	Cars and vehicle parts	Gas turbines	Wine		
Export markets	Germany (14%)	USA (8%)	Italy (7%)	Spain (7%)	Belgium (7%)	UK (7%)	

Import / export volumes

- Please refer to import/ export volumes for France.



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