



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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The United-States remain the world's largest economy in nominal GDP terms (USD 22.2 trillion in 2019). Although at the root of the global financial crisis (2008-09), the country has swiftly recovered over the past decade, partly helped by the boom in the shale oil and gas industry. With production of 12.3 million barrels/day in 2019, the US has become the largest oil producer in the world, followed by Russia and Saudi Arabia. However, it has also lost ground in some other key industrial areas, mainly against China. At the same time, China has become a world leader in the strategic field of information and telecommunication equipment, and therefore a top supplier to US companies. This increased dependency, along with persistent and widening trade deficits, has led to a radical shift in foreign trade policy and a sizeable rise in US tariffs on imports.

As a consequence of the COVID-19 crisis, the US economy shrank by 3.4% in 2020. The recession - the deepest since 1946 - was nevertheless followed by a swift and strong rebound in 2021, in part due to the US vaccination programme success, and recovery from the economic losses caused by the pandemic. In the aftermath of the authorities' action to limit the consequences of the crisis, public debt and deficits have surged. According to Congressional Budget Office projections, the Federal debt will represent 103% of GDP in 2021, from 79% of GDP in 2019. Interest rates have not risen, partly as result of Fed's asset purchases. However, with the economy and labour market now returning to better shape, central bank quantitative easing is expected to reduce gradually in the course of 2022.

Summary

BNP Paribas presence

BNP Paribas has been doing business in the United States for over 140 years. Headquartered in New York, with four business centres and 536 retail locations in 23 states, the bank relies on its strong and well-established franchise to provide full-service institutional corporate and investment banking, including cash management and international trade finance, and to offer a broad range of advisory services and corporate finance capabilities to key industry sectors.

In addition to BNP Paribas' corporate & investment business, the bank provides a broad range of banking services through its wholly-owned subsidiary, Bank of the West, including a robust cash management and international trade finance offering. Founded in 1874, Bank of the West offers a wide range of personal, commercial, wealth management and international banking products and services. Its cash management and international trade finance platforms provide convenient, reliable, and secure access for domestic and international small businesses, middle market and large corporate enterprises across all industries.

Currency

Currency

- US dollar (USD)

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: USD per EUR	1.1066	1.274	1.765	1.124	1.136

Source: IMF, International Financial Statistics, May 2021.

Central Bank

- The Federal Reserve System (www.federalreserve.gov) is a network of 12 regional Federal Reserve Banks, headed by the Washington-based Board of Governors.

Bank supervision

- The Federal Reserve supervises Edge Act banks (banks permitted to establish subsidiaries outside of their home state in order to carry out international business transactions), the US branches of foreign banks and the foreign activities of US banks. It also supervises state-chartered member banks and US bank holding companies.
- The US Treasury Office of the Comptroller of the Currency ([www.occ.gov](http://www OCC.gov)) supervises national banks.
- The Federal Deposit Insurance Corporation (www.fdic.gov) supervises banks that do not hold accounts with the Fed.

Bank accounts

Resident / non-resident status

- A company is considered resident in the USA if it is created or organised under the laws of any US state or the District of Columbia.

Tax authority

- The Internal Revenue Service (IRS), a part of the US Department of the Treasury, administers the taxes imposed by federal law.

Taxable year/filing

- The taxable year usually follows the taxpayer's annual accounting period where such period is a calendar or fiscal year. A calendar year is a period of 12 months ending on 31 December. A fiscal year means an accounting period of 12 months ending on the last day of any month other than December. An annual accounting period means the annual period on the basis of which the taxpayer regularly computes its income in keeping its books. Certain taxable periods of more/less than 12 months may arise.
- For taxable years beginning after December 31, 2015, a C corporation generally must file its income tax return by the 15th day of the fourth month following the end of its taxable year (previously, the deadline was the 15th day of the third month following the end of its taxable year). Thus, the due date of the tax return (without extension) for C corporation filers with a calendar year end is April 15 rather than March 15. However, for C corporations with a fiscal year ending June 30, this change is delayed and will take effect for taxable years beginning after December 31, 2025. Taxpayers are normally required to make estimated tax payments in quarterly instalments during the fiscal year. All remaining taxes due must be fully paid by the original due date of the return. No extensions are allowed for the payment of tax. Interest is assessed on all amounts outstanding as of the original due date of the tax return.
- State filing and payment deadlines are similar to the US federal requirements but vary by state.
- A group of domestic affiliated corporations may file a consolidated tax return if certain requirements are met, most particularly that the parent company must directly own 80% or more of the stock of at least one subsidiary in the group, and each subsidiary in the group must be at least 80% directly owned by the parent and/or other group subsidiaries.

Bank accounts for resident entities

	Within UNITED STATES OF AMERICA	Outside UNITED STATES OF AMERICA
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 UNITED STATES OF AMERICA	Outside UNITED STATES OF AMERICA
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.

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

The predominant payment method in the USA in terms of value is the electronic credit, also known as the wire transfer. The use of cheques is in decline; payment cards have overtaken the cheque as the most widely used non-cash payment method for consumers. Contactless card payments and digital wallets such as PayPal are increasingly used for low-value purchases; according to research by McKinsey, penetration of digital payments in the US reached 78% in 2020. Research by the National Retail Federation indicates that 58% of merchants in the USA accepted contactless payments in 2020, up from 40% in 2019.

A new real-time gross settlement service, FedNow, to process and settle instant payments 24/7/365, will launch in 2023. It will process payments of up to USD 25,000, such as P2P payments and B2P payments.

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

Online and mobile banking is offered by all of the country's leading banks. Approximately 87% of Americans use mobile banking services. Bank of America dominates digital banking with 30.8 million active mobile banking users and 39.3 digital banking users.

Payment Systems

Fedwire	Type	<ul style="list-style-type: none"> Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> Approximately 5,800 financial institutions and government agencies.
	Transaction types processed	<ul style="list-style-type: none"> High-value and urgent domestic USD-denominated electronic payments.
	Operating hours	<ul style="list-style-type: none"> 21:00 (prior night) –19:00 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> Payments are cleared and settled in real time. Offline foreign payment order cut-off time = 16:30 EST. Online foreign payment order cut-off time = 17:00 EST. Offline domestic payment order cut-off time = 18:15 EST. Online domestic payment order cut-off time = 18:45 EST. Offline interbank settlement payment orders cut-off time = 18:30 EST. Online interbank settlement payment orders cut-off time = 19:00 EST.

	System holidays	<ul style="list-style-type: none"> Fedwire is closed on all US bank holidays. The USA's bank holidays are: 2nd half 2021: 5 July, 6 September, 11 October, 11, 25 November, 25 December. 2022: January 1, 17, February 21, May 30, July 4, September 5, October 10, November 11, 24, December 26.
CHIPS	Type	<ul style="list-style-type: none"> Real-time net settlement.
	Participants	<ul style="list-style-type: none"> 43 direct.
	Transaction types processed	<ul style="list-style-type: none"> High-value and urgent domestic and cross-border electronic payments (foreign exchange settlements, commercial payments and offshore investments).
	Operating hours	<ul style="list-style-type: none"> 21:00 (prior night) –17:00 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. <u>Cut off time</u> = 17:00 EST.
	System holidays	<ul style="list-style-type: none"> CHIPS is closed on all US bank holidays. (Dates as above)
ACH	Type	<ul style="list-style-type: none"> Multilateral net settlement.
	Participants	<ul style="list-style-type: none"> 20,000 direct.
	Transaction types processed	<ul style="list-style-type: none"> Low-value and non-urgent domestic credit and debit electronic payments.
	Operating hours	<ul style="list-style-type: none"> 03:00 to 17:00 EST, Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> Settlement is on a next-day basis. Same-day settlement of credit and debit payments is achieved via FedACH's SameDay Service. Cut-off time = 10:30. Settlement = 13:00. Cut-off time = 14:45 EST. Settlement = 17:00 EST. Debit payments are settled at 08:30 EST on a next-day basis. Credits are settled at 08:30 EST on a next-day or two-day basis.
	System holidays	<ul style="list-style-type: none"> ACH is closed on all US bank holidays. (Dates as above)
Cheque clearing	Type	<ul style="list-style-type: none"> Bilateral gross settlement.

	Participants	<ul style="list-style-type: none"> • N/A
	Transaction types processed	<ul style="list-style-type: none"> • Cheque payments.
	Operating hours	<ul style="list-style-type: none"> • N/A
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Cheques have a number of different clearing route: On-us clearing, via a clearing house: via the Federal Reserve or via a direct send arrangement between individual banks. • Deposited cheques drawn at the same bank are settled on a same-day basis. • Interbank cheques are settled within five days. • Cut-off times depend on the individual institution.
	System holidays	<ul style="list-style-type: none"> • Cheque clearing is closed on currency centre holidays. (Dates as above)

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, to make tax payments and for pensions, social security and treasury transfers.
- High-value and urgent credit transfers, known as wire payments, can be settled on a same-day basis via Fedwire (domestic USD payments) or via CHIPS (cross-border USD payments).
- Low-value credit transfers can be settled via the ACH with ACH credits. These should be initiated one day prior to the settlement date. FedACH's SameDay Service enables the settlement of ACH transactions of up to USD 100,000 on a same-day basis. As of March 18, 2022, the SameDay ACH limit will be increased to USD 1 million.
- In 2019, the volume and value of ACH credits rose 8.3% and 8.4% respectively on 2018 figures, to 13 billion and USD 44,292 billion.
- The Real-Time Payments (RTP) system enables financial institutions to offer real-time fund transfers 24/7/365. The RTP network currently has 106 participants.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- ACH debits are used to process direct debits. These should be initiated one day prior to the settlement date. FedACH's SameDay Service enables the settlement of ACH debit transactions on a same-day basis.

- In 2019, the volume and value of ACH debits rose 5.9% and 9.9% respectively on 2018 figures, to 18 billion and USD 25,586 billion.

Cheques

- Cheque use is in steady decline as electronic payment methods become the preferred method of payment for consumers and companies.
- In 2019, the volume and value of cheques declined 7.1% and 3.1% respectively on 2018 figures, to 13 billion and USD 25,834 billion.
- Deposited cheques drawn at the same bank are settled on a same-day basis.
- The majority of interbank cheques are truncated and processed in electronic form. Most of these interbank cheques are cleared through direct exchange, regional or local cheque clearing houses and correspondent bank networks. The remainder are cleared through the Federal Reserve Banks.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 325 million debit cards and 1,084.9 million credit cards in circulation at the end of 2019.
- In 2019, the volume and value of debit card payments grew 6.9% and 10.1% respectively on 2018 figures, to 78 billion and USD 3,026 billion.
- In 2019, the volume and value of credit card payments grew 7.3% and 8.8% respectively on 2018 figures, to 44 billion and USD 3,964 billion.
- Visa and MasterCard-branded cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- Proprietary cards, such as those issued by retail stores and oil companies, are also widely used.
- The roll out and adoption of contactless cards payments in the US has been slow. However, Covid 19 has seen an increased adoption of contactless payments by both consumers and merchants alike.
- Card payments are typically processed by their respective international card scheme.
- The majority of credit and debit cards in the USA are EMV-compliant. Approximately one billion EMV cards were in circulation at the end of 2019.

ATM/POS

- There are approximately 425,000 ATMs in the USA.
- There are approximately 12.7 million POS terminals in the USA.
- National ATM networks are interoperable.

Electronic wallet

- Pre-paid, stored-value cards are the dominant electronic wallet schemes in the USA. These schemes usually come in the form of private label cards (40% of total usage), Electronic Benefits Transfer (EBT – 16% of total usage) cards and general purpose cards (43.7% of total usage).
- In 2019, there were seven billion e-money payments (pre-paid debit card), up from six billion transactions in 2018. Value of transactions rose from USD 190 billion in 2018, to USD 221 billion in 2019.
- Payments are settled internally by banks or by the individual card schemes.
- Mobile payment schemes such as Google Pay, Samsung Pay, Venmo, Zelle and Apple Pay are available; according to research by McKinsey, penetration of digital payments in the US reached 78% in 2020.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing bank accounts are permitted.

Demand deposits

- Company [demand deposit](#) accounts have been permitted to pay interest since 2011 following the repeal of Regulation Q.

Time deposits

- Time deposits are available in USD for terms ranging from one week to one year.
- The maximum investment per bank is USD 150,000.

Money market funds

- Domestic money market funds (MMFs) are popular short-term investment instruments.
- The minimum investment amount is typically USD 1,000.

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, including Bank of the West (BOW), is a leader in traditional trade finance and state-of-the-art working capital solutions in the USA. The bank offers an extensive network, and comprehensive product range, including integrated cash and trade solutions, covering conventional trade, specific products such as ABL, ECR, [Swift](#) loans and working capital solution. These are key differentiators compared with regional competition. For this, corporations headquartered in, or operating in the USA can rely on 25 dedicated trade finance managers supported by experienced back officers.

International trade

General trade rules

- The USA is a member of the United States-Mexico-Canada Agreement (USMCA) and DR-CAFTA.
- As a member of the Dominican Republic-Central America FTA (DR-CAFTA), the USA has FTAs with DR-CAFTA member states (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua).
- The USA has 250 foreign free trade zones.

Trade agreements

- The USA has signed FTAs with 20 countries, including Australia, Bahrain, Chile, Colombia, Israel, Jordan, Morocco, Oman, Panama, Peru, Singapore and South Korea.

Imports / exports

Imports	Cars	Crude ptroleum	Computers	Broadcasting equipment	Packaged medicines
Primary Import sources	China (18.0%)	Mexico (15.0%)	Canada (13.0%)	Japan (6.0%)	Germany (5.0%)

Exports	Refined Petroleum	Crude petroleum	Cars and vehicle parts	Integrated circuits	Aircraft
Export markets	Canada (17.0%)	Mexico (16.0%)	China (7.0%)	Japan (5.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD bn	1,457	1,557	1,677	1,652	1,435
	- services USD bn	758	830	862	876	692
Imports	- goods USD bn	2,207	2,356	2,557	2,517	2,351
	- services USD bn	511	545	562	588	458
Current account as % GDP		– 2.3	– 1.9	– 2.2	– 2.2	• – 3.1

Source: IMF, International Financial Statistics, May 2021.



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