

How to find the right Currency Options provider

Recently, we've found that an increasing number of businesses have been cut off by their Options provider and are looking for a more flexible set of solutions to meet their needs.

Finding the right foreign exchange company to manage your international payments can be a tricky business. Foreign exchange companies exist because they can make things happen quickly and give clients one-to-one service, with bespoke products and better rates than banks.

If you can find a good, trustworthy company the benefits to your business will be enormous; however, the problem is finding the right one to work with.

So how do you cut through the competing voices and get to the companies that can really help you?

Here's our quick guide:

1. Check the ins and outs of the company.

First, look for references from long term clients, they will tell you the truth about the products and services the company provides. It always pays to check out the range of products available and to see if they offer tailored solutions for your business. And visit their website for any awards and read recent reviews to find out how good their customer service really is.

2. Are they authorised and regulated for the products they offer?

Make sure they are authorised (for spot and forwards) and regulated (for Currency Options) by the Financial Conduct Authority (FCA).

Larger foreign exchange companies may have a rating from one or more of the global ratings agencies such as Dun and Bradstreet, S&P or Moody's. The rating given will give an indication as to their credit worthiness.

3. How safe is your money?

If the company is authorised as a Payment Institution by the FCA your funds must be placed in an entirely segregated account from the company's own business accounts. This is important because further regulations ensure that clients' funds are insulated and safeguarded against the claims of other creditors in the event of insolvency.

You should look at the company's financials to make sure they are in a strong position and that they are transparent with their statements. Check who owns the company, if they have any debts or if they're profitable.

4. Will you be looked after by an expert?

The company you are dealing with should employ experienced people with a deep understanding of the currency markets and hedging products. Although the foreign exchange market is crowded, there are few experts who can tailor a solution to your company's needs. Be sure to ask questions about how long the business has been advising clients for and make sure they've got your best interests at heart.

5. Credit lines.

Some foreign exchange companies offer credit lines to businesses for forward contracts and hedging products. If this is done in a measured and sensible way it is totally fine. However, there are risks, and it has become a little more common for some smaller providers to offer credit lines beyond their financial capabilities.

Corporate clients often take credit lines because it's seen as 'free money', but of course it isn't. A sensible credit line should have a profit versus risk ratio clearly worked out. In short, if your trade is cheap (or even free) and there is an element of risk involved, then you are at risk. After all if they are offering you credit on those terms, how many people are also receiving a similar credit line. Just how at risk are you? To avoid this assess the provider's balance sheet and make sure they are financially stable with legitimate assets.

By following these suggestions for what to look out for in an Options provider you should be able to get the right support and make managing your international money transfers **quicker, easier and safer**.

Once you've found who you want to work with you need to make sure they're asking you the right questions.

Click here to learn what your provider should be asking you, to make sure the solution they're offering fits your currency requirements.

Get in touch with us if you have any questions. We'd be happy to give you advice even if you're still not sure which provider to use:

Visit:
worldfirst.com

Call:
Freephone: 0800 030 5025
International: +44 20 3432 2498

Email:
corporate@worldfirst.com

Follow us on:
[Twitter](#), [Facebook](#), [LinkedIn](#) and the [World First blog](#)



Disclaimer: The above comments are only our views and should not be construed as advice. You should act using your own information and judgement. Although information has been obtained from and is based upon multiple sources the author believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute the author's own judgement as of the date of the briefing and are subject to change without notice. Any rates given are "interbank" i.e. for amounts of £5million and thus are not indicative of rates offered by World First for smaller amounts.