



Buying or Selling Foreign Currency – Do You Know the Cost?

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Does your company have a need to buy or sell foreign currency? If so, whether on a regular or irregular basis, have you reviewed the cost or margin your business is paying for these transactions?

Have you looked at or reviewed how decisions are made on when to buy or sell the foreign currency? It does make a significant difference! Here is an example:

Company X is an importer and buys approximately USD5m per year. Upon reviewing the pricing and timing of purchases from their long-term bank it was found the bank's margin was on average 50 basis points. Upon calculating the margin this equated to Bank fees of some AUD50,000 per year. After negotiating with their bank, managing the timing of payments and hedging the risk, the margin was cut in half. This saved Company X some AUD25,000 per year in transaction costs plus material benefits from actively managing the exposure.

Do you know how much you are paying and how much 'value' can be added through a proactive approach to buying/selling foreign currency? A very simple exercise run by our treasury experts can result in both immediate short-term and long-term cost reductions.

If you would like further information, please contact your Hall Chadwick QLD director for an introduction to our treasury specialists.

To find out how we can help, contact our office:

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