



COMMUNITY BANKERS

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CB Solutions

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International Transfers—FX vs. USD

Q: What is the best choice when moving money around the world?

A: Sending wires and drafts denominated in foreign currency offers a number of competitive advantages to you. Outlined below are just a few of the benefits you and your customers could realize by choosing foreign exchange (FX) over U.S. Dollars (USD) when sending funds abroad:

- **Increased Control**

Depending on the country, transactions that begin as international USD transfers are ultimately converted into the local foreign currency by the foreign bank using their applicable rate and fees. This places both the initiating and receiving parties in a less than ideal position from both a fee and exchange rate perspective.

- **Improved Fee Structure**

Conducting business in the appropriate foreign currency usually results in a reduction of bank fees. USD transactions sent to destinations outside the United States involve additional intermediary or correspondent bank intervention. At each point of intervention, the wire is subject to further bank deductions. In addition, as the number of intermediary institutions increase, the transfer becomes increasingly subject to “bottlenecks” potentially leading to significant delays in delivery.

- **Competitive Exchange Rates**

Sending in local foreign currency and eliminating unnecessary conversion obstacles provides an inherent competitive advantage to your customers. Quite often, foreign suppliers will add a premium markup to their invoices when accepting USD. This premium compensates them for taking the exchange risk and absorbing the higher fees that are applied when the wire arrives at their bank. Sending in local currency could possibly lower your customer’s invoice amount.

The goal is to convert the currency locally in the U.S. rather than at the foreign banks. This leads to a better value for you and your customer in terms of fees, exchange rates, and delivery time.

If you need more information regarding foreign currency wires or drafts, please contact:

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