

Centtrip Guide

# A Better Way to Manage Currency Deposits



Centtrip

# Manage your currency to meet your needs

*Managing multiple currencies quickly gets complicated.*

*According to McKinsey, cross-border payment flows reached \$136 trillion in 2018.*

**It can be expensive, too. The best solution for your business will depend on the pattern of your international receipts and expenditure.**

We've written this Centtrip Guide to help you find the best way to manage deposits in multiple currencies, according to your particular needs.

Overall, international trade is growing, from the explosion in small ecommerce traders to the steady growth of international manufacturing in China and other emerging markets. According to McKinsey, cross-border payment flows reached \$136 trillion in 2018.<sup>1</sup>

It's not just trade in goods. The services sector is growing, too. Live music alone (one of Centtrip's focus sectors) will be worth \$31 billion by 2022 with live music revenues set to increase at a CAGR of 3.3% between 2018 and 2022.<sup>2</sup> In 2018, the top ten worldwide tours alone grossed \$2.1 billion.<sup>3</sup> That's a lot of currency. Inevitably, businesses are receiving more in foreign currencies, and spending more too.

If your international business is small, or if you receive foreign currency only occasionally, you may choose to "take it on the chin", converting everything

to sterling when it's received and suffering whatever charges and rates your regular bank levies. It's a simple approach, but it can be expensive.

At the other end of the scale, you could be managing a world tour: 42 dates in 30 countries, receiving and spending in 19 different currencies. Or perhaps you dock your superyacht in seven different countries in seven days. Maybe your product-launch roadshow covers 20 countries in a month. That's a whole different ballgame.

Let's look at some alternative approaches to managing international currency deposits.

1. McKinsey (2019), [Global Payments Report 2019](#),
2. [IQ Magazine quoting PwC research \(2018\)](#), Live Music Revenues to Top \$30bn for First Time
3. [Pollstar \(2018\)](#)

# Occasional international receipts and payments

If international payments and receipts only occur occasionally for your business, you possibly don't give it too much thought. Many businesses use their bank to make any international payments for them and to convert international receipts. As a result, they never hold deposits in a foreign currency.

For smaller payments, businesses will often use a credit card.

The advantage of this approach is simplicity. You don't need to manage the process or make any special arrangements. Currencies are converted at the time of the transaction and everything appears in sterling (or whatever your home currency is) on your bank statement. It's how many businesses handle their first international transactions.

But, this approach can be expensive and slow.

Sending an international payment using SWIFT typically costs between £15 and £40. And, that's just the charge your own bank will make. Other banks along the international chain can add their own charges too, so that you're never too sure how much your payee will actually receive.

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SWIFT payments can be slow, too. Although the system's next-generation SWIFT gpi promises much faster processing, it doesn't apply to every bank or country. Payments can take several days to reach your supplier's bank account – with often a disconcerting lack of transparency or traceability along the way.

If you're receiving funds, you face the same challenges. You may end up bearing charges and it can take longer than you think for the money to arrive.

Whether you're sending or receiving money, you're at the mercy of the bank's foreign exchange rates. That means you can't hold the currency until the rate changes in your

favour, or if you think you'll need the currency at some point in the near future. It also means that you suffer transaction and foreign exchange costs with every single transaction.

The exchange rates offered by banks are often uncompetitive.

It's a similar case if you use a bank credit or debit card for international payments. You'll pay a "foreign transaction fee" each time and suffer the card-issuer's exchange rate.

One of the biggest problems with this "take it on the chin" approach is that the total cost can be invisible. You never really go back through your bank and card statements to add up all the charges and the cost of poor exchange rates.

With easy to use, lower cost alternatives now available, this option seldom makes sense.

## For ✓

- **Simple:**  
Doesn't involve special arrangements or extra management.

## Against ✗

- **Expensive:**  
Customers suffer whatever fees and exchange rate the bank charges.
- **Slow:**  
Sending and receiving money, usually by SWIFT / wire transfer can be slow and unpredictable.
- **Infl xible:**  
At the mercy of the markets. Can't wait for a better exchange rate.
- **Multiple charges:**  
If you receive dollars today and need dollars again tomorrow, you'll incur another set of charges.

## Best for... ✦

- Very occasional use.

# Ongoing international trading relationships

*If you do regular business in another currency, it may be sensible to open a foreign currency account with your bank.*

A currency account enables you to hold currency until you need it, or until exchange rates are in your favour. The big advantage is that you can hold balances in the currency you need and avoid incurring foreign exchange charges and costs with every transaction.

It brings a degree of stability and predictability, too. If you have regular payments or receipts paid out in, say, dollars from a dollar account, you will see the same value every month.

The main high street and business banks offer this service for the major currencies. Those banks with international reach, such as HSBC, can also help you set up a local bank account in another country where they operate.

Opening a foreign currency account with your bank can be straightforward. Every bank has a different offering. Some may even pay interest and offer overdraft facilities.

However, other services you might expect from a domestic account – such as ATM withdrawals or a cheque book – may not be available. Some banks also limit the amount of foreign bank notes you can deposit.

The range of currencies available may also be limited to the more commonly traded currencies (like euros or US dollars).

Operating foreign currency accounts can be an expensive option. You will probably need a separate account for each currency and many banks charge a maintenance fee on top of ongoing transaction charges and exchange fees.

For example, at the time of writing, HSBC and Lloyds both charge £60 per annum for each account.<sup>4</sup> If you trade in euros, US dollars and other currencies, the cost of running multiple accounts quickly mounts up.

Transaction charges can be high and exchange rates are not always the most competitive. Some accounts, especially those paying interest, also require you to hold a minimum balance in each account.

If you choose this option, be sure you understand all the costs before you commit.

4. [HSBC and Lloyds business banking sites](#) as at 27 November 2019

## For

- **Simple to set up:**  
Can usually be arranged with your existing bank.
- **Convenient:**  
Lets you hold currency for when you need it again, rather than facing two sets of fees.
- **Flexible:**  
Lets you keep currency until the exchange rate improves.
- **Familiar:**  
Accounts often offer familiar features like overdrafts, interest, cheque books etc (though many do not).

## Against

- **Quickly gets complicated:**  
If you need several accounts in different currencies.
- **Inflexible:**  
Requires a separate account for each currency. May not offer the currency you require.
- **Expensive:**  
Banks will often charge an annual management fee on each account.
- **Minimum balances:**  
Some banks require you to hold relatively high minimum balances.
- **Slow:**  
Slow: transferring money between accounts can still be slow and expensive.
- **Administration:**  
Setting up and managing separate accounts can be burdensome, especially with compliance and KYC requirements.
- **Management**  
Time and cost.

## Best for...

- Clearly defined, stable situations with just one or two currencies.

# Dynamic international requirements

*If you do business in many different countries, a multi-currency account may be the way to go.*

These accounts allow you to hold different currencies in a single account, swapping between them as you require. It can be an effective way of holding currency deposits for future needs and for reducing charges incurred by otherwise swapping back and forth between different currencies.

This is an area where fintech firms (like Centtrip) and newer, "challenger" banks are offering a very competitive solution.

The biggest advantages of a multi-currency account from businesses like Centtrip are cost and speed.

Not only do you avoid charges when converting between currencies within the account, but the transaction charges and exchange rates that you do incur are competitively low and transparent.

A multi-currency account means you can hold currency balances until you need them. For example, you can hold that

dollar balance until next year's US tour, or keep those euros until you need to pay for the Christmas marketing campaign.

When you need to transact, these multi-currency offerings are often faster than traditional banks. Typically, a mobile phone app gives you instant access to initiate a transaction and payments are then made by the fastest route possible, which could be Faster Payments, SEPA or SWIFT. Transfers between account holders on the same platform can often be made instantly, anywhere in the world and without fees (as with CenttripNow).

These newer players frequently offer a richer set of reporting and analysis tools, too, such as real-time reporting, anytime anywhere access and integration with your corporate finance software.

Centtrip is especially geared towards the needs of internationally mobile businesses and offers features like instant international payments between Centtrip accounts; prepaid Mastercards with some of the highest balance and transaction limits in the business; and access to live-market foreign exchange rates for 140 different currencies.

## For

- **Simplicity:**  
A single account to manage.
- **Lower costs:**  
Avoids conversion fees, lower transaction costs and better exchange rates.
- **Faster:**  
On-platform payments are often instant, others take the fastest route available.
- **Greater range of currencies**
- **Hold multiple currencies until the time is right**
- **Simpler onboarding**
- **Add new currencies instantly:**  
No need for a new account.
- **More user-friendly:**  
Mobile apps and single, easy to use interface.
- **Better reporting, control and management**

## Against

- **No overdraft facility**
- **No interest payments**
- **Deposit guarantee:**  
Non-bank solutions are not covered by a deposit guarantee.

## Best for...

- Dynamic, multi-currency situations and internationally growing businesses.
- Everyone else: lower costs and ease of use make this an attractive solution for many businesses.

# How to choose what's best for you

*To find the best solution for your business, analyse your current and future needs.*

## You should consider the following:

- Annual number and value of transactions
- Number of currencies required
- Importance of speed, transparency and reporting
- The need for real-time, anytime visibility and control of your balances

## Take a typical year and calculate the following for your current method of handling foreign transactions:

- The total charges for foreign currency received
- The total charges for payments made in foreign currency
- The cost of the difference between the exchange rate you were charged and the actual rate at the time<sup>5</sup>
- Any fixed, "management" fees for having a foreign currency account

Even if your annual currency needs are limited, the lower costs and relative simplicity of multi-currency offering may still make them a compelling solution for you.

5. Services like XE ([www.xe.com/currencytables/](http://www.xe.com/currencytables/)) or X-rates ([www.x-rates.com/historical/](http://www.x-rates.com/historical/)) provide handy tools for this

*"When the Brexit referendum happened [in June 2016], sterling took a turn for the worse. The Centtrip currency platform allowed us to exchange various currencies we were holding into sterling. With the live market rates offered by Centtrip, we made significant savings for our clients."*

Lloyd Quilty  
Director of the Music, Media and Entertainment practice at accountants SRLV

*"Centtrip provides an all-in-one solution to problems I didn't even realise I had. I can hold multiple currencies in Centtrip accounts, move between those currencies at live market rates, and then move that currency onto cards held by my crew or cast, almost instantly. Centtrip puts all those things together in one place. No-one else has offered that. I would now insist on using Centtrip on every production. It's been a game-changer."*

Gareth Jones  
Independent Financial Controller and Production Accountant  
(Little Birds and other TV and film productions)

# Centtrip, Always on the money.

*Centtrip is a multi-award winning provider of treasury management and payment solutions for an increasingly borderless age.*

**We make life simpler, safer and more rewarding for organisations that manage multiple, internationally-mobile teams – music acts, road crew, ships' crew, film crews, consulting, legal or audit teams.**

Our award-winning solution gives you real-time, anytime visibility and control over multi-currency deposits, international payments, foreign exchange and multi-currency cards. We help you streamline payments, reduce currency and cash-carrying risk, and optimise international income flows.

With Centtrip, you can deposit and manage 15 different currencies, in unlimited value, in a single account. You can manage foreign exchange in 140 currencies at live-market rates and you can make international payments across the banking network using SWIFT, SEPA, Faster Payments and

other local networks. Centtrip customers can also make instant, fee-free, money transfers, 24/7/365, in 15 currencies using CenttripNow.

And, because we're designed for the needs of international business, you can control multiple, separate cost centres from a single, multi-platform interface – desktop or mobile – wherever you are.

We give you real-time reporting, reconciliation, insight and analytics, along with responsive, 24/7 support from experts who understand your world.

Our cutting-edge technology, premier financial services and dedication to customer experience have made us industry leaders in the marine and music sectors, which has paved the way for success in other areas, including aviation, film, sports, and media.

**With Centtrip, you're always on the money.**

# A better way to manage currency deposits

Managing foreign currencies shouldn't be complicated or expensive. Traditionally though, it's been an area of hidden costs and slow solutions.

Many businesses take the "easy" route of processing everything through their domestic current account, taking the hit of charges and poor exchange rates with every receipt or payment.

Others operate several foreign currency bank accounts, one for every currency they trade in. That quickly gets complicated, unwieldy and expensive.

Increasingly, however, smart businesses are looking at the multi-currency account offerings of fintech players and challenger banks. With a fresh approach, businesses like Centrip offer a better way to manage multiple currencies.

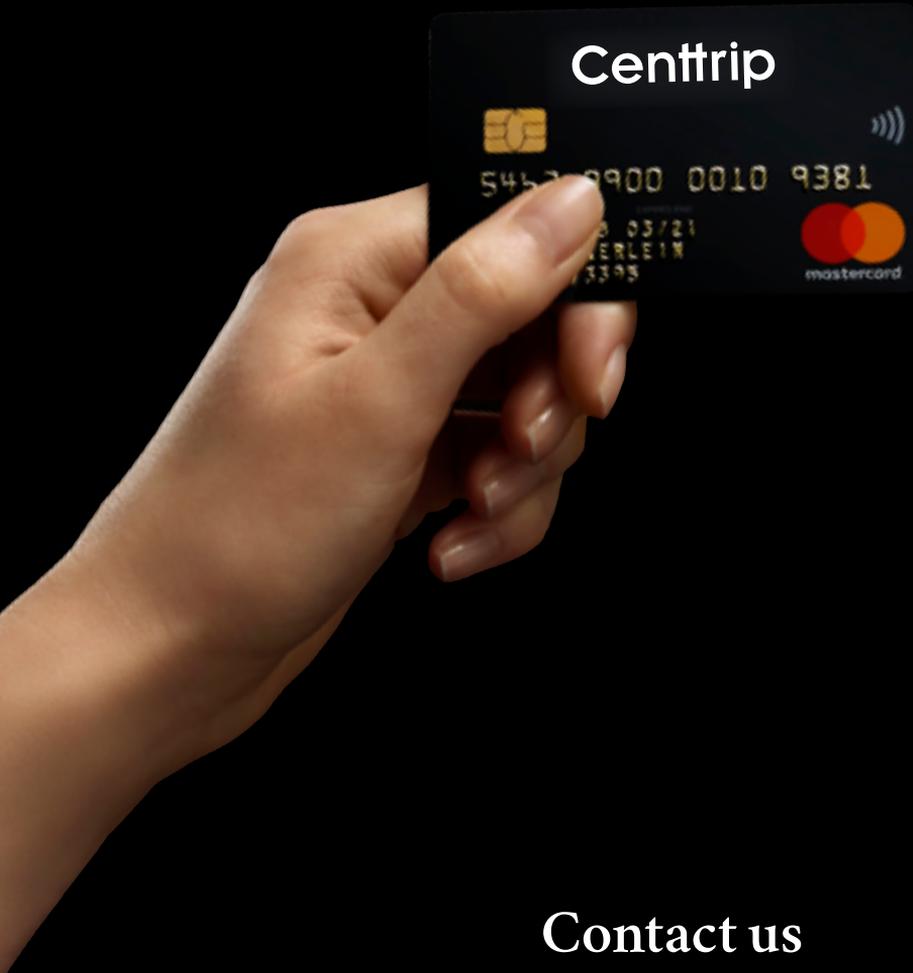
## Centrip offers:

- A single account for up to 15 different currencies
- Ability to swap between currencies avoiding transaction fees
- Low and transparent exchange rates and charges
- Access to live-market rates for 140 currencies
- International payments across the banking network, using SWIFT, SEPA, Faster Payments and other local networks.
- Instant, free-of-charge transfers between Centrip platform clients anywhere in the world.

Choosing the right partner can save time and money in international operations. Centrip supports organisations with internationally-mobile teams and assets. We specialise in multi-currency management solutions for this increasingly borderless and dynamic age.

Contact us today to explore how Centrip can support you better manage currency deposits for your business or your clients.





## Contact us

Get in touch today to find out how Centtrip  
can help you better manage currency deposits.

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