



PAYMENT PLATFORM THAT BENEFITS SMEs

New advances in foreign exchange technology are enabling companies to make multiple payments in various currencies using a variety of payment methods. Doing business internationally has never been so easy and inexpensive. The world's largest non-bank foreign exchange specialists are leading the way in this new paradigm. [Don Fenton](#) looks at three cutting-edge developments that can save you time, money and headaches



efficiencies into the business that save you time and money by reducing the number of offline processes and requiring fewer staff. Not to mention competitive exchange rates.

Recognising this global niche market, the tier one non-bank foreign exchange companies have made huge investments in the research and development of advanced multiple payment platforms for currency transactions.

Providers such as Custom House have invested millions of pounds and years of R & D building these sophisticated multiple payment platforms. These payment platforms are designed specifically to handle this kind of a challenge by operating on the narrowest possible margins and delivering the greatest savings to you the client.

Unlike the banks, the specialists firms have excelled at this because these foreign exchange specialists are only in the foreign exchange business.

Specialisation combined with business acumen make them more nimble, focused and creative. Spreads are narrower and they are faster and more responsive moving with the volatile currency markets throughout the day and across time zones.

One of the unique selling propositions they have to offer your company has to do with the distinction between domestic and foreign payables. Understanding the difference can give you a competitive edge and save you cold, hard cash.

DOMESTIC v FOREIGN PAYMENTS

To be fair to the banks, they have great domestic payment platforms for flow through processing or straight through processing. This means that information does not have to be re-keyed each and every time a domestic transaction goes through. Let's say, for example, you are a UK company and you've got UK invoices to pay. The banks handle this domestic processing with ease by uploading from your accounts payable to their platform for straight through processing.

Where most of them have a deficiency, however, is when it comes to doing online foreign payments where you need to upload multiple payments in multiple currencies in multiple payment forms such as a wire or an EFT (electronic funds transfer).

'The banks, for the most part, do not have that functionality and that is where specialists

The banks are playing second fiddle to the foreign exchange specialists these days when it comes to managing online payments – and especially handling multiple payments in a variety of currencies – for the small-to-medium size enterprise doing business around the world.

Large banks do a great job for large companies. Where they are challenged, however, is with medium-sized and small-sized companies that need to transact multiple, smaller payables and receivables in multiple currencies.

These are sometimes called nuisance payments and in the past decade or so the banks have let their lead slip. As a result, these so-called nuisance payments have become the bread and butter of the more successful foreign exchange specialists.

MULTIPLE PAYMENT PLATFORMS

If we take, for example, the case of a holding company with a dozen subsidiaries here's how it would benefit from the latest advances in foreign exchange technology. Let's say the strategy is to consolidate all the payables and to post them individually. The specialists have developed multiple payment platforms (MPP) that can handle a broad range of payments in many different currencies using a variety of delivery methods without having to re-key the parameters every time.

MPPs use enabling technology that integrates directly with the company's accounting software. The company gets dynamic reporting, great flexibility and complete tracking of the payment and authorisation process. This state-of-the-art technology is easy to implement, requires little training and delivers do-it-yourself 24/7 capability. It brings



add value,' according to Peter Gustavson, chief executive officer of Custom House. 'The upload functionality that cost so much to write enables uploading in 30 different currencies that can then all be processed in one fell swoop – and with the added option of how you want to deliver it.'

In the case of Custom House, 85 per cent of its business in the United States is handled this way. The same is true for 70 per cent of business in Australia and 85 per cent of business in New Zealand.

EXOTIC CURRENCIES

This is a profound competitive advantage for companies that need to make many payments in multiple currencies such as Kiwi dollars, US dollars, the yen, the ringgit, Singapore dollars or pounds.

In the United States where there are thousands of banks, many of them do not have sufficient foreign exchange business to justify setting up a foreign exchange department. So, they sub-contract all of that out. Not too long ago, that meant going to a competitor and potentially losing a customer.

Today, foreign exchange specialists white label their multiple payment platforms to these banks and, because they are focused only on foreign exchange, they pose no competitive threat. Every day banks and credit unions in the US and Canada refer business to foreign exchange specialists because of their online systems.

In many cases, the foreign exchange service offered by your bank is actually provided by specialist foreign exchange companies through white labelling.

Dealing directly with a foreign exchange specialist for online payments, multiple payments in multiple currencies and error-free straight through processing will save you time, money and a great deal of unnecessary inconvenience. ■

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Banks are now playing second fiddle to the foreign exchange specialists

