

FOREIGN EXCHANGE:
PROVIDING AN EDGE
IN INTERNATIONAL
COMMERCE



International trade can create great opportunities for small businesses, but it is not without its own unique challenges. Global transactions come with complexities that vary from country to country. Conducting foreign business also introduces more unpredictability into a business's cash flow.

For small businesses expanding into international markets, managing currency exchange efficiently is a necessity. With robust Foreign Exchange (FX) services and tools, small businesses can navigate the risks, volatility, and challenges of global transactions. A dedicated FX team can help reduce costs associated with rate fluctuations, streamline cross-border payments, and provide expert guidance. This article will explore how Foreign Exchange services empower your business to compete globally with greater confidence and financial control.

EXPERT KNOWLEDGE AND GUIDANCE

PlainsCapital Bank's International Department offers a unique competitive advantage to our business clients who are engaging in foreign business transactions. Our Foreign Exchange and Global Trade specialists have in-depth knowledge and experience to maximize your business strategies. The Bank is a member of the Society of Worldwide Interbank Financial Telecommunication (SWIFT), which allows us to transmit financial information securely and in a timely manner.

IN-HOUSE TRADING

We conduct our foreign currency conversions and transfers using our in-house Foreign Exchange Trading Desk. By managing trades internally, we maintain a highly competitive edge in the foreign exchange market which creates benefits for our business customers. We can offer better rates without relying on external brokers who introduce additional costs. In-house trading allows for more control, flexibility, and speed when responding to volatile market conditions. Our FX strategies reflect the

needs of our clients, providing the most informed and appropriate levels of risk with consideration for your cash flow needs and business cycle.

COMPETITIVE RATES

PlainsCapital Bank offers competitive currency exchange rates and up-to-the-minute pricing based on the Market, meaning you get more value for your money when sending or receiving funds internationally. By taking advantage of real-time market pricing, you can reduce costs on currency conversions, improve cash flow, and better predict how overseas transactions fit into your budget.

POTENTIAL FOR LOWER TRANSACTION FEES

For small businesses that rely on international suppliers, contractors, or clients, hidden costs associated with cross-border payments can add up, eating into their margins. PlainsCapital Bank offers fee-free international transfers for amounts over \$5,000. If a transfer amount is under \$5,000, a flat fee of \$25 is applied.



FAST AND EFFICIENT

When conducting business internationally, delays are to be expected. But being able to send and receive funds to other countries in a timely manner is essential for maintaining a positive and reliable relationship with your vendors and clients. PlainsCapital Bank prioritizes speed and efficiency in all FX payments, ensuring your funds reach their destination quickly. Our processing times for major currencies are as follows:

- Same day delivery for CAD and MXN until 3 p.m. CT.
- Same day delivery for EUR and GBP until 9:30 a.m. CT. For transfers initiated after 9:30 a.m., funds are delivered within 24 hours.
- For all other currencies, payments under \$100,000 are delivered same day until 3 p.m. CT. Payments over \$100,000 are delivered within 48 hours.

FOREIGN EXCHANGE ONLINE

Business customers can send foreign exchange payments online using our innovative digital platform, Foreign Exchange Online (FXO). FXO allows you to access real-time exchange rates, instant trade confirmations, and comprehensive payment history. FXO is a user-intuitive tool designed to ensure both accuracy and peace of mind, and our FX Trading Team is always one call away to provide assistance.

There can be many advantages to expanding your business into foreign markets, especially when you have a team of Foreign Exchange specialists who are available to provide personalized support and

guidance. PlainsCapital Bank helps you maintain a sense of control with efficient delivery times and competitive rates.

THE COST OF NOT CONVERTING CURRENCY

Some small businesses may prefer to send international payments in U.S. currency. The complexities of navigating the foreign exchange market may not seem worth the advantages of currency conversion. Limited time and staff might make opening and managing a foreign account too much of an investment. Paying in USD is usually simpler for budgeting and accounting, as the dollar amount paid to the foreign vendor will match the invoice. However, there is still a cost to convenience.

- When a foreign vendor receives a payment in USD, their bank handles the conversion, which often results in a less favorable exchange rate with added markups.
- International USD payments must often pass through multiple intermediary banks, leading to extra delays and processing fees.
- Neither you nor the seller know the exchange rate that will be applied at the time the conversion actually occurs, making the final amount unpredictable.
- The final amount they receive could be less than the invoice. To offset risks and losses, the vendor might add “cushion” to their prices upfront, raising costs for your business.

Conversely, sending payments using the local currency of the recipient can reduce costs, improve delivery times, and foster better relationships with foreign vendors.

- Converting payments to local currency gives you more control over the exchange rate and the ability to shop for competitive rates.
- Sending payments in local currency reduces the number of intermediaries, leading to faster delivery times.
- By offering to pay in their local currency, foreign vendors face less risk, which you can leverage to negotiate better pricing or terms.
- Paying in a vendor's preferred currency shows courtesy for their operational and accounting needs and fosters a strong business relationship of trust and respect.

Diving into international trade can bring great opportunities and competitive advantages to your business. Our FX department provides support and guidance for business customers that want to maximize the benefits of currency exchange while minimizing the risks and costs. With expert and current knowledge of market conditions and international regulations, our FX team can help you successfully navigate the complexities of foreign exchange. Our payment solutions leverage a combination of global reach, advanced technology, and thorough market expertise to offer efficient, secure, and transparent cross-border payments. As your trusted bank, our FX strategy is aligned with your goals, so you can conduct business overseas with confidence.

To learn more about how Foreign Exchange can help give your business a competitive edge in the international market, contact us at 956-843-3228 or pcb-international@plainscapital.com.



