

A Guide to Foreign Exchange and Global Payments for International Businesses



Contents

International businesses and foreign exchange

Factors influencing currency movement

Managing FX risk and hedging strategies

Settling your international payments

What a currency and payments partner
can offer your business

Get a free FX review



International businesses and foreign exchange

Exchange rates move constantly, influenced by economic performance, market sentiment, political developments, and global events. In today's interconnected economy, businesses operating internationally are navigating a more complex foreign exchange environment than ever before.

For businesses that are active internationally, managing foreign exchange exposure is no longer simply about converting one currency into another. FX management increasingly forms part of a broader strategy involving treasury operations, procurement, cash flow planning, and cross-border payments.

When making or receiving international payments, businesses must consider more than exchange rates alone. Payment visibility, settlement timing, operational efficiency, banking infrastructure, and risk management can all affect the cost and reliability of international transactions.

International payments often move through multiple banks, jurisdictions, and intermediary networks before reaching the final beneficiary. This can increase fees, reduce transparency, and create delays.

Are you exploring international growth opportunities?

Expanding internationally can create significant opportunities for growth, but it may also introduce new operational and financial complexities.

From managing supplier payments and overseas payroll to forecasting foreign currency exposure and navigating local regulations, businesses expanding globally often require more sophisticated payment and treasury processes.

Many businesses now look beyond traditional banking models, and seek partners that can provide:

- More robust and efficient cross-border payment infrastructure
- Greater depth and capabilities
- Competitive exchange rates
- Improved visibility into payment flows
- Treasury and ERP integration
- Support managing FX exposure and volatility
- Greater operational efficiency across global payments

While no business can control market movements, having the right processes, technology, and risk-management strategy in place can help reduce uncertainty and improve visibility.

Consider this checklist to get started

- Map out your business's foreign exchange and international payment needs
- For three-, six-, and twelve-month periods if possible
- Monitor FX market movements and understand potential exposure
- Identify operational and financial risks across jurisdictions
- Review opportunities to improve payment efficiency and visibility
- Compare banking and FX provider fees, settlement times, and capabilities
- Assess fraud prevention, compliance, and payment security controls
- Ensure FX and payment workflows integrate effectively with treasury, ERP, and accounting systems

Factors influencing currency market movement

Exchange rates reflect the relative strength of one currency against another and play a critical role in international trade, investment, and the movement of capital.

Economic data

Economic data plays a major role in currency movements. Indicators such as inflation, employment figures, interest rates, economic growth, and central bank policy all influence how investors and markets value a currency.

Today's FX market is highly interconnected, with currencies reacting rapidly to changes in monetary policy, investor confidence, and global economic conditions. Advances in technology and increasingly digitalised financial markets have also accelerated the speed at which information and volatility move across global markets.

For businesses operating internationally, this can create both risk and opportunity. Sudden shifts in exchange rates can affect supplier costs, overseas revenues, profit margins, and financial forecasting.

Politics and geopolitics

Many factors influence foreign exchange rates, from economic instability to political developments that can trigger market volatility.

Political events can create significant market movements as uncertainty increases.

Geopolitical conflicts, including the war in Ukraine and the conflict in the Middle East, have also affected commodity prices, currencies, and investor sentiment. Similarly, changes in trade policy, such as the tariffs introduced during the Trump administration in 2025 and subsequent trade tensions between major economies, have periodically increased market volatility as businesses and investors adjusted to shifting economic conditions.

Recent years have demonstrated how rapidly geopolitical developments, inflation cycles, tariffs, sanctions, trade disputes, and supply-chain disruption can impact global currency markets and cross-border trade flows.

Political developments can affect currency markets in various ways. In some instances, markets experience sharp volatility; in others, markets respond more gradually. One thing remains certain: the foreign exchange market is inherently unpredictable.

Natural disasters, conflict, and unprecedented events

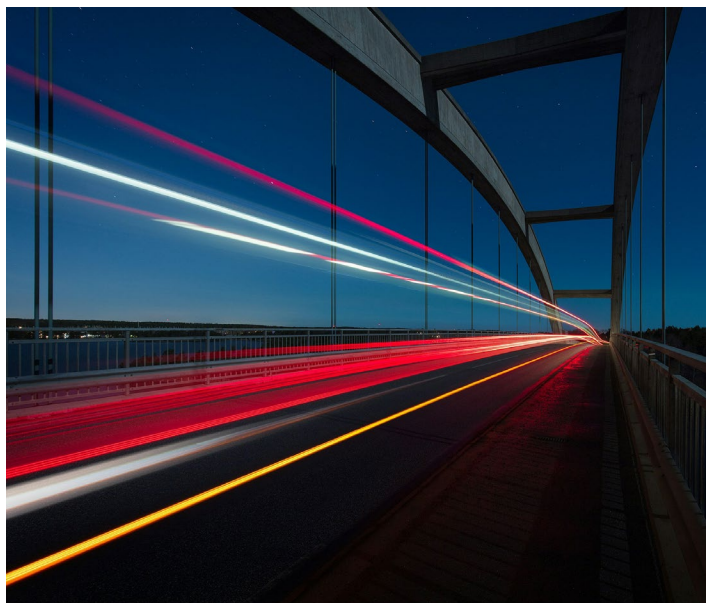
Currency markets can also react sharply to unexpected global events.

A recent example is the COVID-19 pandemic of 2020-2023. It triggered sharp swings across global equity, bond, and currency markets as investors reassessed economic prospects and government responses.

Periods of geopolitical conflict, supply-chain disruption, commodity shocks, economic instability, or natural disasters often increase market uncertainty and volatility. In these situations, investors may move funds into perceived "safe-haven" currencies and assets.

Natural disasters, including floods, fires, earthquakes, hurricanes, and severe weather events, can also place pressure on local economies by disrupting infrastructure, manufacturing, logistics, and consumer activity.

For businesses with international exposure, these events can impact everything from supplier pricing



and transportation costs to payment timing and foreign currency cashflows.

While businesses cannot predict every market event, developing contingency plans, building operational flexibility, and implementing FX risk-management strategies can help reduce exposure during periods of heightened volatility.

Technology, payments infrastructure, and security

Technology is playing an increasingly important role in how businesses manage international payments, treasury operations, and FX exposure.

Many organisations are moving away from manual payment processes and fragmented banking workflows in favour of more integrated and automated solutions.

Modern payment technologies can help businesses:

- Improve visibility into cross-border payments
- Automate treasury and reconciliation workflows
- Reduce operational inefficiencies
- Improve reporting and forecasting
- Strengthen payment controls and approval processes

As businesses expand internationally, finance and treasury teams must also navigate increasingly complex regulatory requirements, including sanctions screening, anti-money laundering (AML) obligations, Know Your Customer (KYC) requirements, and local payment regulations.

At the same time, the global payments industry continues to evolve. Businesses increasingly expect faster settlement times, improved payment transparency, richer transaction data, and better integration with ERP and treasury systems.

Industry initiatives such as ISO 20022 are helping modernize payment messaging standards globally,

improving consistency, interoperability, and reconciliation across financial institutions.

Fraud and cybersecurity risks

Fraud schemes targeting finance and treasury teams continue to become more sophisticated.

Cybercriminals increasingly use phishing attacks, spoofed communications, payment diversion tactics, and business email compromise (BEC) schemes to target international payments and supplier workflows.

Because international payments move across multiple jurisdictions and banking systems, recovering funds after fraudulent activity may be difficult.

To reduce risk, many businesses are implementing:

- Multi-step payment verification procedures
- Role-based approval controls
- Secure payment workflows
- Staff training and fraud awareness programs
- Centralized treasury and payment oversight

Treasury visibility and automation

Many financial institutions and FX providers now offer integrated platforms with API connectivity, ERP integration, automated reconciliation, and real-time payment tracking.

These tools can help businesses centralise payment workflows, improve treasury visibility, and reduce manual administrative processes.

As international operations become more complex, businesses are increasingly prioritizing:

- Centralised visibility across global cashflows
- Real-time reporting and payment tracking
- Improved forecasting and reconciliation
- Payment automation
- Stronger operational controls
- Greater scalability across international operations

Managing FX risk and hedging strategies

Now that we've covered the basics of the dynamic foreign exchange market, the next step is understanding how businesses may manage FX risk and reduce uncertainty.

Hedging tools may help businesses exposed to foreign exchange markets improve visibility and manage financial risk. Businesses may consider hedging for:

- Future invoices or forecasted supplier costs
- Profit margin protection
- Reducing exposure to currency volatility
- Improved cash flow visibility and planning
- Maintaining target budget exchange rates
- Capitalizing on market movements
- Locking in a favourable rate for a future obligation
- Reducing time spent managing FX exposure
- Supporting pricing stability for imports and exports

Every business is unique, and businesses should carefully evaluate their objectives, risk appetite, and operational requirements when considering FX risk-management strategies.

Following are some examples of hedging tools and how they can be used,

Forward contracts

Businesses often seek greater certainty around future cash flows and expenditures. A forward contract allows a business to lock in an exchange rate today, to buy or sell a specific amount of currency on a future date.

Qualified businesses may be able to secure exchange rates for up to 24 months on certain currencies, helping to reduce exposure to unfavourable exchange rate movements.

When entering a forward contract, businesses may need to pay an initial margin, and additional variation margin payments may be required if the market moves against the position.

Bear in mind that a forward contract is a commitment

to execute the transaction; there may be an additional cost should you need to cancel the contract.

You should also consider the costs associated with international payments, including transfer fees, payment processing charges, and foreign exchange spreads, when planning cross-border transactions.

Fixed (closed) forwards

A fixed forward allows a business to secure an exchange rate for a specific future date.

Flexible or windowed (open) forwards

These contracts can provide greater flexibility around cash flow timings by allowing businesses to draw down on the contract during an agreed period.

Many internationally active businesses use layered or rolling hedging strategies to help manage forecasted FX exposure over time while balancing flexibility and protection against market volatility.

Limit Orders

Limit Orders (or market orders) allow businesses to define a target exchange rate for a future trade.

Unlike forward contracts, there is typically no initial margin requirement. If the market reaches the specified target rate before expiry, the trade is automatically executed. If the market does not reach the target by expiry, the business is free to execute the transaction at the prevailing spot rate.

Businesses may use limit orders to target more favourable exchange rates or establish protective levels in volatile market conditions.

Some businesses combine spot trades, forwards, and automated order types as part of a broader treasury and FX risk management strategy.

Other businesses may use more advanced derivative products to manage FX risk, including FX options and structured products. These products may involve a higher degree of risk and may not be suitable for all businesses. Businesses should ensure they fully understand the risks and implications before entering into these types of transactions.

Settling your international payments

There are several ways to transfer funds internationally, including wire transfers, electronic fund transfers, online payment platforms, SWIFT-based transactions, and interbank transfer schemes. SEPA in Europe and Faster Payments Service in the UK are two examples.

Costs, transparency, and delivery times can vary significantly.

Cross-border payments infrastructure is evolving rapidly, with businesses increasingly expecting faster settlement times, richer payment data, improved transparency, and integration with treasury and ERP systems.

Settlement methods

International payments can be settled using different methods depending on the payment value, destination, currency, and required delivery speed. Common settlement methods include:

- **Wire transfers**
Typically used for higher-value international payments, offering broad global reach and support for a wide range of currencies.
- **Electronic Funds Transfers (EFTs)**
Often used for lower-value payments through local clearing systems, providing a cost-effective alternative where available.
- **Multi-Currency Accounts (MCAs)**
Allow businesses to hold, receive, convert, and send funds in multiple currencies, helping streamline international cash management while reducing the need for multiple local bank accounts.

The most appropriate settlement method will depend on a business's operational requirements, payment volumes, currencies, and treasury objectives. Access to multiple settlement options can improve flexibility, support payment efficiency, and enhance visibility across international payment flows.

The Benefits of Specialized FX and Payments Solutions

Businesses seeking efficient, reliable, and scalable international payments may benefit from working with specialized FX and payments providers.

An established provider may help businesses:

- Improve payment visibility and tracking
- Reduce operational friction
- Access competitive exchange rates
- Access local payment rails
- Support payment automation
- Reduce reliance on manual payment workflows
- Improve treasury reporting and reconciliation
- Manage FX risk more effectively



What a currency and payments partner can offer your business

In an increasingly unpredictable FX landscape, businesses are looking for greater control over FX exposure, cash flow management, payment security, and operational efficiency

A payments and FX specialist can help businesses navigate complex international markets with greater confidence and visibility.

FX specialists and payment providers can help businesses:

- Access competitive exchange rates
- Streamline cross-border payment workflows
- Improve visibility into global cashflows
- Automate treasury and payment processes

- Reduce operational inefficiencies
- Monitor market developments and currency movements
- Implement FX risk-management strategies aligned with business objectives

Many providers also offer API-enabled platforms, ERP integrations, real-time reporting tools, and payment automation capabilities to support treasury modernization initiatives.

Market commentary and currency research tools can also help businesses better understand global market developments and associated currency movements.

Whether a business needs to make a one-off international payment or develop a broader multi-currency risk-management strategy, experienced FX providers can help businesses assess the economic, political, and operational factors that may impact their international transactions.

Get a free FX review

As international operations become more complex, businesses are increasingly looking for ways to

improve treasury visibility, optimize working capital, strengthen payment controls, and reduce operational inefficiencies.

A consultative FX review can help businesses better understand and manage their foreign exchange exposure.

An FX review may include:

- Reviewing FX exposure and payment workflows
- Assessing working capital and liquidity considerations
- Evaluating hedging strategies and treasury processes
- Improving visibility into foreign currency cashflows
- Identifying opportunities to automate payments and reconciliation
- Supporting fraud prevention and payment security initiatives

Our FX review is tailored to your business and provides you with information on how you can benefit from or improve foreign exchange risk mitigation to help you make intelligent foreign exchange decisions.

Connect with us to schedule a no-obligation review of your FX needs or get a demo of our award-winning online trading platform.



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