



Your guide to

Foreign Exchange

TOR_{FX}

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Tor Currency Exchange Ltd is authorised and regulated by the FSA under the Payment Service Regulations 2009 (registration 517320) for the provision of payment services.

Your guide to currency exchange.

Confused by currency rates? Maddened by markets? Foxed by foreign exchange?

You're not alone. But help is at hand! This handy guide, put together by currency

experts TorFX, will help you get your head around the system.

By the end you'll not only understand how it all works, you'll know exactly how it

can save you money.



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Isn't FX a TV channel?

Um, well yes, FX is a TV channel... but it also stands for Foreign Exchange (also known as Forex).

Okay... So what is Foreign Exchange?

Well different countries have different currencies and simply put, foreign exchange is the conversion of one currency into another. Converting Sterling to Euros is an example of foreign exchange. The value of the currency you receive after conversion (e.g. the amount of Euros you get for your Sterling) is dependent on the exchange rate.

And the exchange rate is ...?

Basically the exchange rate is the value of two currencies relative to each other – in other words, the rate at which one currency can be exchanged with another.

Exchange rates can be fixed or floating. A government can choose to fix its currency's exchange rate or tie it to the exchange rate of another

currency (this is known as pegging). When an exchange rate is floating, its value is dependent on the market and fluctuates as a result of issues like economic sentiment, geo-political risk and investment.

That sounds a little dull and to be honest foreign exchange probably won't ever affect me; do I really need to know about it?

Well actually, foreign exchange is something that most people will have dealings with at some point. If you're British, for example, any transaction you make that's in a currency other than Sterling is foreign exchange - this includes transactions made for holidays, travel, emigration and international trade.

I know it might not seem like the most fascinating of topics, but when you think about it almost everything interesting that happens in the world could have an effect on currency exchange.

Yeah? Like what?

Like wars, elections, natural disasters, acts of terrorism, even things like crop failures, retail sales and the weather. Any piece of news really, whether social, economic, political...

That's why it's so important to stay informed and know what's going on with the markets before you make an exchange.



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Oh. But do I really need to get advice when I make a currency exchange? How would it benefit me?

No one likes paying out more than they have to, and when it comes to currency exchange, seeking advice could really save you money! Making an exchange through a high street bank can incur charges which could easily be avoided, and the exchange rate you get offered won't be the best available. Also, with currency exchange timing is absolutely crucial. If you time it well and transfer your funds when the market is at its highest point you could save a lot of money - money which would be lost if you transferred when the market was at its lowest point. Making your move at the right time isn't a simple matter of luck; you need to understand the market and the wider issues affecting it.

But let's face it, life is busy and realistically most people just don't have the time to keep an eye on market movements and follow

the issues which affect currencies. If you engage the services of a trusted foreign exchange company, like TorFX, they do all the work for you, offering expert guidance and ensuring that you get the most from your money. Also, fluctuations in the market can be like the urge to dance - wild, sudden and unpredictable. TorFX can protect you from unexpected movements with their fixed exchange rate service, ensuring that you don't lose out.

But if exchange rates change so much, how do I know I'm getting the best one?

You'll only know the rate you're getting is the best one if you compile and compare quotes, but independent studies have shown that TorFX consistently comes out best. TorFX is a tried-and-tested foreign exchange company which prides itself on helping customers to really save money. When you're looking for the best exchange rates for personal or business use you can contact TorFX for a free competitive quote quickly and easily, by phone or

email. Alternately, you can follow this link <http://www.torfx.com/exchange-rates/euro-exchange-rates.htm> and see live mid-market exchange rates for all major currency pairs.

Interesting. Well, I live in Spain for six months of the year, would it be a good idea to get help with Euro transfers then?

Definitely! If you're living abroad but still receiving some form of income or incurring costs in the UK, it's really important to make your transactions with the support of someone who knows what's going on with the foreign exchange market and can offer you expert guidance. And it's just as important to stay in the loop if you receive an income abroad and need to make regular (or occasional) transfers to the UK.



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So would that be things like wages, mortgage payments, pension funds, and house sales?

Exactly!

That really seems like the kind of thing you'd use a bank for though?

These kinds of transfers can be made through your local bank and it might seem more logical to use them, but it will cost you more in charges and take you longer than if you used a foreign exchange company like TorFX. Remember, bank transfers can take up to (and sometimes even beyond) four business days to complete. Banks also fix a rate in the morning and frequently don't alter it for the day – no matter what the market has been up to. This means you could lose out if there's a profitable shift.

TorFX is also renowned for its fantastic customer service and some banks...well...aren't. If you have any

problems with a transfer made through the bank odds are you'll be stuck 'on hold' for ages until anything gets resolved, getting ever more frustrated as you're passed around a call centre. It's also unlikely that the person in charge of making your transaction will be an FX expert; any queries you direct at them would probably receive very limited answers. If you make a transfer with TorFX, on the other hand, not only do you directly benefit from their extensive knowledge and experience, but they will contact you, keeping you up to date and informing you straight away if any issues should arise. It might seem daunting, but using a specialist service really will make the process quicker, more cost effective and less stressful for you.

Are currency brokers really cheaper than banks?

TorFX, for example, offers highly competitive foreign exchange rates on all major currencies, often beating the bank's rate by over 3 percent!

So what does being a 'foreign exchange specialist' actually entail?

Foreign exchange specialists (also referred to as currency brokers) are assigned clients with diverse requirements and must assess their situation and needs based on their personal circumstances and transfer specifications in order to get them the best possible deal. Currency brokers must also watch the markets carefully and connect currency trends with world news in order to have a developed understanding of what's affecting market movements. Although they are not allowed to offer explicit advice to clients, this knowledge helps them respond to queries comprehensively and provide expert guidance. Clients of foreign exchange companies like



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TorFX can also be kept informed no matter where they are by having daily market updates sent straight to their email.

If I'm abroad can't I use my cash-point card?

Using your cash-point card is an option; it's just a very costly option! You'll be subject to your bank's prices, and usually have to pay a fixed charge for the service. Depending on the bank and the type of cash-point used, you could also have to pay a percentage of the amount you've withdrawn on top. This really adds up, particularly if you need to make regular withdrawals. You could save significant amounts of money simply by using the quick, convenient services provided by a foreign exchange company.



In that case, I have bank accounts in the UK and Spain. I'm always moving money between them, if I started making these transactions through a foreign exchange company could I save money?

Yes, a foreign exchange company could quickly and easily help you save money on all transfers like this. The process really couldn't be simpler. All you would have to do is ring or e-mail your currency broker to check the rate. After a simple, two minute registration you transfer the amount, in Sterling for example, to their Sterling bank account. This can take literally minutes online, and as soon as your funds have been received, payment will be made into the beneficiary account. Once you're a listed client the process becomes even easier and the majority of currencies should enter your beneficiary account within 24

hours on most occasions! The bank you have an account with might offer you deals for this scenario but they are not likely to be as competitive as a specialist broker, and you certainly won't receive anywhere near the same level of customer service provided by a company like TorFX. Registering with TorFX takes just two minutes and is absolutely free.

I run a small business abroad, but still have regular dealings with the UK, could a currency broker help?

Currency brokers are ideally placed to help you with just this kind of issue! If your business conducts transactions using more than one currency it's very likely that it would be affected by adverse, or positive, market fluctuations with results like an evolving business budget. If the market is not being carefully analysed, and if measures like forward contracts are not in place, it could be very costly. With personal, individually tailored guidance from a

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currency broker not only could your business be protected from disadvantageous market movements, but significant, regular savings could be made.

Could you give me an example?

Well, if your business requires the frequent purchase of goods from abroad then it's really important to secure the rate of exchange as quickly as possible once the price of the goods has been agreed. If you don't, then market movement could mean that purchasing the goods costs you a lot more than you expected and budgeted for.

But if I fixed the exchange rate wouldn't that mean I'd miss out if the market moved in my favour?

Fixing a rate would be a gamble, but it's important to remember that missing out on a positive market movement wouldn't be half as

damaging to a business as being caught out by a negative one!

So, what about my second home in Spain? Could they do anything for me in that area?

Of course! Whether you're about to purchase a property or already own one, a foreign exchange company can provide you with invaluable support, guidance and savings!

If you have to make monthly mortgage payments on a foreign home then TorFX's Regular Overseas Payment service, with 0% commission and no extra fees or hidden charges, would be the perfect way to manage those payments and save some money in the process.

Regular Overseas Payment plans are quick and easy to set up, and deposits are made into the beneficiary account automatically on the day you select, so you won't ever need to worry about late payments.

Buying a home abroad is a huge

investment, both of money and time. In countries with a complex legal system to traverse it can take well over a year to secure a sale. In that time the market could have fluctuated massively and your money might not buy you as much as it could have when the process began.

TorFX can protect you from market movements by allowing you to fix your exchange rate for up to two years, an option most banks don't offer. So using a foreign exchange company to help you navigate your purchase could potentially save you hundreds, if not thousands of pounds.



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This all sounds too good to be true. Hang on - are there any types of exchange a currency broker can't help with?

Unfortunately, there are a couple of scenarios where a currency broker wouldn't be able to help. For example, most foreign exchange companies only deal with between account electronic-transfers. This means they wouldn't be able to help anyone hoping to transfer cash funds. Although the majority of companies deal with all the main world currencies (and many more besides) there may also be certain currencies which for political, economic or social reasons, are deemed 'high risk' and cannot be transacted. The client also has to provide a legitimate reason for the exchange; currency brokers won't be able to help someone transferring funds purely for speculative gain.

Fair enough! By the way, what happened to traveller's cheques?

Well nothing really happened to traveller's cheques; they're still about and can still be used. The reason you don't hear about them so much now is that people 'clocked on' to the big issue - when it comes to safe, convenient and cost effective ways of dealing in a different currency, traveller's cheques are far from the best option available.

For a start, they require advanced planning. After umming and ahhing and deciding on the exact amount of funds you require, the cheques have to be ordered through the bank.

The transaction is then taken completely out of your hands and your control; the bank will convert your money using their current exchange rate. Not only will you lose the possibility of negotiating the deal, you'll also be denied the kind of expert market analysis and personal customer service which you would have received from a foreign exchange specialist, like TorFX.

Furthermore, traveller's cheques are easily damaged, easily lost and easily stolen. Theoretically, they can

only be cashed in with a valid ID but some places are not always as scrupulous as they should be in this regard.

Then, of course, they need replacing and getting more eats up time and money. A foreign exchange specialist, on the other hand, would have the means to swiftly and securely wire your funds from one bank account to another. Easy!



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