

Revolut Business

# MASTERING FX FORWARDS

Behind the scenes of managing currency risk with Revolut Business — how we offer the best experience on FX Forwards





## Introduction

If you're reading this, you're likely familiar with forward contracts and what they offer your business. But here's a quick reminder, just in case.

Currency exchange involves an element of risk. With market rates changing constantly, you can't predict what you'll spend on a cross-currency transaction you have planned for the future.

Forwards contracts help you reduce this risk, by locking in a rate for a specific exchange between 2 currencies, which you'll carry out on a set date, or within a window of time. Doing so protects you from the whims of the market.

With Revolut Business, you can book contracts in USD, GBP, and EUR using FX Forwards. Set up contracts, manage your portfolio, and make changes straight from your Business account. No matter the size of your business or where you're headed, if you pay and get paid in different currencies, forward contracts are for you.

In this guide, we'll go through the behind-the-scenes of booking FX Forwards with Revolut Business, and how we work to offer you the best possible rates.

So what are you waiting for? Let's dive in.

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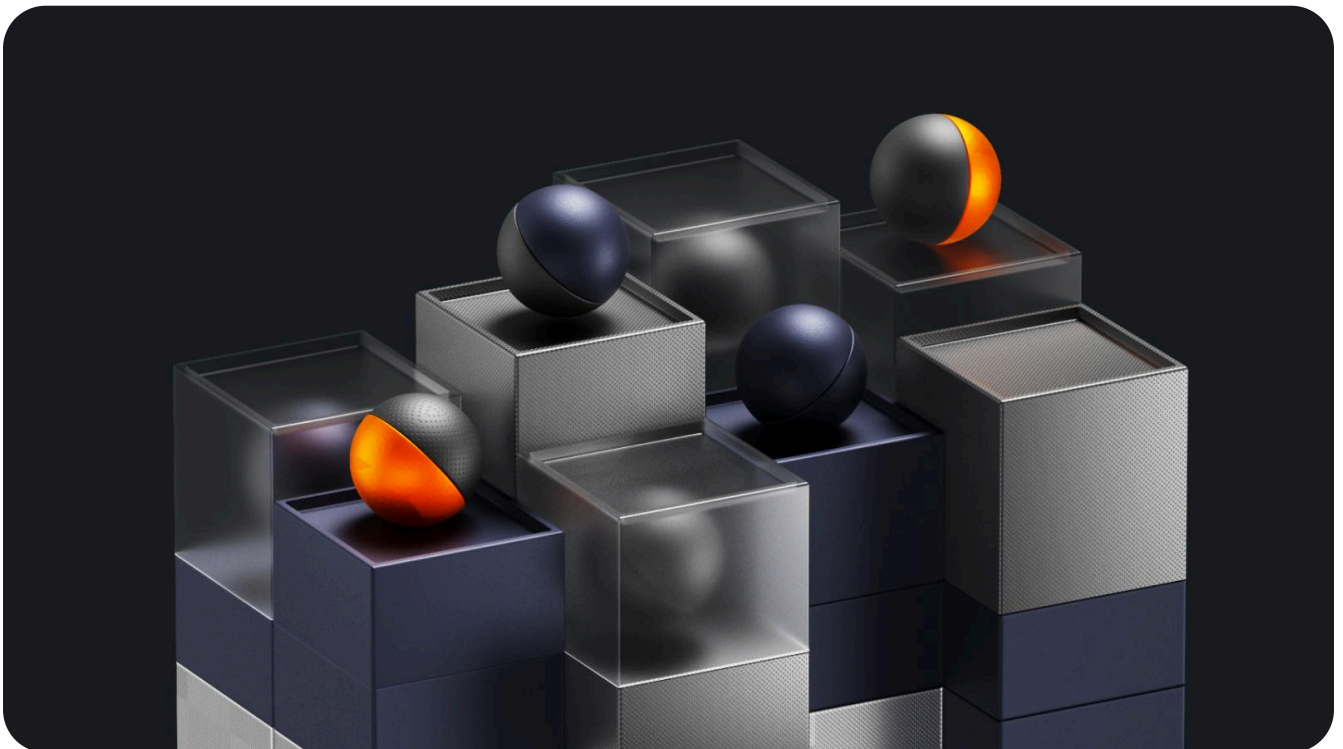


# THE SECRET TO OUR COMPETITIVE PRICING

When you set up forward contracts for your business, you'll likely want to know what you're getting into, and the cost of it all. So let's break down how we price FX Forwards at Revolut Business.

When creating a forward contract, we offer you a forward exchange rate, which you can lock in for a specific date or window of time for each contract. This rate is different from the current exchange rate, which you can use on day-to-day exchanges.

To determine the final fixed exchange rate, or net rate, for each contract, brokers or banks combine a forward rate with a fee markup.



## How are forward rates determined?

Brokers and banks use something called forward points, which are added to or subtracted from the current exchange rate of a currency pair. Forward points are determined by the market based on the interest rates between 2 currencies.

When forward points are in your favour, many brokers may keep some of them from your final forward rate, creating a better deal for the broker, and a worse rate for you.

At Revolut Business, we always include forward points in your final rate, even when they're in your favour, which helps us give you the most competitive fixed rate for that contract.

## What's a contract fee or markup?

Now you know how forward rates are calculated, what about the markup or fee? Your broker might deduct a markup (or fee) from the final rate to cover potential risk and profitability.

At Revolut Business, we charge a competitive 0.8% markup on FX Forwards. If you're creating contracts for larger volumes, you can speak with our FX Forwards specialists to discuss a more flexible fee.

# How net rates work in action — and help you save

Here's an example of how a fictional business could have saved about £4,000 on just 1 contract by choosing the right provider for their forward contracts.

This £4,000 savings only applies to 1 contract, so imagine the greater potential savings across all contracts you may need to book for your business.

Here's the breakdown:

## Bank A contract (doesn't provide forward points in favour)

GBP exchanged	£1,000,000
GBP/USD forward rate	1.28
Markup	0.8%
GBP/USD final rate	1.2697
USD bought	\$1,269,700

### Bank B contract (provides forward points in favour)

GBP exchanged	£1,000,000
Forward points	0.004
GBP/USD forward rate	1.284
Markup	0.8%
GBP/USD final rate	1.2737
USD bought	<b>\$1,273,700</b>

As the tables show, contract B offered a better final fixed rate because the broker added forward points in the business' favour. Thanks to this, the business' GBP was worth **\$4,000** more than the same amount of GBP in contract A, which didn't have forward points added in their favour.

# GET FULL CONTROL OF YOUR PORTFOLIO

With Revolut Business' FX Forwards, you can immediately access up to £500K in contracts without needing a credit check. Get a set exchange rate up to 12 months in advance. View rates, set dates, and create contracts yourself through your Revolut Business account.

From there, you can access and manage your account online 24/7 via our web app.

### Get custom FX Forwards terms with a quick credit check

As your business grows, so do your transaction volumes. So if you need higher limits, longer contract times, or extra support, our FX Forwards specialists are always there to help.

To set up custom contracts, we'll just need to run a straightforward credit check that helps you access:

- up to £15M in active contracts
- fixed exchange rates per contract, up to 2 years in advance
- lower deposit opportunities

How fast are we? Just submit your P&L and balance sheet, including any other documents requested, we'll get back to you typically within 24 hours.



# STAY IN-THE-KNOW WITH REMINDERS

Every second counts when you run a business. Luckily, you don't need to waste valuable time checking in on your forward contracts. We have you covered. Get regular notifications and reminders with important information related to your FX Forwards portfolio.

This makes it easy to keep up with your portfolio at all times — so you won't miss margin calls or due dates. Your contracts and portfolio will run smoothly, and you can manage your currency risk without the extra admin.





## Save smart with FX Forwards

We hope this guide has helped demystify how FX Forwards are priced and gave the information you need to book contracts with transparent terms that work in your favour.

Revolut Business FX Forwards is a powerful way to hedge your currency exposure, allowing you to protect your profit margins and protect your global business finances against risk. If you have any questions, visit our [FAQs](#).

Revolut Business is tried, tested, and trusted by hundreds of thousands of businesses. It takes just 10 minutes to open an account with us and get started.

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