



Your Guide to Saving Money on  
**Post-Brexit Currency Transfers**

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# What Impact did the Brexit Vote Have on GBP Exchange Rates?

The UK's EU Referendum sent the currency market reeling, but how has the Pound held up under the pressure?

The UK's historic and unexpected decision to Brexit from the European Union (EU) on June 23<sup>rd</sup> had an immediate and dramatic impact on financial markets, with recession fears and political instability triggering significant shifts in assets like stocks, commodities and currencies.

While the Pound had drifted lower across the board in the months preceding the vote, the expectation of a 'Remain' result had seen it stage a recovery in the final week of campaigning.

Subsequently, the actual outcome sparked a marked GBP downturn, with the currency dropping to multi-year lows against the US Dollar, Euro, Australian Dollar, New Zealand Dollar and Canadian Dollar.

Economists had projected that a 'Leave' result could see the Pound shed as much as 20%, and while the initial losses weren't quite this severe, GBP's downtrend persisted as the UK came to terms with the decision.

While Sterling did recover some ground as the UK's political situation stabilised, some industry experts have indicated that the long-term ramifications of a UK detached from the EU could see the Pound fall to fresh lows.

# How will your currency transfers be affected by Brexit?

If you need to move money overseas, understanding the impact of the Brexit on your transfers can help you plan them more effectively

Put simply, the fact that the vote to Brexit softened the Pound so significantly means that anyone hoping to exchange GBP for a foreign currency will find that their Pounds aren't worth as much after the event as they were at the beginning of 2016.

To put this in context, we'll look at some specific Sterling pairings immediately before and after the vote and show what difference the movement would have made to a £100,000 currency transfer.

Pairing	Pre-Vote	Post-Vote	Difference
GBP/EUR	1.31	1.16	€15,000
GBP/USD	1.49	1.28	\$21,000
GBP/AUD	1.96	1.70	AU\$26,000
GBP/NZD	2.06	1.77	NZ\$29,000
GBP/CAD	1.90	1.67	C\$23,000

If you're in no hurry to move your money, keeping track of the latest currency news could prove useful. By staying aware of market movements you can decide whether you'd be better off moving your money now or waiting for a specific event. Some international money transfer providers offer to send free market updates straight to your inbox, making it easy to follow the news and make an informed decision.

# What can you do to Secure a Better Exchange Rate?

The Pound might be weaker, but securing a competitive exchange rate still makes a big difference

There's no getting away from the fact the Pound has weakened and if the UK enters the recession forecast by economists it's likely the currency could fall further.

However, it's still possible to save money on your international currency transfers simply by securing the most competitive exchange rate available at the time. This can be achieved by doing a little research and finding the right provider to manage your currency transfers.

While many people use their bank to send funds overseas, leading currency providers offer an alternative, and often more cost-effective, range of services.

As currency experts, brokers can provide a level of insight and guidance relating to exchange rate trends that few banks can rival.

This guidance can help you move your money at the right time. Additionally, currency brokers tend to work from smaller margins than most banks, meaning the exchange rate they offer you is closer to the interbank (or wholesale) rate. As even the difference of a couple of cents per Pound can leave you thousands better or worse off, achieving that better exchange rate has a significant impact.

## Can you save in other ways?

Another plus point in the bank vs. brokers argument is that many banks charge transfer fees for handling your transactions, while some leading foreign currency brokers work on a fee-free basis.



# How can you Protect your Transfer from Currency Fluctuations?

With the Pound at risk of falling further in the wake of the Brexit vote, you may want to look into the currency transfer options available

While securing a competitive exchange is important, you should also consider defending your transfer from exposure to 'currency risk' – particularly useful if you want to limit potential losses or be able to budget.

While the transfer options described on the next page aren't available with all international money transfer providers, they are with some leading currency brokers. When picking the right provider for you, ask them for their guidance on which solution best suits your requirements.



## Spot Contract

With this form of contract currencies are exchanged 'on the spot' – meaning your provider secures you the most competitive exchange rate available whenever you need to buy or sell currency for immediate settlement.

## Forward Contract

This is a particularly useful tool if you're worried an exchange rate could weaken further or you need to budget for a future currency transfer.

With a forward contract you can fix a rate up to two years in advance of needing to send or receive the currency.

Once the rate is fixed, your transfer will be conducted at that level, even if the exchange rate drops considerably in the mean time.

## Limit Order

If you don't want to trade at the current rate you can leave a Limit Order with your currency provider targeting a specific exchange rate. They will ensure your transfer is automatically executed once the target rate becomes available.

## Stop Loss Order

As the name suggests, a Stop Loss order helps you limit potential losses. If you don't want to conduct your transfer at the current rate but are concerned it may worsen, you can set a 'worst case rate'. If the exchange rate deteriorates to your specified level, your transfer will be conducted automatically before it falls any further.

This allows you to wait for a better rate while protecting your transfer from being made at a rate lower than your worst case scenario.

Some providers allow you to use a limit order and stop loss order together, protecting against risk and guaranteeing that the exchange will be carried out within a certain range.

# Is now the Right Time to Move Money Back to the UK?

Need to transfer your GBP? Here's how to beat the Brexit and benefit from the weaker Pound Sterling

While the post-Brexit slump in Pound exchange rates has made things tougher for people planning to move money from the UK, the situation has created opportunities for those looking to move money back to the country.

If you've got funds to exchange for Pounds, now could be the best time in years to make such a transfer.

To put this in perspective, we'll look at several major currency pairings and the difference achievable when transferring 100,000 units of the foreign currency immediately before and after the Brexit vote.

Pairing	Pre-Vote	Post-Vote	Difference
EUR/GBP	0.76	0.86	£10,000
USD/GBP	0.67	0.77	£10,000
AUD/GBP	0.50	0.58	£8,000
NZD/GBP	0.48	0.56	£8,000
CAD/GBP	0.52	0.59	£7,000

Even with the weaker Pound, achieving a highly competitive exchange rate can still make a big difference so taking the time to look into providers could really pay off.



# Top Tips for your Post-Brexit Currency Transfers

So, when it comes to saving money on post-Brexit currency transfers, what are the key takeaways?

- **Research different foreign exchange providers** and pick the right one for your circumstances.
- **Follow the latest currency news** so you're confident when deciding the best time to make a transfer.
- **Make sure you secure a competitive exchange rate** and choose a provider who doesn't apply transfer fees.
- **Consider using specialist services** to protect your transfer from currency fluctuations, like fixing an exchange rate in advance.
- **Don't panic** – if you've got concerns talk them through with an industry expert and benefit from their insight.



# Introducing TorFX, the International Money Transfer Provider of the Year

This guide to post-Brexit currency transfers was brought to you by TorFX – but who are we?

Well, we're an award-winning international money transfer provider with over ten years of experience in managing the diverse currency requirements of both private and corporate customers.

Whether you want to buy foreign property or manage a payroll, our uniquely personal approach and range of services can help you save time and money.

With excellent exchange rates, fast, free transfers and dedicated account management, we make connecting currency swift, simple and cost-effective. By opening a free, no obligation account with TorFX you can benefit from:

- ✓ **Excellent exchange rates**
- ✓ **Fast, free international transfers**
- ✓ **Award-winning service**
- ✓ **Regular market updates**
- ✓ **Expert support and guidance**
- ✓ **Dedicated account management**
- ✓ **24/7 transfers with TorFX Online**

If you'd like to know more about us, here are our key facts:

- Our group processes in excess of 3 billion Pounds in foreign exchange and international payments per annum.
- With offices in the UK, mainland Europe, Australia, the USA and South Africa, our group employs over 300 highly-skilled financial services employees.
- We hold the highest credit rating with Dun & Bradstreet, are licensed as a money transmitter by HM Revenue & Customs and are authorised by the Financial Conduct Authority (FCA).
- We are a member of the UK Money Transmitters Association.
- We've been trusted by more than 50,000 private clients and over 4,000 corporate clients.
- Ensuring the security of client funds is of paramount importance to us, which is why we operate safeguarded accounts in accordance with the Payment Service Regulations.
- We receive 5\* reviews on Trustpilot for our first-class customer care and money-saving services.
- In 2016 we won both the Consumer Moneyfacts International Money Transfer Provider of the Year award and the overall Best Customer Service Award, beating over 100 other companies across 24 different categories.

The Brexit upheaval doesn't have to have a negative impact on your financial planning.

If you've got a currency transfer to manage and want to make your money go further, please don't hesitate to get in touch with us by email: [info@torfx.com](mailto:info@torfx.com) or by phone: **+44 (0)1736 335250** so we can talk you through your options.



**torfx**

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