



Frequently asked questions

FX Risk Management

Can't find answers to your questions?

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What is currency risk or FX exposure?

Currency risk or FX exposure refers to any money at risk of loss due to unfavourable fluctuations in the exchange rate.

For example, a UK manufacturer buys supplies overseas and pays their supplier in USD. They know that in the next 12 months, they will need to buy at least \$3 million worth of supplies. Any unfavourable change in the GBP to USD rate will mean the UK manufacturer has to pay an additional GBP for the same supplies.

What happens if I don't hedge?

If you don't manage currency exposure, unfavourable currency movements can increase the prices of your raw materials and supplies, thus wiping out potential profits. You may also risk losing your competitive advantage if you decide to pass on the price pressure to your customers.

Plus, you will have less visibility of your cash flows, making budgeting and planning arduous for you. On the other hand, hedging helps you stay confident and focus more on your business rather than getting swayed by currency movements.

Can't I just use my bank for these things?

Of course, you can, and that's also your choice. But not all banks may offer a full suite of services. The global dynamics are changing, so a one-size-fits-all solution may no longer work. Our solutions provide a quick, frictionless and personalised experience whilst doing international business. Plus, our affordable solutions come with dedicated support to help you at every stage.

How does the Ebury forward contract work?

With Ebury, you can select from different forward contracts*, such as fixed forwards, window forwards, non-deliverable forwards, dynamic forwards – giving you the power to choose the currency and duration based on your business needs. This way, you navigate uncertainty in the currency market without buying the currency upfront in the spot market.

**Note: The provision of some FX Products, such as NDFs and Dynamic Forwards, is restricted to certain jurisdictions. Please contact us to learn more about the products available in your country.*

Why should I choose Ebury?

Majority owned by banking giant Banco Santander and with almost 15 years of supporting the international business community, we know the challenges you face and the best way to navigate the complicated world of international trade.

We combine everything you need to trade and scale globally with ease – all-inclusive and bespoke solutions, an easy-to-access platform and a dedicated team worldwide to help you realise your business aspirations. We are regulated by the Financial Conduct Authority in the UK, meaning your funds are always safe and secure with us.

Do I need to pay any upfront cost to enter into a forward contract?

We offer clients best-in-class deposit-free facilities to help you shield your business from unfavourable market movements and optimise your profit margins. The credit facilities may vary and are determined by a team of credit risk analysts.

How do I book a trade with Ebury?

Get in touch with your dedicated relationship manager, who will help you design a tailored hedging strategy for your business after understanding the needs, currencies involved, risk tolerance and goals. Your dedicated relationship manager will also guide you to ensure you know and are comfortable with the contract's terms and conditions. You can also use Ebury Online, our easy-to-use online platform, to execute trades and manage contracts.

Are there any risks associated with forward contracts?

In forward contracts, since the rate is predecided, you will lose any benefit of an exchange rate movement between the trade date and the maturity date. Cancellations or amendments to the forward contracts may result in an additional cost. If the spot market moves unfavourably, Ebury may make a Margin Call to cover the out-the-money position.

Is everything done online?

At Ebury, we empower you to decide how you wish to transact. We have an online platform that we are incredibly proud of – you can leverage this platform to book trades, pay and receive, access capital, manage overseas cash flows, and everything in between.

With this, we know sometimes it's good to chat with an expert. You can also speak to your dedicated relationship manager, who is always happy to help you with everything you need.

We regularly visit the offices of our customers and speak on the phone or via video. We can also speak with your suppliers and explore how we can get you more favourable pricing using local currencies.

For how long can I enter into a contract?

At Ebury, you can enter into a forward contract for the duration between 1 week to 5 years, depending on your chosen currency.

Am I obligated to buy the currency if I enter into a forward contract?

Yes, forward contracts are obligatory.

