



## Q & As

by Sue Cook

This month, I share some of the questions I am regularly asked.

*“We have a gite and take bookings in two currencies via two accounts (UK for Sterling and France for Euros). We tend to keep a set level in the UK account as we only use it for spending money there. The rest we just send over to France. Could we be doing something different?”*

You could save a significant amount if you set up regular payments with a currency specialist, instead of with your bank. Currency specialists don't usually charge fees and offer much better rates of exchange than the banks do. Your specialist will also be able to help you save even more on your transfers. For example, in exchange for a small deposit you can use a forward contract to secure a favourable rate for up to a year. Currencies Direct also offers a Rate Alert service, which means that they watch the markets for you and ask if you'd like to trade when the rates move in your favour.

*“Why do we get charged for moving money between accounts in the Eurozone? We thought it was all one single market now.”*

The Single European Payments Area (SEPA) is the EU's payment-integration initiative to simplify bank transfers denominated in euros. SEPA payments will not attract a charge and will be credited the next working day once they're sent.

If you're being charged fees for transfers within Europe, you should talk to your provider to ensure your transfers are sent through SEPA.

*“Why do currencies change in value?”*

This is a complex question, and a detailed answer would include, among other things, international trade and industry, government debt, political stability, the impact of natural disasters, wars, and civil unrest.

However, one of the biggest drivers of currency markets at the moment are the policies of central banks. Where they've embarked on aggressive easing (such as QE), we're seeing the currency devalue. This is definitely an area to watch in the next 12 months, as the US and the UK both look to lift interest rates after a prolonged period of low interest rates. At the same time, the European Central Bank is looking to add more stimulus – so we can expect lots of volatility ahead!

*“Where does the actual currency swap occur: in France or in Britain? Does it make a difference?”*

At Currencies Direct, the currency exchange takes place with the Treasury team in the UK. Funds are always placed in a customer-segregated account, and the volumes are simply moved between accounts based on the exchange rate it's been booked at.

If you're thinking of moving abroad or need more information about currency products visit [www.currenciesdirect.com](http://www.currenciesdirect.com)



**Currencies Direct**

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