

What it takes to pay in regulated currencies

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The regulatory framework for the use of RMB is changing fast and provides increased opportunities, while many currencies in emerging markets are more restricted. In both cases, the local footprint and expertise of banking players are crucial.

If a company does not have a bank account in a particular currency, or if the currency is non-tradable, BNP Paribas can help avoid financial, operational and regulatory complexity. For example, it may debit the payer's account in a tradable currency such as USD or EUR and pay the beneficiary in the relevant local currency based on an agreed rate of exchange. This helps avoid a proliferation of local currency accounts, eliminates trapped cash and simplifies the operating of currency risk management.

BNP Paribas, however, requires that the bank's payment processing and FX platforms are fully integrated – a key asset when dealing with foreign currency payments, particularly those involving complex currencies. As a result, flows are less fragmented and it's easier to implement cash pooling solutions, in strict compliance with local regulations.

No scope for error

In the case of FX settlement, particularly for spot deals, there is no scope for delayed notification of incorrect or incomplete payment instructions that could result in missing value dates and failure to receive the corresponding foreign currency amount.

Corporate treasurers rely on their banks to achieve a high level of straight-through-processing for payments of all types, including those that have different settlement instructions. But only banking players with considerable processing capacity for international payments can provide the level of security, resilience, transparency and efficiency that is required. Electronic banking tools like Connexis, host-to-host or SWIFT-based solutions can provide the visibility that global organisations need, while ensuring successful payments based on maximum automation.

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There are many anecdotal stories about bottles containing long-lost messages and valuable treasures washing up on coastlines around the world years after they were sent. Presumably, the person who dropped the bottle in the first place had no expectations that it would, if ever reach a particular destination. So, are treasurers paying any more attention when making their business-critical, time-sensitive international payments?

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Payment factory

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Advisory, sales and implementation support on bank account structure, system integration, bank connectivity, reporting, smooth and secure execution of all corporates? payments. All these elements together could be labelled as a Payment Factory.

RMB Corporate Handbook

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Renminbi

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The use of Renminbi (RMB) has gone from virtually zero to more than 13% of the overall exchanges in the past 2 years. We expect China Trade to double by 2020 and the usage of RMB to continue booming until it becomes one of the 3 major currencies used globally.

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