



# Could Foreign Exchange Make Your Bank Money?

Southern Financial Exchange

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Wholesale Solutions

# Foreign Exchange?



- FX is the basis of international trade and investments
- Biggest market in the world - **daily** turnover rate of **\$5 Trillion**
- By 2020 global payments produce **\$2.2 Trillion in annual *revenue***

(Source: McKinsey Global Payments Report 2016)



# Payments Revenue



## North America in 2015

\$425 Billion

### Cross Border

Commercial \$55.75 Billion

Consumer \$12.25 Billion

(Source: McKinsey Global Payments Report 2016)



# Why Foreign Exchange?



## Customers

- Needs
- Competition

## Revenue

- Fees
- Spread – buy low – sell high



# Benefits to Customer?



## Exporters

- Export to increase sales
- Beat the Competition
- Take the exchange rate risk off their clients
- Manage their own exchange rate risk

## Importers

- Import a key part or product
- Pricing in Dollars
  - Vendor inflates the price
  - The great unknown
- Pricing in Vendor currency
  - Pay Vendor his local price
  - Control exchange rate risk



# What Products?



- Checks
- Wires
- International ACH
- Foreign Currency Accounts
- Hedging

# Hedging?



- Conservative approach  
When you know you have the exposure, hedge!
- Hedging can keep in income or expense more level and predictable
- An extension of credit to your customer

# How does my bank do this?



## Partners

- An Upstream Correspondent
  - Transaction processor
  - Trusted advisor
- Non-Bank providers
  - Vendor management
- The Fed
  - Transaction processor



# Recipe for Revenue



- + Serving the Customer – Educating the Customer and Protecting Relationships
- + Handful of products
- + Partners

# Questions?



Thank You!

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