




OANDA

The Currency Authority

# MULTI-CURRENCY BEST PRACTICES FOR THE FINANCE DEPARTMENT

A 3-step guide for controllers, treasurers, accountants and other finance professionals, to better understand and assess their company's foreign exchange (FX) exposure.





## WHY YOU NEED TO MANAGE YOUR COMPANY'S CURRENCY EXPOSURE

Safeguard your organization's reputation and financial welfare by automating your firm's foreign exchange data feed alongside other business-critical processes. It's as crucial in the modern age as ensuring your security software is up-to-date.

In a world where companies are regularly conducting business across borders and in a variety of currencies, can your company afford to roll the dice on its foreign exchange (FX) exposure?

## CURRENCY DATA

Inaccurate currency data can have a detrimental impact on your company. Finance professionals understand this. They know FX transactions are precisely where auditors tend to look when reviewing an organization's books because that's where inconsistencies emerge more often than not.

## THE GLOBAL FX MARKET

The global FX market is 30 times larger than all equities markets combined. In fact, more than US\$5.3 trillion is traded daily, impacting corporations on a global scale. This trading activity happens in a decentralized global market, with tens of thousands of negotiations taking place simultaneously via multiple exchanges.

## UNDERSTANDING CURRENCY RISK

Regardless of industry -- manufacturing, wholesale, technology, finance, retail and hospitality -- your company is subject to currency risk, or FX exposure. It is the result of changes in the price of one currency compared to another. Managing FX exposure is critically important and if you're not doing it properly, you're essentially putting your company at a competitive disadvantage.

Effectively managing FX volatility is the challenge of every treasurer's or financial controller's existence. Oftentimes, companies make the mistake of relying on outdated methodologies to weigh currency risk, or alarmingly, it's not even a top-of-mind consideration.

## TOP 3 CORPORATE FX MISTAKES

Many businesses are neglectful when it comes to dealing with FX exposure. Among the more common shortfalls, some companies:



Stick with the status quo until a disaster unfolds – there's nothing wrong with hoping nothing goes away, but that doesn't mean you shouldn't be prepared in case it does. Think of it this way: your home may never catch fire (and may it never) but are you willing to forego buying insurance?



Have no risk management policy focused on FX – companies need a policy that takes into consideration the need for a flexible approach to tabulating the average rate of return as currency rates shift.



Leverage out-dated FX practices - like manual input of multi-currency data into financial and reporting systems, which may lead to manual errors.

Mitigating FX risk and ensuring your business doesn't raise the auditor's attention starts with the use of trusted, reliable, FX currency data from a globally recognized source.



## TAKE THESE STEPS TO UNDERSTAND AND ASSESS YOUR FX RISK AND EXPOSURE

Here are three straightforward things your company should be doing today to increase knowledge and visibility over its FX risk:

### STEP 1

#### Know Your FX Rates Provider

Choosing the right source for FX rates is of the utmost importance. Today's overwhelming availability of information makes the job of identifying the right source of data harder than it should be. Some professionals trust what's available online without second-guessing their sources. Others simply don't know where the rates they quote are coming from. The truth is that not all sources provide the same rates. FX is an over-the-counter market, which means there are many prices that could be valid at the same time. Where you get your data from can be the difference between earning a profit and suffering a loss.

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*"Trusted and relied upon by accounting firms, taxation authorities, and thousands of companies worldwide for more than 20 years, OANDA provides automated, authoritative FX data for companies of all sizes and in all industries."-- Natasha Lala, Managing Director, OANDA | Solutions for Business.*

### STEP 2

#### Automate Your FX Data Feed

In the Digital Age, too many people continue to download spreadsheets and import data manually into their accounting systems. This outdated modus operandi is destined for the recycling bin. Automation is the way to go. By automating your FX data feed and plugging it directly in to your enterprise resource planning or financial reporting software via an application programming interface (API), you and your staff will have more time to concentrate on other pressing tasks while eliminating the threat of human error from your balance sheet. That's what the Big Four and other accounting firms do. You've already automated other mission-critical business processes, FX data should be among them.

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*"Thanks to the integration with FX automated data feed, our Oracle EBS clients operating in the finance department can focus on what they do best: enabling their organizations to leverage accurate data for making intelligent business decisions." -- Scott Elequin, President and CEO, SmartDog Services, an Oracle EBS Platinum Partner.*

### STEP 3

#### Rely on Daily Rates All of the Time.

How often do you check FX rates? Monthly? Quarterly? If so, you're missing the big picture. You need to be checking exchange rates daily to ensure accuracy. FX rates fluctuate by-the-second-day-over-day. By using an automated FX data feed, it's quick and easy to check on exchanges rates on a daily, or weekly basis. In essence, it provides clear insight into understanding what's happening to your firm's bottom line and why.

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*"At Zuora, we leverage automated FX data feed for accounting purposes, financial reconciliation, and more. Using real-time rates allows our organization to make smarter decisions across every department, from finance and accounting, to product development, sales, and human resources." -- Tyler Sloat, Chief Financial Officer, Zuora.*



## ABOUT OANDA

OANDA was founded on the belief that technology and the Internet would globalize the marketplace, creating an unprecedented need for currency-related products and services. With over 20 years of experience in foreign exchange OANDA is today considered the gold standard in FX rates, providing automated, authoritative FX data for companies of all sizes and in all industries.



## WHY OANDA RATES®



### Trusted

OANDA is trusted by audit firms, taxation authorities, and companies worldwide. OANDA Rates® are the globally recognized standard for accurate exchange rates data so you can have complete confidence in your numbers.



### Flexible

OANDA owns the world's most comprehensive and flexible FX data that will meet your firm's accounting needs, with 29,000 currency pairs tracked by-the-second over the past 25 years. Choose the periods, values, decimals and standards suited to your business from OANDA and the European Central Bank.



### Effortless

Our automated FX data feed plugs OANDA Rates® directly into your computing environment, saving time, and reducing the risk of manual errors or missing audit trails. Our simple integration process easily connects our API to all ERP systems including SAP, Oracle EBS, PeopleSoft, JD Edwards, NetSuite, Microsoft Dynamics, and many other financial and e-commerce systems.

For more information about OANDA Solutions for Business and our automated FX Data Feed, please call [1-800-826-8164](tel:1-800-826-8164) (toll-free) / [+1-212-390-8735](tel:+1-212-390-8735) (international), or start your free trial at [oanda.com/solutions-for-business](http://oanda.com/solutions-for-business)