



Where Does the Actual Currency Swap Occur: in France or in Britain? Does it make a difference?

by Sue Cook



This is a question which could lead to a multitude of potentially confusing, some might suggest fascinating, but all would surely agree long (!) explanations. We won't hit you with the varying different manners in which money is transferred around the world, there aren't sufficient column inches available to us in this article to even begin!

But in its simplest format in a typical foreign exchange transaction, a party purchases some quantity of one currency by paying with some quantity of another currency. The modern foreign exchange market began forming during the 1970s after three decades of government restrictions on foreign exchange transactions. The Bretton Woods system of monetary management established the rules for commercial and financial relations among the world's major industrial states after World War II.

The actual exchange of currency from one denomination to another will typically take place in the country where the exchange is originated, facilitated by the transferring party arranging for the sum required to be deposited with a transferring partner (typically a specialist service provider such as Currencies Direct). They in turn will arrange for the exchange to take place in the country of deposit with a treasury support facility.



It's doesn't exclusively have to take place in this way, but does allow for good control of funds being moved at the pre-agreed rate by the transferring party. From the customer's point of view, the actual geographic location of the exchange is immaterial as long as an agreed rate for the transfer from one currency to another is in place at the point where the deal is placed.

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. We've been operating such transfers for our clients for the past 20-years, and we'd be delighted to discuss how we can help you too.

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