

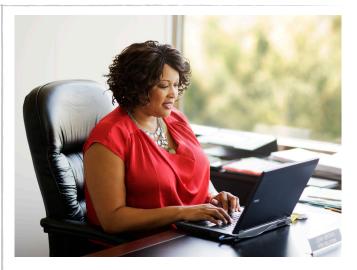
Improve International Payment Processing

The global economy has created opportunities for businesses of all sizes. Tapping a worldwide market can help your business acquire new customers or locate new suppliers.

To take advantage of these global opportunities, you need to have a reliable international payment solution in place. It is important to select a provider with the expertise to help you navigate what can be a complicated process, so you can focus on your business.

This guide is designed to help you streamline your international payments process and to find a provider who can meet the specific needs of your business. Sections include:

- Four Tips Every Small Business Owner Should Know when Conducting International Business, pg. 1
- What to Look for when Choosing an International Payment Provider, pg. 2
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A10 CLINICAL SOLUTIONS
Leah Brown

Lean Brown Member since: 1998

FOUR TIPS EVERY SMALL BUSINESS OWNER SHOULD KNOW WHEN CONDUCTING INTERNATIONAL BUSINESS

Once the province of large corporations, foreign currency payments have become a necessity for many other businesses. Even small businesses are sourcing products overseas and selling products and services to an international clientele.

Follow these four steps to familiarize yourself with making foreign currency payments:

1. Become Acquainted with Foreign Currency

If you are considering doing business abroad, you may think it's easier to use U.S. dollars to pay overseas parties. Yet paying in foreign currency may have advantages:





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Doug Zell Member since: 1988

- Paying overseas business partners in a foreign currency may allow you to take advantage of a favorable exchange rate.
- You may be able to negotiate better prices by saving your international partners the hassles and cost of exchanging U.S. dollars into the local currency.

However, transacting in foreign currency inevitably exposes your business to some degree of risk. Exchange rates are in constant flux, which makes it difficult to predict and control costs. Consider the euro and the British pound, two currencies commonly traded with the U.S. dollar: In 2010, the euro's value fluctuated as much as 16%, while the pound's value varied as much as 13%.

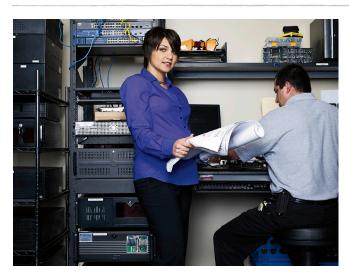
Though those amounts might not seem so great, you can imagine how they would affect your cost for a large transaction. But do you have the time and resources to constantly monitor the foreign exchange market?

What to Look for when Choosing an International Payment Provider

Whether you are just starting to conduct business abroad or you already make frequent payments in foreign currencies, consider these points when selecting an international payment provider:

- Variety of solutions. Look for a provider whose services best suit your business, whether you need wire transfers, foreign checks, conversion of incoming payments or forward contracts.
- Competitive rates. Because exchange rates can vary among institutions, you may want to compare those offered by different providers.
- No setup or maintenance fees. Find out if a provider charges an enrollment fee or any monthly or yearly fees.
- Customer service. Some providers have foreign exchange specialists available around the clock, to better accommodate your schedule.
- Real-time exchange rates. Look for a system that provides real-time rate quotes.
- Online data management system. Be sure the provider's system is compatible with your accounting solution and allows you to easily locate past transactions and to create an audit trail for transactions.
- Security and reliability. Find out if the provider allows you to authorize certain users to enter and approve transactions or to set transaction limits. A knowledgeable staff can help answer your questions about required information.





BUSINESS COMMUNICATIONS SOLUTIONS

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2. Manage Fluctuating Exchange Rates

Just as large corporations have hedging strategies to protect their bottom lines from unpredictable and potentially costly fluctuations in the currency markets, smaller businesses can also reduce their vulnerability with a few simple steps:

- Lock in today's exchange rate. If you have an obligation to make a payment in foreign currency, such as an upcoming purchase of inventory, a forward contract allows you to lock in a favorable exchange rate by agreeing to purchase a specific amount of foreign currency at a specific time. This way, you know how much it will cost you in U.S. dollars to purchase the foreign currency that you will need. Forward contracts help you to reduce your exposure to variations in the foreign currency markets.
- Batch transactions. Aggregating multiple payments with the same currency can help you to get a better exchange rate than sending payments individually. Batch payments are popular among small business owners who work with several suppliers or contractors who receive payments in the same currency.

• Weigh providers carefully. The cost and convenience of doing business overseas can vary greatly depending on the service you use. Compare the higher transaction fees to make international wire transfers, which can affect smaller companies that manage multiple recurring payments each quarter.

3. Help Protect Yourself From Transaction Risk

In addition to currency-related risks, headaches can occur during the transaction process. Incomplete or inaccurate information can hold up transactions and cost your business.

An experienced international payment provider can answer your questions about what information you will need to provide in order to initiate a payment. This can help you to collect the necessary information and to get your payments submitted on time.

4. Save Time

A service provider who is dedicated to foreign currency payments can help you to get the most out of your transactions, while freeing up your time so that you can focus on running your business.

Online platforms have also made it easier to send payments overseas. Users may be able to view transaction details online and to save the payee details for future use.

Using an online platform for financial transactions can come with risks, which is why it is important to choose a payment provider with appropriate security procedures. For example, you may want to look for an international payments provider who allows you to set up a requirement for a second approval level of each transaction (i.e., a requirement that a transaction be approved by two users that you select, before it will be processed). A well-established provider can demonstrate a strong performance record and a knowledgeable staff to address concerns.



Simplify Foreign Currency Payments with American Express FX International Payments

American Express® FX International Payments offers flexibility and convenience in foreign currency transactions, making it a smart way to help manage your international payments. Initiate a payment by telephone or online.

Getting started with FX International Payments is easy. The service works with your existing U.S. business bank account, so there's no need to set up a new account.

Features include:

Enjoy competitive exchange rates for more than 110 currencies that FX International Payments supports. Download a complete list of available currencies at open.com/fxpayments.

Your Own Account Manager

An account manager is available to provide you with valuable information and support to assist you with your foreign payment needs.

Range of Payment Solutions

FX International Payments offers a variety of transaction options to accommodate your business needs, including:

- Wire transfers: A faster way to transfer funds, wire payments can be simple to do with FX International Payments' secure online platform.
- Foreign checks (drafts): When wire transfers are not feasible, American Express can sell you a foreign-currency check.
- Forward contracts: Lock in an exchange rate for future use and help reduce your exposure to fluctuations in the FX markets.
- Incoming payments: Funds in 11 major currencies, including the euro, British pound



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and Japanese yen, can be converted into U.S. dollars and then sent to your bank account. As with outgoing wire transfers, American Express can help you to secure competitive exchange rates.

For those who like the convenience of paying online, FX International Payments offers a secure, web-based platform from which you can send payments anytime and anywhere, with no additional software to run or load:

- Help save time and avoid errors by storing your information, payee information and other transaction options for future payments.
- Group multiple payments with the same currency into a single batch to receive an even more competitive exchange rate.
- Receive round-the-clock support from American Express Foreign Exchange Specialists, available 24 hours a day, Monday through Friday.

OPEN INSIGHT GUIDE FINANCIAL MANAGEMENT: FX INTERNATIONAL PAYMENTS



- Simplify reporting and recordkeeping with comprehensive, customizable reports that allow you to check transaction details and download payment history.
- Help to reduce the risk of fraud by appointing a second approver to release your transactions.
- Have your own account manager as a direct point of contact to assist your payment needs.

Organize Tax Records

FX International Payments can help simplify putting together financial information when doing your taxes or creating budgets, including:

- Easily check the payment history of each transaction, including status, date, currencies involved and the currency exchange rate used. Transaction histories are automatically saved.
- Create an audit trail for any transaction.
- Upload data in a variety of formats to suit your own accounting system.
- Store your information to reduce time reentering data or correcting errors.
- Receive detailed confirmations when transactions are completed.

Earn Membership Rewards® Points¹

You can earn one Membership Rewards bonus point for every \$30 of eligible foreign currency payments¹ transferred internationally. You can redeem your points for products or gift cards and gift certificates. American Express OPEN Cardmembers can earn 15,000 points when they enroll in the FX International Payments service and 15,000 more points after making three FX transactions within the first 90 days².

For more information on FX International Payments, see open.com/fxpayments.

¹ Not valid for U.S. dollar to U.S. dollar transactions. One (1) Membership Rewards point will be awarded for every \$30 of eligible transaction. The maximum award per transaction is 4,000 bonus points. To be eligible to earn Membership Rewards bonus points, your business must designate an American Express Card that is already enrolled in the Membership Rewards program ("MR Program") to which points will be credited. That American Express Card must be current and enrolled in the MR Program at the time the transaction is initiated, FX International Payments must have a completed registration on file for the Card, the transaction must be a foreign currency transaction, and there must be no unpaid FX International Payments obligations of your business or other violation of or default under the International Payments Terms and Conditions at the time of bonus fulfillment. No bonus points will be awarded retroactively for transactions processed prior to the enrollment of the business in the FX International Payments service and the processing of the MR Program registration form. In the event a registered Card is lost, stolen or renewed, the Cardmember must register the new Card by submitting a completed form with the new Card information. Processing of the registration form takes approximately 2-4 weeks. To obtain a registration form call 888-391-7791. Bonus points will be credited to the Card's MR Program account within 10-12 weeks after the eligible transaction is complete. Membership Rewards bonus points that are awarded to the business for its transactions with FX International Payments from American Express are also subject to the terms and conditions of the Membership Rewards program, including rules regarding forfeiture of Membership Rewards Points. See membershiprewards. com/terms for more information. Transactions by university or financial institution clients are not eligible for this offer. Bonus ID 7601

²To earn 15,000 Membership Rewards bonus points for activation of your FXIP account, you must satisfy the following conditions: (i) you must complete an FXIP application form and a Membership Rewards registration form and submit them to us, as described in the preceding paragraph, no later than June 30, 2012; (ii) your FXIP application and Membership Rewards registration must have been processed and approved by us; and (iii) you must complete at least one international wire through your new FXIP account no later than June 30, 2012. In order to earn an additional 15,000 Membership Rewards bonus points, you must meet the conditions in the preceding sentence and you must also initiate at least three (3) foreign currency wire transactions within ninety (90) days of your first international wire.

**FX International Payments is a service of American Express Travel Related Services, Inc. ("American Express"). This service is not available to consumers. To enroll in this service, your business will be required to complete an application, which is subject to review and approval by American Express. For a copy of the application, including terms and conditions, call 1-800-351-0719. If an OPEN Business Cardmember applies for the FX International Payments service before June 30, 2012 and is approved by American Express, American Express will waive its standard transaction fee of \$15 on international wire payments for the first six months, and will charge a transaction fee of \$10 thereafter. American Express reserves the right to discontinue this reduced transaction fee in the future at any time or in the event you cease to be an eligible OPEN Business Cardmember. International wire payments in the same currency (for example, US Dollars to US Dollars) are not eligible for this offer. There is no minimum number of transactions in order to qualify for this offer, but a minimum transaction size may apply, depending on the currency of the transaction. In some countries, the receiving bank may assess its own transaction fees on your wire transfer. You recognize that, even if American Express does not charge you a transaction fee on your international wire payment, American Express may earn revenue from the foreign exchange transaction. Standard fees apply to products and services other than international wire payments.



Small Business Owner Case Study: Theresa Doyle, Andiamo Team Inc.

Solution Helps Tour Operator Make Foreign Currency Payments a Breeze

As the owner of Andiamo Team Inc., an Italy-focused tour operator based in Staten Island, NY, Theresa Doyle arranges visits to famous Roman basilicas, dinners at exquisite restaurants and overnight stays in charming coastal villas. Running her business would be almost impossible without a fast, reliable means to pay her suppliers — the tour guides, lodging operators and other business owners who provide the components of her tours.

With FX International Payments from American Express, paying suppliers is an almost seamless process so Doyle can focus on the fun parts of her job. More importantly, she used it to help get her company through the economic downturn.

Save Time Online

When Doyle launched Andiamo in 2002, sending wire payments required making lengthy trips to the bank. Between filling out paperwork and waiting for someone to transfer the funds, the process took at least half an hour each time, not including travel time.

"It was a time-consuming process," she recalls.
"If I had to physically go someplace and fill out a
form now, a lot of my time would be wasted where
I wouldn't be working toward my company and for
my customers."

A longtime American Express Cardmember, Doyle learned about FX International Payments shortly after starting her business. The online platform helped simplify her work considerably, allowing her to transfer funds and pay suppliers more efficiently. She credits the service with helping her maintain good relationships with her suppliers,

Andiamo

since she can alert them when a payment is on the way or consult her transaction history if any questions arise.

"I'm able to handle everything right in my own office on my own screen," she says. "I can sit there and actually do wires and get reports and send them to my suppliers. I can keep track of who I've paid by vendor, by month or by type of service. For me, it's an all-inclusive product."

Reduce Costs

Besides freeing up time to focus on managing her business, FX International Payments has also afforded significant cost savings.

"We managed to get through the recession by batching our wires and getting a good exchange rate," Doyle says. "It makes a huge difference for us."

Doyle monitors exchange rates on her own but likes knowing she can count on American Express' Foreign Exchange Specialists, particularly when she is holding a non-urgent payment and trying to get the best rate. For her, excellent customer service is a key component of a good working relationship.

"We are extremely pleased that we have American Express as our service provider and that we're able to get excellent exchange rates, excellent customer service and very good reporting," she says. "We have the right relationship with American Express, and it makes Andiamo a more effective company."



Frequently Asked Questions in Foreign Currency Payments

The foreign exchange industry is continually changing. The following FAQs help explain some of the basics of making FX payments:

Q. How do FX forward contracts work?

A. An FX forward contract is an agreement to buy a specific amount of FX at an agreed-to rate at a future time. By entering into a forward contract, you lock in an exchange rate for a pair of currencies (e.g., euro-dollar). Once you have an FX forward contract in place, you can more accurately forecast your costs, since you know how much it will cost you to purchase the foreign currency for that upcoming international payment. There are two types of FX forward contracts:

- Fixed forward contracts lock in a rate to use for a transaction up to one year in the future. These contracts are used when you know the transaction date.
- Window forward contracts set a range of dates during which you will purchase the FX. These contracts are helpful when payment dates are uncertain. Also called open forward contracts.

Q. What is an incoming foreign exchange wire?

A. An incoming foreign exchange wire is an electronic transfer into your U.S. bank account. Foreign currency that you hold overseas or that another party owes you is converted by us into U.S. dollars and deposited in your U.S. bank account.

Q. What information do I need to include with an international payment?

A. You will typically need the name, address and account number of the recipient along with the recipient's bank name, address and routing information, including its Bank Identifier Code (BAC). For European payments, an International Bank Account Number (IBAN) is required.

Q. How long does it take for a payment to reach a recipient?

A. The time varies according to the type of payment and the service provider. In most cases, an international wire payment will arrive in 24 to 72 hours.

Q. How can I help protect myself from fraud and phishing?

A. Be wary of emails imitating reputable companies that ask you to take urgent action requiring sensitive information to be divulged (e.g., validating or updating account details). Phishing emails are often generic and don't address you by name. Avoid clicking on links in these emails. Make sure that your anti-virus software is up to date.

Have more questions? Visit open.com/fxpayments or call 1-888-527-0551.



Notes				

To learn more about our products and services, call 1-800-NOW-OPEN or visit us at <u>open.com</u> For more OPEN Insight Guides, and other resources to help you grow your business, visit <u>openforum.com</u>