

FSA To Regulate Money Transfer Industry

Submitted by: Tor FX Foreign Exchange

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Every year, thousands of individuals and businesses use independent foreign exchange brokers to transfer their funds. The main benefits of using a broker include better exchange rates than the banks offer, and specialist knowledge that the banks lack. However, until now the industry has been largely unregulated, and many smaller firms have entered the market. It can be difficult for consumers to discern between a professional company with proper controls, and small start ups with little or no credentials.

In a move welcomed by consumers and industry alike, the FSA are to become the regulators of the money transfer market from November 2009. All money transmitters will be required to register with the FSA, and companies transferring more the 3 million euros per month will need to seek authorisation. This will require "fit and proper" tests on owners and directors, as well as a detailed application process that includes close financial scrutiny. Perhaps of even more importance, is that these firms will become subject to the FSA "conduct of business" rules, which provide for fair treatment of customers, and detail the sorts of controls and internal procedures that must be in place for companies to operate in the sector.

Although firms that started operations before December 2007 do not have to be authorised until April 2011, they will still be subject to conduct of business rules from November 2009, which means that consumers will benefit from access to the Financial Ombudsman service should they have cause for complaint. Well established, reputable brokers welcome the new regulations as they will raise the profile of the industry as a whole, and help to weed out unsavoury or unsound companies.

Jon Beddell, managing director of TorFX said, "We're delighted that the currency transfer market will now come under the FSA's regulatory umbrella. This can only help both consumers and the industry as a whole. Customers deserve to know that they are dealing with companies that have passed the strict FSA scrutiny that will be applied, as well as being able to transact in the knowledge that they have recourse to the Financial Ombudsman if they are not treated fairly."

TorFX suggest these checks when selecting a money transfer company.

- 1) Always check that your money is held in a segregated client account separate and identifiable from company funds.
- 2) Only deal with a well established company. How long have they been trading? Have they won any industry awards or been recommended in the financial press? Ask how many staff are employed. Larger companies are more likely to have proper controls in place.
- 3) If you can, check the company's credit rating. Many smaller firms have no rating at all, or only have a low rating.

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Key Facts:

In 2008 TorFX transacted over £300,000,000 in foreign exchange.

Hundreds of UK companies use TorFX for currency transactions and advice.

Member of the Association of International Property Professionals.

Regulated by HM Revenue & Customs.

Segregated client accounts held with Barclays Bank Plc.

In 2008 TorFX achieved 2nd place in the Sunday Times Fast Track 100 list, for being one of the UK's fastest growing independent companies.

To arrange an interview or for more information contact:

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