

Credit Terms in FX

Why timing, liquidity and settlement matter



CREDIT TERMS & FX FACILITIES

Why payment timing and contract terms matter for international trade

Supplier credit periods and foreign-exchange credit facilities are different concepts, yet both can influence how a business manages international payments.

Supplier credit and FX credit are not interchangeable

A supplier may grant 30, 60 or 90 days to pay an invoice. That creates commercial breathing space but does not remove currency risk while the invoice remains outstanding. Separately, some FX providers may assess credit facilities connected with eligible contracts or settlement obligations. Their availability depends on underwriting, security, limits and product terms.

Read the fine print before using an FX facility

Finance teams should understand settlement obligations, initial and variation collateral, utilisation limits, drawdown requirements, early termination terms and potential exposure if the market moves adversely. A forward contract can support budgeting, but it is a binding financial arrangement with risks. Payment delays or an unexpected volume change can also affect planned usage.

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Credit flexibility is useful only when the obligations, risks and cost are understood.

An example to frame the decision

Consider a manufacturer buying €500,000 of equipment with a 60-day payment term. The relevant questions include when the euros must be delivered, whether the rate is fixed or floating, which entity bears the risk, whether cash must be reserved and what happens if the order is postponed. The right solution depends on the full contract and cash-flow position.

Where Freedom Global fits

Freedom Global helps companies understand available payment and FX product structures, compare transparent pricing and discuss their requirements with suitable authorised providers. Credit and hedging products require individual eligibility checks and may not be suitable for every business.

Explore your corporate FX position

Freedom Global helps businesses examine international payment arrangements, the spread in customer exchange rates, and potential alternatives. To explore the FX Score, transaction review or specialist provider options, visit freedomglobal.io.

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