
 **USD Balance** \$200,567.19
Routing number (ACH or ABA), Account number

 **GBP Balance** £10,243.84
UK sort code, Account number, IBAN

 **EUR Balance** €50,678.96
IBAN, Bank code (SWIFT/BIC)

Beyond Africa: A Guide to Modern Multi-Currency Bank Accounts for Cross-Border Payments

A handbook for seamless cross-border

transactions for African businesses



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Introduction

In Africa, businesses have moved from localised systems to digital platforms that involve multi-currency features. At \$186.2 trillion, cross-border B2B payments account for 98% of all international transactions, this further underscores the importance of African businesses not being left out. The world they say is a global village, and each individual and business must find a way to function effectively in the village market.

Therefore, if you do business in more than one country then multi-currency accounts are an indispensable resource for your business. These accounts as the name suggests handle various currencies and simplify transactions both for the sender and for the receiver.

In this report, we'll show you how to use multi-currency accounts to perform seamless cross-border transactions. We'll break the jargon and technical stuff into examples and actionable insights that you'll be able to implement on the go.

We hope this guide is a useful resource in helping you achieve your business goals.

About the Authors

Raenest

Raenest is a leading financial technology company that specialises in providing a comprehensive suite of financial solutions tailored to meet the unique needs of businesses operating in a global marketplace.

Raenest's Core Offerings:

Full USD Business Banking: Raenest offers USD business bank accounts that allows businesses accept deposits via ACH, domestic wire, and SWIFT.

Customizable Corporate Cards: Raenest provides customizable corporate debit cards that businesses and their teams can use to manage global expenses.

Multi-Currency Wallet: Raenest provides multi-currency wallets, allowing businesses to transact with international partners, and manage diverse currency needs with ease.

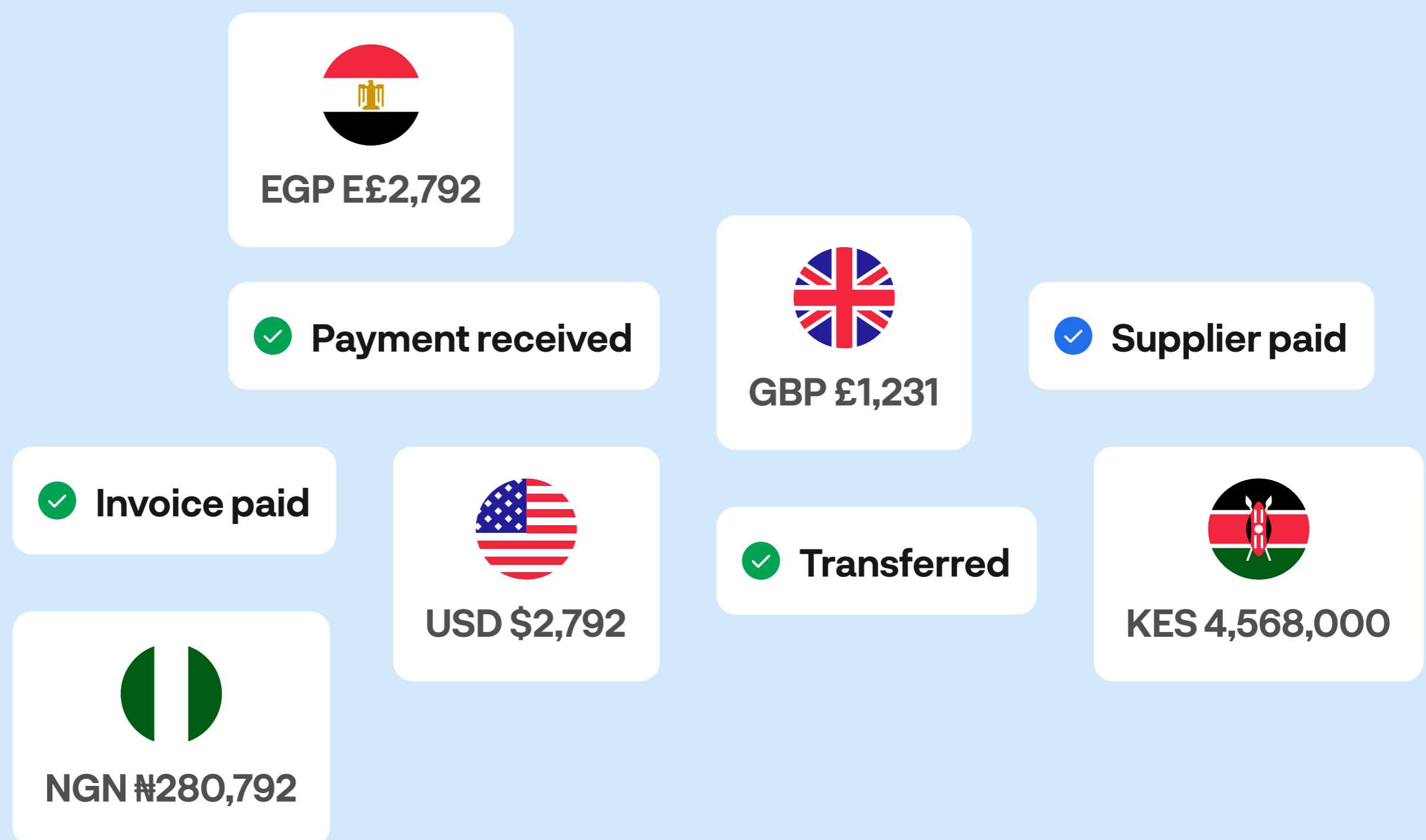
Global Transfers: With Raenest, businesses can send money to 35 countries quickly and securely, enabling businesses to manage their global operations more effectively.

Currency Conversion: Raenest offers competitive exchange rates for currency conversions, helping businesses get the best value for their money.

Seamless Invoicing Tools: Raenest provides invoicing tools that businesses can use to create, send, and track invoices effortlessly, and streamlining their billing processes.

Bendada

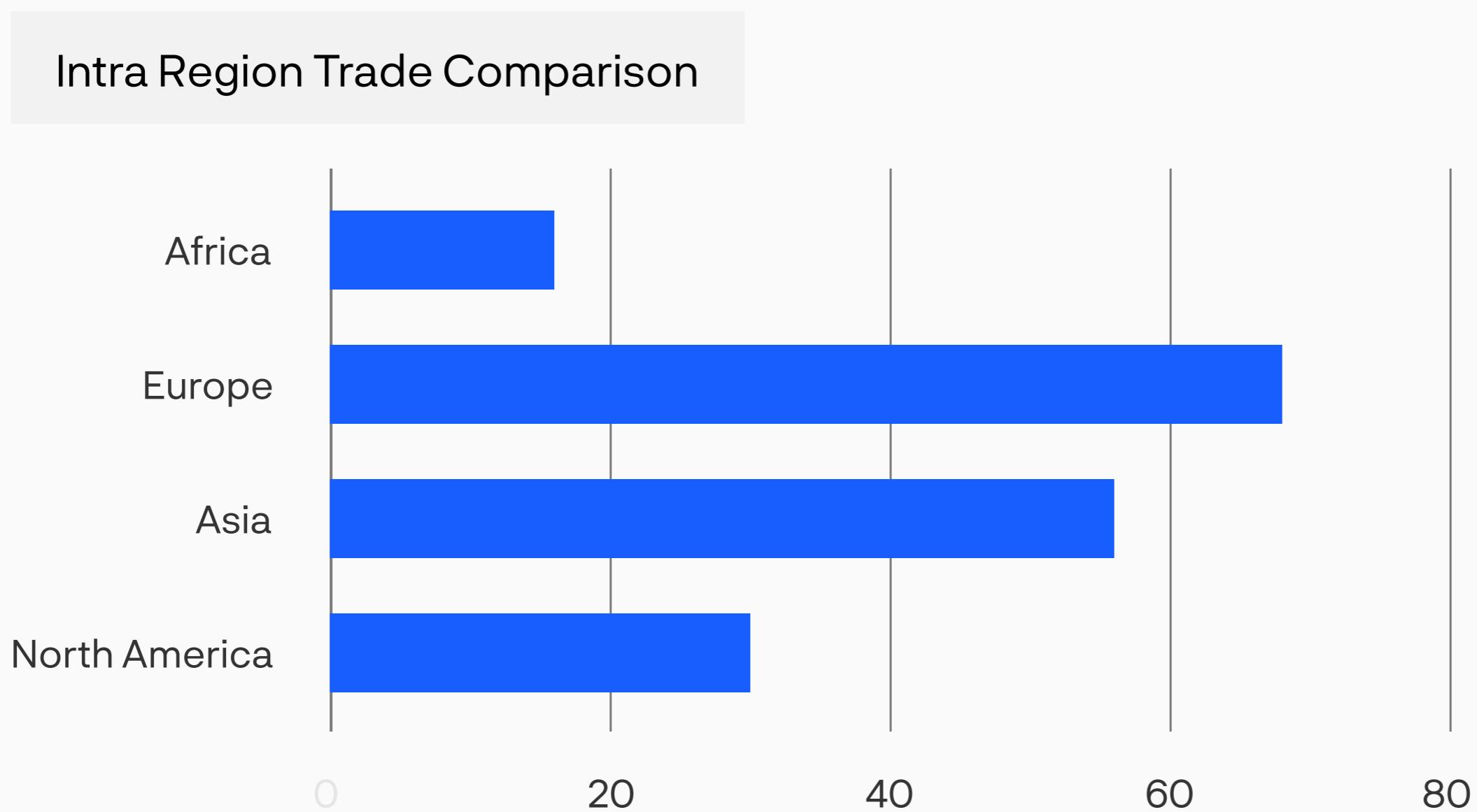
Bendada.com is a digital publication that provides insightful reporting on the evolving state of technology and its impact in Africa. Every month, Bendada reaches more than 300,000 people through its publication, social media, and events.



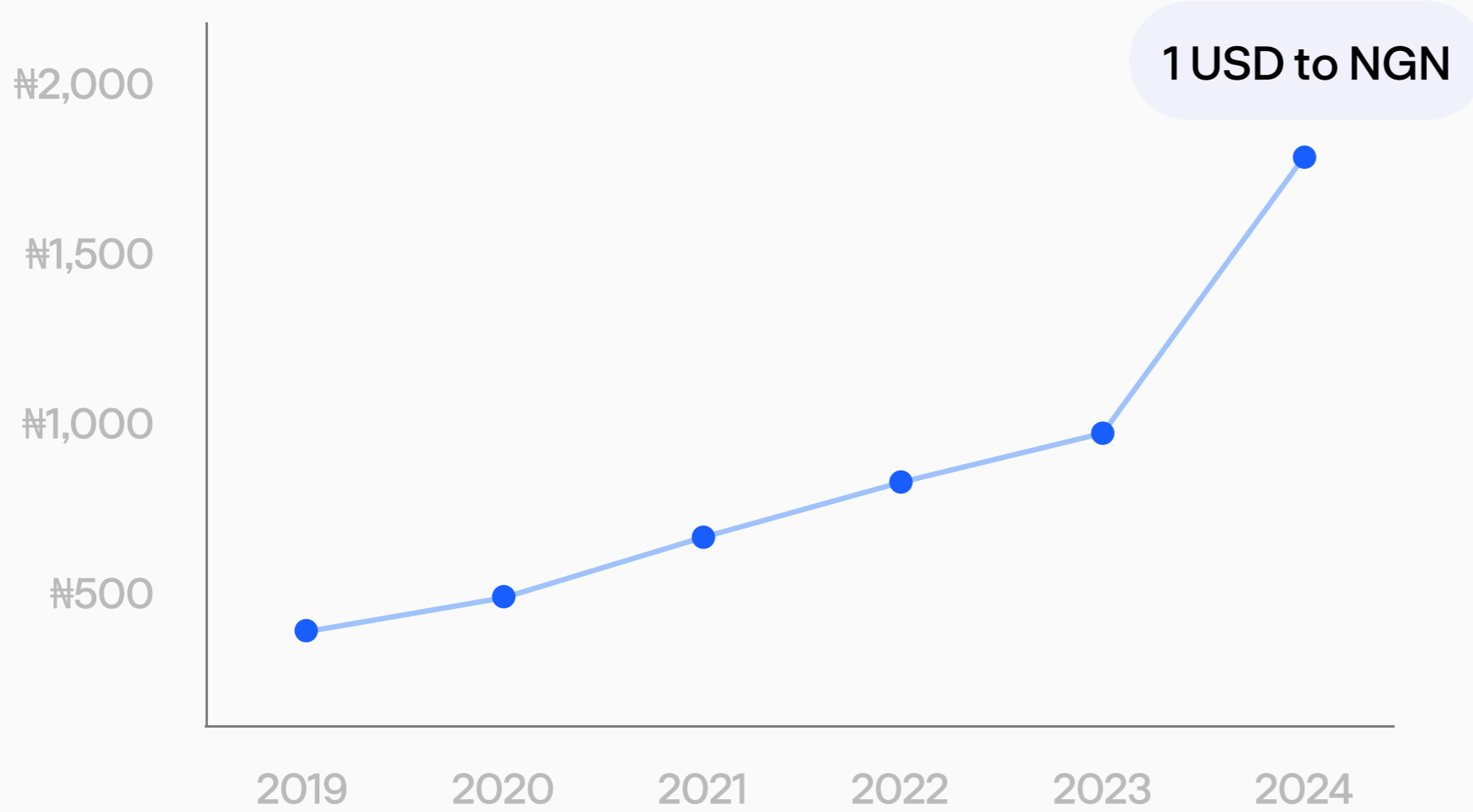
The African Business Landscape: Opportunities and Challenges in Cross-Border Transactions

Doing business in Africa presents a unique mix of exciting opportunities and substantial challenges when it comes to cross-border transactions. For one, Africa is a combination of 54 countries with 44 distinct currencies. To add to this, each country has peculiar laws around trade that tend to restrict how much value can be exchanged.

These limitations have spurred the clamour for an increase in internal trade between African countries. Currently, intra-Africa trade sits at 14.4%, significantly lower than other regions like: Europe (58%), Asia (59%) and North America (31%). By trading more with each other, African nations can expand their markets, leading to increased production, job creation, and economic growth.



But we live in a global village, and as such, trading with other countries also allows African nations to access foreign direct investment, crucial for infrastructure development, technological advancement, and industrialisation. This can lead to increased productivity, competitiveness, and economic growth.



* Decline of the Nigerian Naira to the US Dollar within the last five years

Currency Devaluation and Foreign Exchange Volatility

To take advantage of the diverse cross-border trade opportunities, currency is a crucial factor to pay attention to because it's the basis of which value is measured by the seller and buyer. For this massive trade potential to be unlocked, the difficulties around exchanging value using different currencies need to be eased.

Currency devaluation, the decrease in the value of a currency compared to other currencies, is a complex issue which increases inflation and potentially erodes purchasing power. For business, this brings in a lot of uncertainty, and disrupts business activity, impacting investment and growth. In 2023, many African currencies experienced depreciation against the US dollar, averaging around 8% – the Nigerian Naira lost about 50% of its value.

The instability of many African economies also influences the value of the currency, making it fluctuate. Traditional money changers see this as a medium to make a quick buck and inflate their rates. This makes it very difficult to do business in foreign currency.

Cross-Border Transaction Pain Points: Delays, Costs, and Complexity

For businesses that operate in more than one African country, the difficulties of currency devaluation and foreign exchange volatility have to be endured. So they turn to traditional cross-border payment solutions which tend to be slow, costly and complex.

Imagine a small Kenyan clothing manufacturer, Kitenge Boutique, securing a new order from a US retailer. To fulfil the order, Kitenge Boutique needs to receive payment from the retailer.

But payments can take several days, even weeks, due to intermediaries like correspondent banks and their clearance processes. This delays Kitenge Boutique's access to working capital, impacting its ability to purchase materials, pay employees, and fulfil other expenses.

The numerous fees charged by intermediary banks and currency conversion charges eat into Kitenge Boutique's profit margins, reducing its competitiveness and overall profitability. Also, navigating complex documentation, regulations, and varying exchange rates requires significant time and effort, diverting resources away from core business activities.

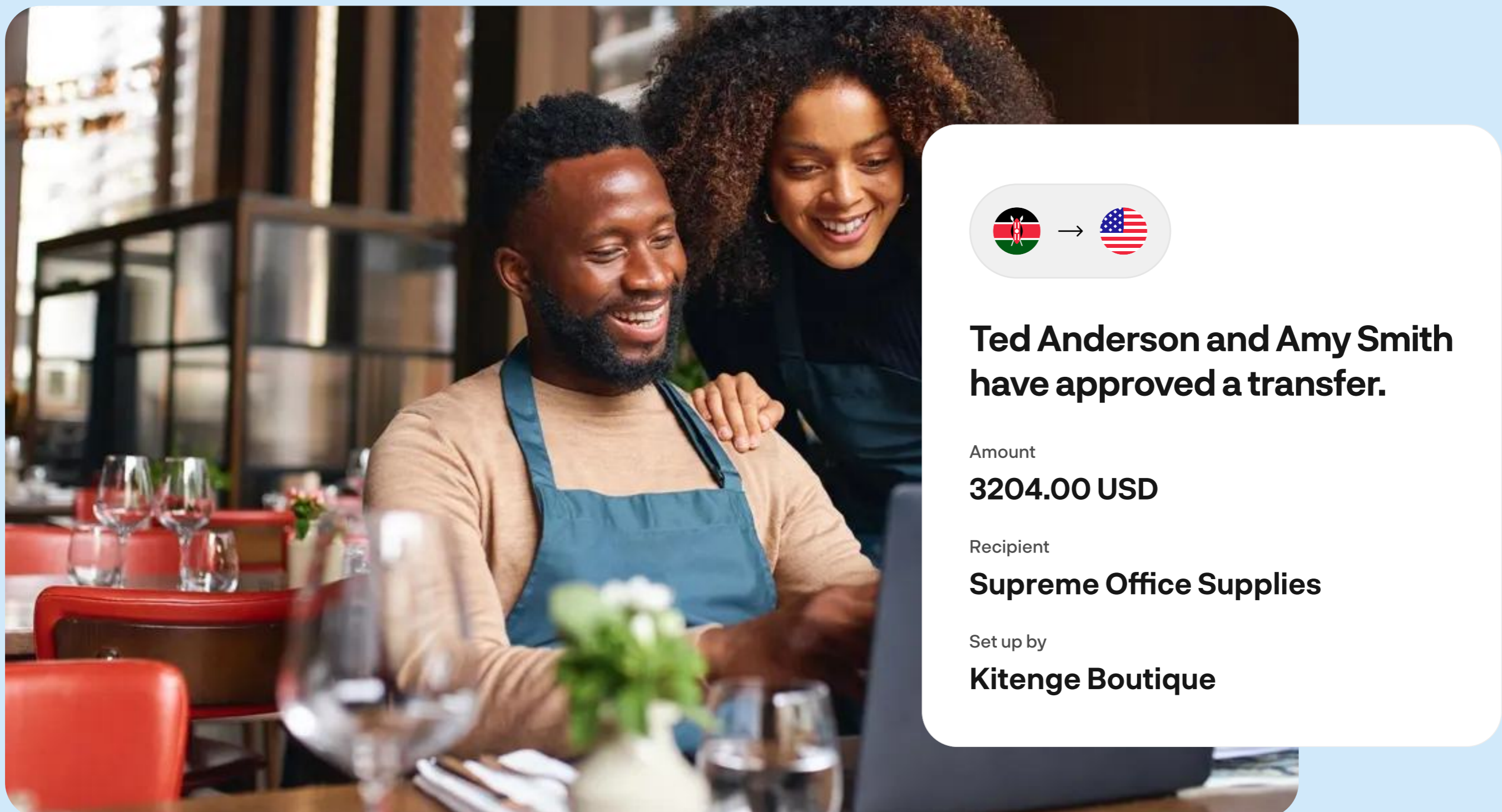


Domiciliary bank accounts and their limitations

Domiciliary accounts are often the next option for Kitenge Boutique but they still fall short due to the following limitations:

- Complex requirements for setup, with the setup process taking up to 2 weeks and often requiring a setup fee in some cases.
- High international transaction fees and slow cross-border payment processing.
- Governed by the laws of the account owner's country of residence.

Fortunately, there's a solution to this issue.



Multi-Currency Accounts domiciled in foreign countries: A Game Changer for African Businesses

Unlike traditional multi-currency bank accounts which provide local-based domiciliary accounts, modern multi-currency accounts (MCA) domiciled in foreign countries consolidate local bank accounts (from different countries) into a unified system, facilitating interoperability and automation among the accounts.

Think of these multi-currency accounts as equal to owning a Wells Fargo bank account (US), Barclays account (GBP) and Deutsche Bank account (EUR).

How do multi-currency accounts work?

To make cross-border payments seamless, Kitenge Boutique can create a Raenest MCA which gives her access to a Kenyan shillings account for local currency and then several "sub-accounts" for each relevant currency including a Wells Fargo bank account for USD. Each sub-account acts like a separate bank account but under the umbrella of the MCA.

Kitenge Boutique can deposit funds into their MCA in their local currency (KES) or any other supported currency. These funds are then converted and allocated to the relevant sub-accounts based on their needs.

When the US retailer pays Kitenge Boutique in USD, the funds are deposited directly into the Wells Fargo bank account which is a sub-account within Kitenge Boutique's MCA. For the US retailer, it's not an international transfer but a local transaction since they're paying into a Wells Fargo account, not a Keyan Bank account. This eliminates the need for multiple conversions and intermediary banks, speeding up the process.

Kitenge Boutique can either convert the money to Kenyan Shillings and withdraw it or leave it in her USD sub-account. Later, if the boutique needs to pay for something in the US, they can just make a transfer out of their USD sub-account to pay suppliers or contractors. This simplifies currency management and potentially avoids conversion fees compared to traditional methods.

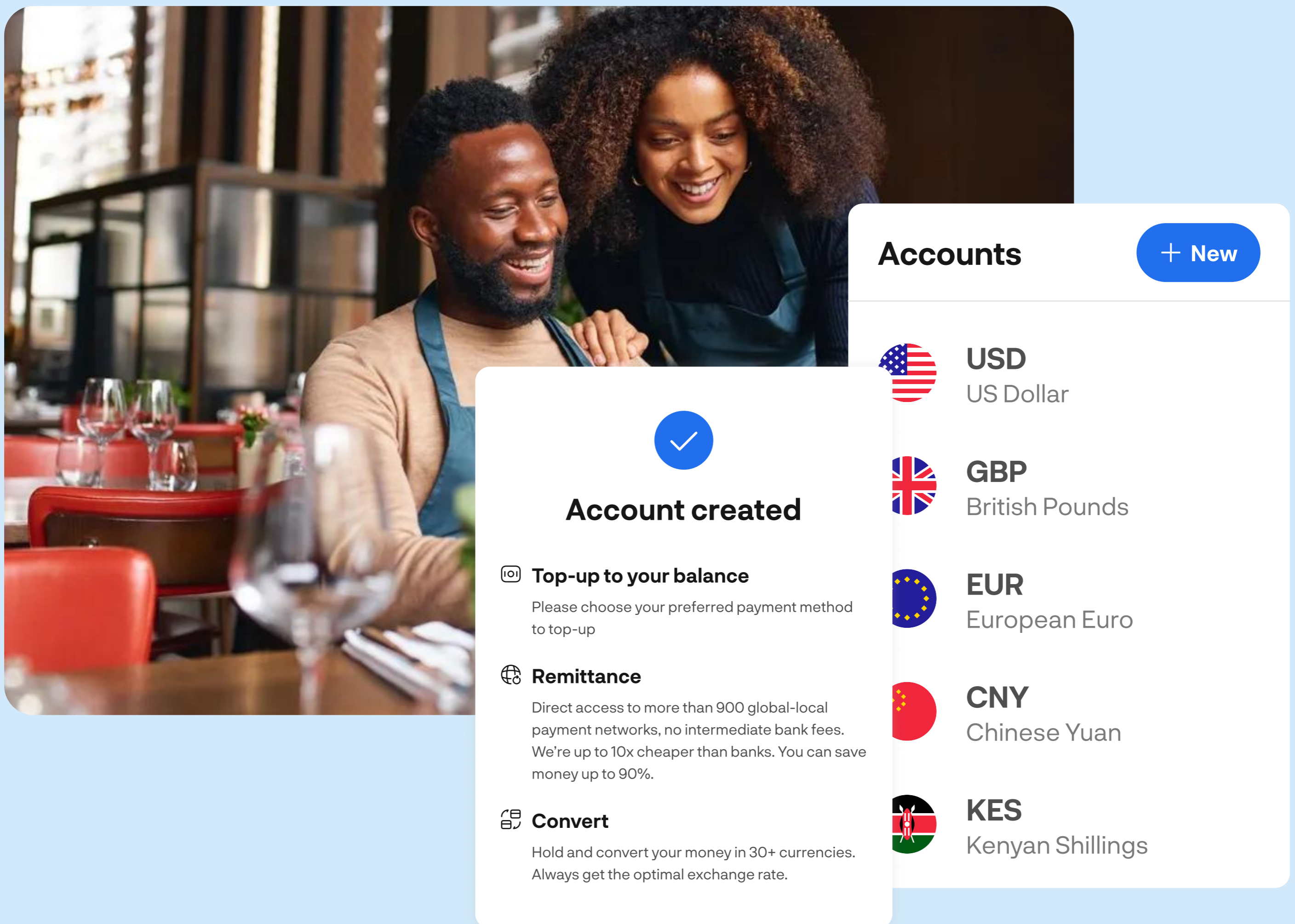
Benefits of Multi-Currency Accounts: Efficiency, Cost Savings, and Transparency

As opposed to traditional payment, multi-currency accounts offer efficiency by streamlining international transactions, cost savings through reduced currency conversion fees, and transparency with real-time exchange rates, enhancing overall financial management.

They also provide flexibility for businesses and individuals dealing with multiple currencies, allowing for easier navigation of global markets. With these accounts, you can hedge against currency fluctuations and avoid the hassle of constantly converting funds, ultimately optimising financial operations. Additionally, the transparency in exchange rates helps in making informed decisions, minimising the risk associated with currency volatility.

Choosing the Right Multi-Currency Account Provider: Features, Fees, and Regulations

- Broad currency support to accommodate your global transactions.
 - Competitive exchange rates and fees associated with transactions, withdrawals, and account maintenance to ensure cost-effectiveness.
 - User-friendly interface and support for ease of navigation and for addressing any issues promptly.
 - Robust security measures to safeguard your financial data and transactions.
 - Provider's reputation within the financial industry for reliability and customer satisfaction.
-



Opening Your Multi-Currency Account: Requirements and Documentation

Opening a multi-currency account is similar to opening any other bank account. You'll need the following items: identification details and existing bank account information to commence sending or receiving funds. Specific requirements and documentation will vary depending on the provider you choose but here's a general overview:

Who is Eligible?

Individuals

Most providers require you to be a resident of the country where they operate and be of legal age (usually 18+). Some may have additional requirements like minimum income or employment status.

Businesses

Businesses will need to provide proof of registration and good standing. Additional documentation may be required depending on the size and type of business.

Basic Documents required

Proof of identity

This could be a government-issued ID like a passport or National ID card.

Proof of address

This could be a utility bill, lease agreement or bank statement.

For businesses

Business registration documents, utility bill, and UBO details.

It is good to compare different providers and look for factors like fees, exchange rates, supported currencies, and ease of use before you choose a multi-currency account.

Regulatory Landscape for Multi-Currency Accounts in Africa

The regulatory landscape for multi-currency accounts in Africa varies across countries. Generally, some nations permit the use of multiple currencies to facilitate international transactions and attract foreign investment. Central banks play a key role in overseeing financial institutions offering multi-currency accounts, and setting guidelines and approval processes.

Regulations may address foreign exchange controls, anti-money laundering (AML) measures, and know-your-business (KYB) requirements. Licensing and compliance with tax regulations are crucial for financial institutions. The landscape is dynamic, and businesses should stay informed about specific regulations in the countries they operate in.

KYB/AML Compliance and Due Diligence Procedures

When it comes to moving funds, Anti-Money Laundering (AML) are regulatory processes that control money laundering, fraud, and financial crime while Know Your Business (KYB) is the risk-based approach to business identification and verification that forms part of AML requirements.

These procedures help stop illegal activities like money laundering and terrorist financing by making sure that banks and institutions check and keep an eye on who their customers are and what transactions they're doing. Both KYB and AML require careful investigations based on how risky a situation might be.

KYB and AML compliance procedures are a continuous activity of regularly reviewing customer activity (performing due diligence) for suspicious transactions and updating their information.

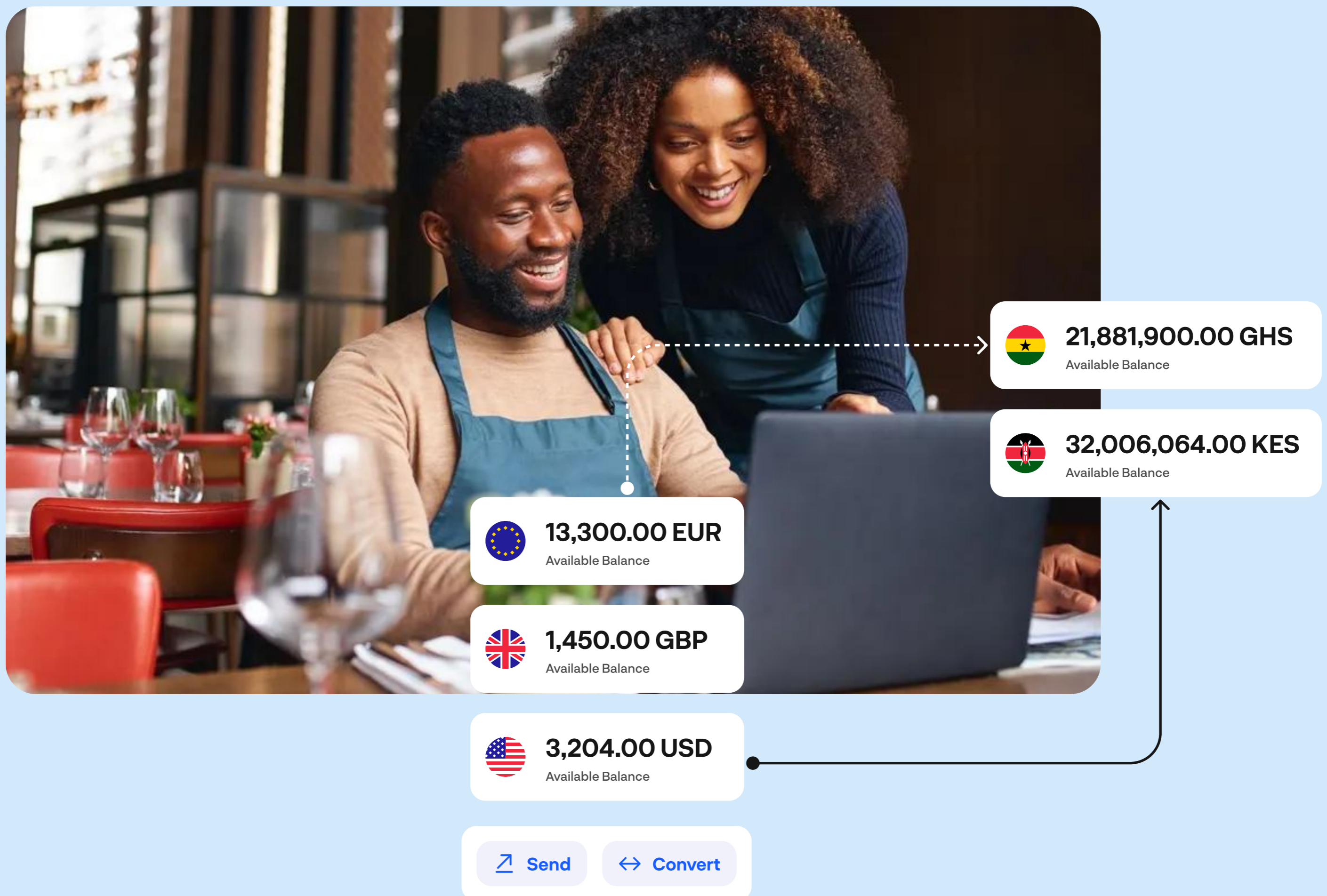
Multi-currency account providers have to constantly perform KYB/AML and due diligence procedures to protect them from financial crime and reputational damage.

Choosing the Right Account Type: Corporate vs. Individual

Picking the perfect multi-currency account is like choosing the right car, you pick a car based on your needs!

Businesses generally go for corporate accounts because of the specific needs they fulfil and their capacity. When you think corporate accounts think powerful engines and spacious trunks. These accounts handle large and frequent international transactions with ease, offering advanced features like risk management and multiple currencies. Perfect for businesses that trade globally.

For personal use and convenience an individual who needs an account could go for the Individual account. When you think individual accounts think sleek design and easy driving. These accounts simplify managing personal finances abroad, like online shopping or travel expenses. They're ideal for individuals who deal with foreign currencies occasionally.



Managing Your Multi-Currency Account: A Practical Guide

Managing a multi-currency account effectively involves understanding account features, monitoring exchange rates, diversifying currency holdings, utilising hedging tools (for businesses), reviewing statements, evaluating fees, and utilising customer support. This practical guide ensures smooth financial operations, whether for personal or business use, by addressing various aspects of multi-currency account management.

● **Step 1: Funding Your Account**

Funding your multi-currency account is easy. The most common method is to simply deposit funds into your MCA using your local currency by bank transfer and using a payment processor with your card. The platform then converts the funds to your desired foreign currency based on the prevailing exchange rate.

● **Step 2: Carry out transactions**

Carrying out transactions with a MCA is generally quite straightforward, though the specific process may vary depending on your chosen provider and the type of transaction you're making. Here's how to initiate transactions:

- **Log in to your MCA platform:** Access your MCA online or through their mobile app (if available).
 - **Select the transaction type:** Choose whether you want to send, receive, convert, or exchange currencies.
 - **Specify details:** Depending on the chosen transaction type, enter details like
 - **Send:** Amount, recipient information (name, account details), and desired currency.
-

- **Receive:** Provide your MCA details (IBAN or account number) in the desired currency.
- **Convert:** Specify the amount and currencies you want to convert between.
- **Exchange:** Choose the amount and specify if you want to lock in an exchange rate (forward contract).
- **Review and confirm:** Double-check the transaction details and any applicable fees before confirming.

● **Step 3: Monitor your account**

Effectively monitoring your MCA is crucial for maintaining healthy finances and optimising your international transactions.

● **Real-time Tracking**

Account Balances: Most MCAs offer real-time access to your balances in each sub-account, allowing you to instantly see available funds in different currencies.

Transaction History: Monitor all incoming and outgoing transactions, including dates, amounts, currencies, and exchange rates. This helps track spending patterns and identify any discrepancies.

Currency Fluctuations: Utilise built-in tools or external resources to track live currency movements and understand how they impact your holdings.

● Alerts and Notifications

Low Balance Alerts: Set up alerts to notify you when your balance falls below a specific threshold in any currency. This helps avoid accidental overspending and potential fees.

Transaction Alerts: Receive notifications for each transaction, enabling you to stay informed and detect any unauthorised activity.

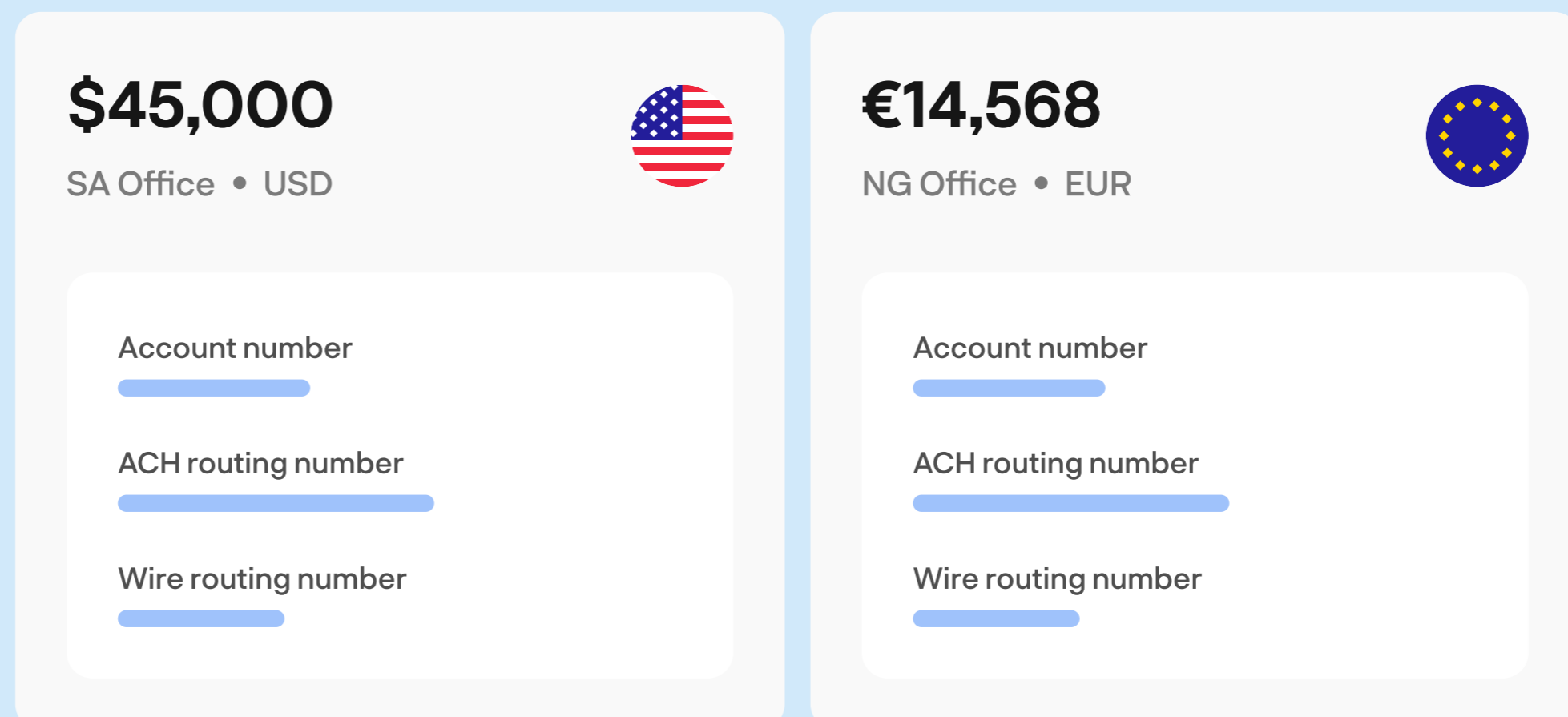
Exchange Rate Alerts: Get alerted when the exchange rate reaches a desired level for conversion or receiving payments, helping you take advantage of favourable opportunities.

● Regular Reconciliation

Compare Statements: Periodically reconcile your MCA statements with your accounting records to ensure accuracy and identify discrepancies or missing transactions.

Review Activity: Manually review your transaction history for any unusual or suspicious activity, especially during periods of high transaction volume.

Identify Trends: Analyse your spending patterns and currency usage over time to identify areas for improvement and optimize your financial strategies.



How African Businesses Thrive with Multi-Currency Accounts

Case study 1: Hedging against currency fluctuations

Situation: A Nigerian exporter sells goods to European buyers in Euros. Due to fluctuating exchange rates, the exporter experiences unpredictable income and difficulty planning finances.

Solution: The exporter opens a multi-currency account in Europe, depositing a portion of their Euro earnings. This allows them to:

Hedge against currency fluctuations: By keeping some funds in Euros, they minimize losses if the Naira weakens against the Euro.

Receive Euro payments directly: Eliminates conversion fees and simplifies transactions.

Invest Euro funds: Earn potential returns on their Euro holdings.

Case study 2: Expanding into new markets

Situation: A South African startup wants to launch a mobile app in the US market. They need to pay US developers and marketing agencies.

Solution: The startup opens a multi-currency account in the US, depositing funds in USD. This allows them to:

Make US payments directly: Avoids conversion fees and delays associated with international transfers.

Simplify financial management: Tracks income and expenses in USD for accurate budgeting and reporting.

Build trust with US partners: Demonstrates financial stability and commitment to the US market.

Case Study 3: Intra-Africa trade

Situation: A Ghanaian logistics company frequently transports goods between Ghana and Kenya. They receive payments in both Ghanaian Cedis (GHS) and Kenyan Shillings (KES).

Solution: The company opens a multi-currency wallet with GHS and KES options. This allows them to:

Receive payments in both currencies: Eliminates the need to convert currencies, saving time and money.

Make payments in either currency: Simplifies transactions with suppliers and partners in both countries.

Offer competitive pricing: By reducing currency conversion costs, the company can offer more competitive rates to customers.

The Future of Cross-Border Transactions in Africa

During an interview in 2007, American businessman Jeff Bezos was asked about the future of the retail industry and he gave one of his most memorable responses of all time.



“[I]n our retail business, we know that customers want low prices, and I know that's going to be true 10 years from now. They want fast delivery; they want a vast selection. It's impossible to imagine a future 10 years from now when a customer comes up and says, "Jeff, I love Amazon; I just wish the prices were a little higher." "I love Amazon; I just wish you'd deliver a little more slowly." Impossible.”

We believe the same applies to cross-border transactions, people will always want lower fees, faster transaction speed and a wider array of options. Therefore, the future of cross-border transactions is reliant on any solution that makes that possible.

Already, mobile money platforms, blockchain-based solutions, and specialized fintech companies are offering faster, cheaper, and more accessible cross-border payments, bypassing traditional limitations. This is enabled by supporting regulations such as the Open Banking movement which provides APIs and data sharing to enable smoother integration between financial institutions, streamlining transactions and fostering new financial products.

Regional integration Initiatives like the AfCFTA are promoting harmonised regulations and infrastructure, facilitating easier and more efficient cross-border trade. We look forward to a time when it will be easier to do business across borders in countries with similar trade laws.

Conclusion

African businesses don't have to be left out of participating in the global economy anymore.

By offering faster, cheaper, and more convenient cross-border transactions, Multi-currency Accounts empower businesses to expand their reach, streamline financial management, and operate on a global scale with greater agility and responsiveness.

If you have any further questions, please don't hesitate to email us at hello@raenest.com!

Welcome, Victor



All Accounts

₦120,400,888.99
Available balance

US Dollar

\$12,400.99
Available balance

British Pound

£70,995.59
Available balance

Euro

€845.45
Available balance



₦800,000.00
Available balance

Quick Actions

Send money

Convert funds

Add funds

Create new invoice

Receive Payments



US Dollar

Wire routing number, Bank code (SWIFT/BIC), Routing number (ACH or ABA), Account number



British Pounds

UK sort code, Account number, IBAN



Euro

IBAN, Bank code (SWIFT/BIC)

Invoices

1 Person

Due

89 People

Overdue

0 Person

Awaiting Approval

[View All Invoices >](#)

