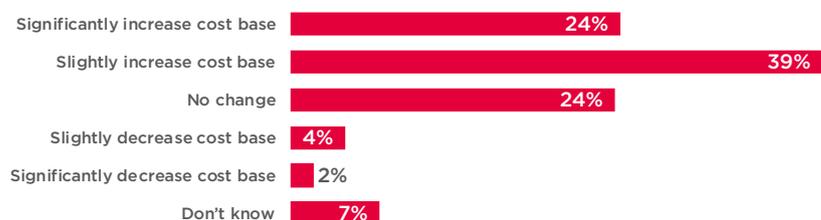


Currency volatility is compounding cost pressures for many businesses

The British Chambers of Commerce (BCC) survey of over 1,300 businesses, held in partnership with American Express, found that the majority of businesses expect the fall in sterling to increase their costs.

In September and October 2017, the BCC surveyed over 1,300 business people from all regions of the UK online to understand how the devaluation of Sterling is impacting on their business, and whether they are taking action to mitigate currency risk.

To what extent, if at all, do you expect your business's costs will change over the next 12 months as a result of the recent value of Sterling? (n=1,308)



The majority of firms expect the devaluation of Sterling to increase their costs over the next 12 months.

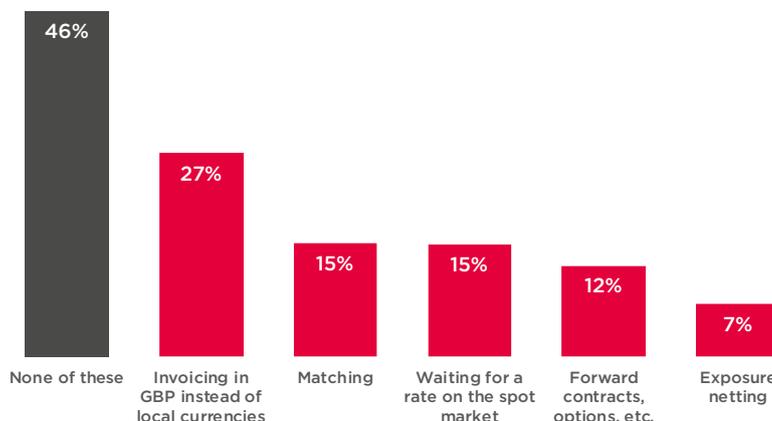
63% of businesses expect their costs to increase in the next 12 months as a result of the devaluation in sterling, including a quarter (24%) who expect costs to rise significantly. In comparison, only 6% of firms expect their costs to decrease.

The results show a sectoral disparity, with manufacturers (73%) and business-to-consumer firms (71%) more likely than business-to-business firms (55%) to anticipate costs increases.

Many businesses trading overseas could be leaving themselves exposed to currency fluctuations.

Nearly half (46%) of UK firms are not taking proactive steps to manage currency risk. Smaller firms are less likely than their larger counterparts to be managing risk (44% of firms with 1-9 employees, compared to 70% of those with 50-249). Manufacturers have the highest proportion of businesses managing currency risk (76%), compared to B2C (57%) and B2B (39%).

How, if at all, is your business currently managing currency risk? (n=1,273)



Dr Adam Marshall
Director General
British Chambers of Commerce

“Weak sterling reflects the current climate of political uncertainty and lack of clarity on the Brexit process. A clear and firm strategy from government about the nature of the UK's future trading relationship with the EU would go a long way to reassure and stabilise markets.

While businesses await answers on Brexit, and a return to a stronger currency, they must take the necessary steps to prepare for potential risks. It's concerning to see the proportion of UK companies not actively managing currency risk. For those trading internationally, it makes good business sense to explore the options available to insure against currency fluctuations.”

Karen Penney
Vice President & General Manager, Global Commercial Payments and Small Business Services UK
American Express

“Whilst managing currency fluctuations can seem daunting, technology is rapidly lowering these barriers, helping to streamline the payment process and granting added layers of security to businesses.

At American Express we know that simple currency tools such as forward contracts can effectively protect a business from exchange rate volatility by guaranteeing a fixed rate. Not only will this protect margins, it will enable more accurate forecasting and budgeting. With the right tools and resources, businesses can unlock growth opportunities both at home and abroad.”

Profile of respondents: 95% of businesses surveyed were SMEs, 31% operate in the manufacturing sector, and 69% operate in the services sector. For further information, please contact David Bharier d.bharier@britishchambers.org.uk

To learn more about American Express International Payment Solutions visit www.americanexpress.co.uk/internationalpayments

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