

Media Release

FX wallet share under pressure around the world

(18 August 2014 – Global) Banks and providers of Foreign Exchange (FX) services in the mature western markets of the USA, the UK and Canada are struggling to maintain their share of the customer wallet, with business FX users increasingly using multiple providers.

This is a key finding from East & Partners inaugural three country Business Foreign Exchange program, which interviewed more than 6500 small and medium sized enterprises across the USA, UK and Canada in June. The new programs join sister programs covering Australia and Asia.

East's new bi-annual global program looks at businesses turning over between US\$1-100million, CAD\$1-100 and GBP1-100 million and delivers market share, wallet share and customer satisfaction metrics on the Spot FX, Options and Forwards markets in each country.

With technology and intense competition driving down margins, Spot FX wallet share is under strong pressure in all markets.

In Canada, for example, primary providers of Spot FX services average no more than 26.8 percent of their primary customers' wallets.

This means that for every CAD\$100 in Spot FX volume executed by an average Canadian business, CAD\$26.80 goes through what they consider to be their primary provider of Spot FX services. The balance – or CAD\$73.20 – is executed through other providers.

It is a similar story in the UK, where average Spot FX wallet share is 27.4 percent, and in the USA where it is 30.6 percent, the highest among the three countries.

East's research found the FX markets of the three countries were crowded with a large number of competitors, comprising banks and specialist providers such as Western Union and AMEX.

In Canada, 16 providers were listed as holders of primary relationships, while the figure for the UK was 26 and 19 in the USA.

Across all markets, the highest primary market share was in Canada, where a leading domestic bank had a 27.1 percent share of the Spot FX markets among Micro businesses turning over CAD\$1-5 million per year.

In the UK Lower Corporate markets – for businesses turning over GBP20-100 million – only one provider held double digit market share, and that was at a lowly 10.8 percent.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the three country research reinforced thinking on global FX in mature markets.

“In our Australasian and Asian research we see that FX is the most banked away product, and this has been strongly reinforced by extending the program to Canada, the UK and the USA,” said Colquhoun.”

“Technology and the ease of execution has opened the doors for specialist providers who are competing on price, and it is increasingly easy for businesses to pick and choose, so there is little loyalty.”

“This is a bi-annual program across all markets, and we now have a benchmark against which we can monitor the trend going forward.”

Spot FX Markets – Share of Customer Wallet

Average % Share of Customer Volume

| Country | Average Wallet Share | Best of Breed Wallet Share |
|---------|----------------------|----------------------------|
| Canada | 26.8 | 38.6 |
| USA | 30.6 | 42.6 |
| UK | 27.4 | 40.4 |

Source: East & Partners Business Foreign Exchange Markets Program

About the East & Partners’ Business Foreign Exchange Markets Program

East & Partners’ Business Foreign Exchange (FX) Markets Program now delivers demand-side assessments of the Micro, SME and Lower Corporate markets of Australia, Canada, Hong Kong Malaysia, the Philippines, Singapore, United Kingdom and the United States of America.

Designed to monitor competitive performance in these high growth but highly competitive markets, East’s Business FX Markets Program supplies industry wide performance measures across pivotal industry benchmarks. The six-monthly programs monitor industry specific metrics on:

- › Spot FX Market: Market Share, Wallet Share, Share of FX Customer Mind
- › FX Options Market: Market Share, Wallet Share, Share of FX Customer Mind
- › Forward FX Market: Market Share, Wallet Share, Share of FX Customer Mind
- › Product Customer Satisfaction Ratings
- › FX Customer Service Satisfaction

For more information or for further interview based insights please contact:

Jennifer Rondolo
Marketing Executive
East & Partners
T: +61 2 9004 7848
E: jennifer.r@east.com.au