

Media Release

Global FX Markets First Time Comparison: E&P

(13 July 2015 – Australia) An accurate comparison of global FX provider dynamics is now accessible through East & Partners (E&P) enhanced business FX research coverage.

Over 8,000 individual interviews were conducted by E&P in June 2015 with business owners across Canadian, US, UK and French markets. The research provides unique comparisons against existing business FX research programs based in Australian, New Zealand and Asian markets.

Aggressive new entrants, non-bank FX providers and disruptors continue to fragment business FX markets. Traditional providers are struggling to maintain market share, with one in ten businesses executing Spot FX trades with boutique providers on average, pushing incumbent banks and larger brokers to improve their product and service offering to reduce customer churn.

Wallet share is an even greater challenge as businesses increasingly use multiple FX providers. The tendency for CFO's and treasurers to allocate a greater proportion of Spot FX, Options and Forwards turnover away from their primary provider is clearly visible across all countries.

For example Spot FX wallet share for Micro businesses in the US remains relatively high at 34.2 percent yet falls to 22.1 percent for Lower Corporates. This compares to Canadian Micro businesses who allocate 26.6 percent of Spot FX turnover to their primary provider, dropping even further to 20.7 percent for Lower Corporates.

"It appears factors such as faster on-boarding and innovative FX platform features are driving market share growth for smaller FX service providers in Spot FX markets around the world just as much as a lower cost of execution" said Martin Smith, East & Partners Head of Markets Analysis.

"This is demonstrated by the relatively high percentage of Micro businesses in the US currently conducting Spot FX trades with providers who fall outside of the top 19 branded Banks and FX providers."

The program has been introduced for the first time in France and entered its third round in the UK, US and Canada. Major business FX providers such as ANZ in Australia, Citi in the US, BNP Paribas in France or HSBC in the UK commonly face difficulty satisfying and retaining customers, particularly in the Micro and Small to Medium Enterprise (SME) segments.

There are 19 named providers in the US representing up to 85.0 percent of the primary Spot FX market and only two of those providers managed to achieve double digit market share. Similarly in France, 17 named providers compete in the primary Spot FX market, with only three achieving above 10.0 percent market share.

Market wide, 13.4 percent of US business owners use "Other" FX providers for primary Spot FX risk management, one of the highest rates in the world.

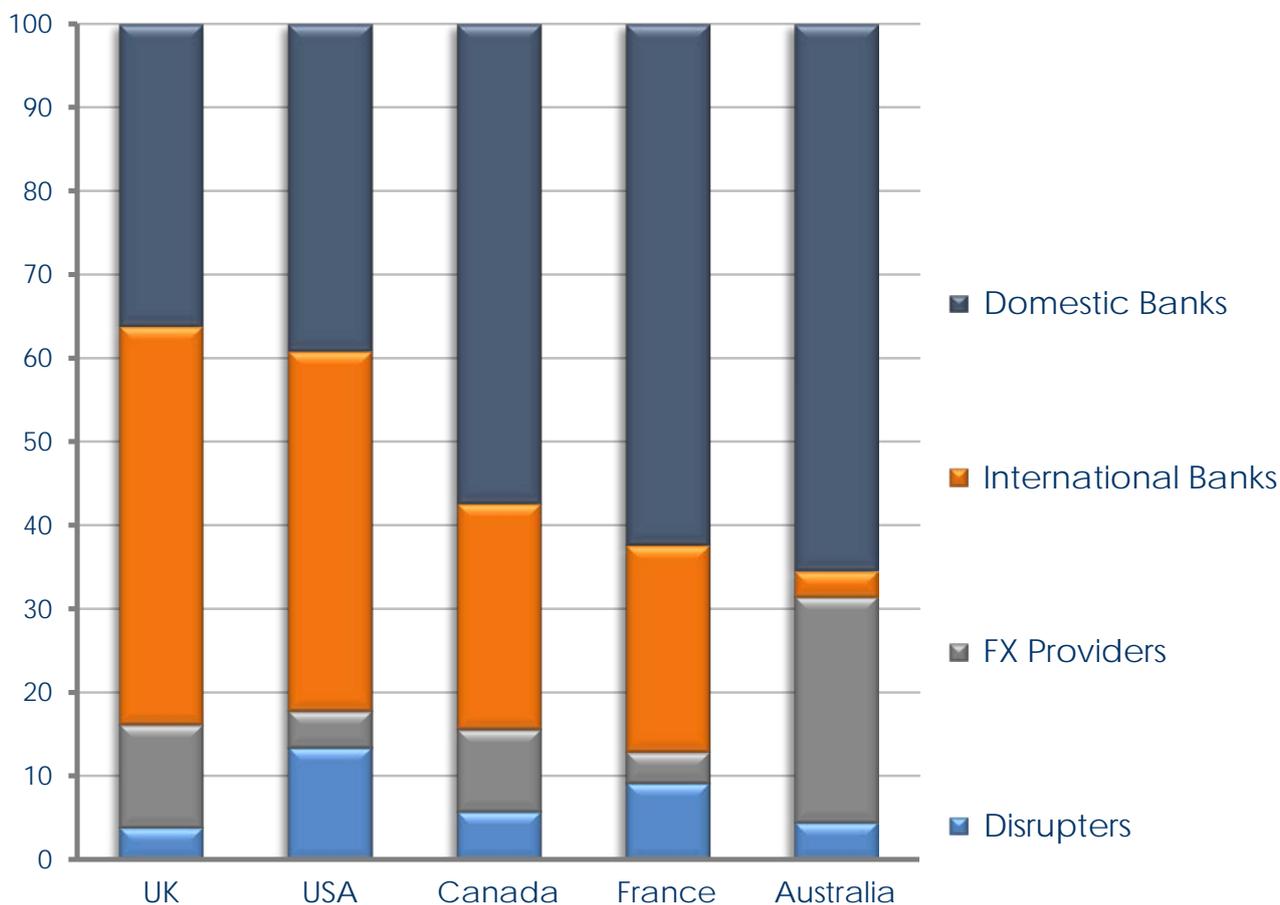
Penetration of FX Options and Forward FX among small businesses remains limited across all countries, with marginally higher levels of Forward FX usage compared to FX Options.

“Major domestic banks in Australia such as ANZ and NAB continue to represent a high proportion of Spot FX primary relationships, yet standalone FX providers such as OzForex and Western Union are quickly gaining ground. This relationship is not observable in France however, where major local Banks such as BNP Paribas and SocGen really hold sway” said Smith.

“US and UK markets are highly competitive and fragmented, resulting in greater market share opportunities for international banks and new market entrants alike. The major banks and standalone providers’ are under considerable pressure from new market entrants. Across all regions, more and more enterprises are choosing new entrants or boutique FX providers for their business FX risk management and hedging needs.”

Spot FX Market Share Comparison

% of Total Market



Source: East & Partners Global Business FX Programs - June 2015

About East & Partners Global Business Foreign Exchange Programs

East & Partners Australian Business Foreign Exchange Markets program provides industry wide research structured from up to 2,500 direct interviews with banks, brokers and FX providers. The program provides coverage across Lower Corporate, SME and Micro business segments for key industry benchmarks including market share, wallet share, mind share, top traded currencies, market volumes and customer satisfaction.

Released in May and November, East's demand side analysis delivers a powerful data set incorporating product research and commentary for Spot FX, FX Options and Forward FX products and supporting services.

Micro Business: 1 – 5 million annual turnover business customers
SME: 5 – 20m million annual turnover business customers
Lower Corporate: 20 – 100m million annual turnover business customers

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