



Currency Rate Impacts

Bank vs Monex Cross-Border Payments

As a leading provider of corporate foreign exchange (FX) and global payment solutions, we focus on understanding our client's business to tailor our products and services to best manage their currency needs. The following case study illustrates how Monex USA was able to help a client save money by taking advantage of the FX market.



Scenario

A chemical firm approached Monex to compare its cost of processing cross-border payments with its bank and to determine if there were optimization and savings opportunities within their global payments strategy.

All of the client's monetary transactions were being processed through their well-known bank. They wished to conduct a historical analysis to compare all of the costs associated with their transactions executed in the previous year, but had limited to zero visibility into their cross-border (FX) payment fees or over-the-counter rates.

The majority of the client's payments were well below \$1M USD and classified by the bank as 'nuisance payments'. This raised the question, 'Do nuisance payments cost us more because they are smaller?' While the client could easily identify their lifting fees, they could not determine if they were being charged higher premiums on the FX conversions.



Strategy

Monex conducted an analysis to determine the true cost of the cross-border payment transactions by gathering the client's key transaction history and identifying the interbank rates for the currencies traded on each transaction date. By comparing 3 months of data amounting to \$48.7M USD in value against the converted currencies, Monex determined the spread charged by the bank. Of the 315 transactions reviewed, 305 were identified as nuisance payments with an average size of \$32K.



Outcome

The analysis revealed that the client had paid nearly \$1.7M in FX charges in the 3-month period. Monex USA was able to capitalize on the significant cost and timing optimization opportunities and deliver significant savings on the future processing for all of the client's cross border transactions.

Key Stats	Volume (USD)	Bank Cost	Monex Cost	Savings
January	\$16.5M	\$616K	\$82K	\$534K
February	\$15.2M	\$535K	\$78K	\$457K
March	\$17.0M	\$472K	\$85K	\$387K
Totals	\$48.7M	\$1.62M	\$245K	\$1.38M

