



**Charterhouse
Research**

Marta Kovacs & Kathy Ellison

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Foreign Exchange Pricing Benchmarking Research

UK High St Banks

To provide research to substantiate InstaReM's "savings" claim across all advertising

Prepared for:

Ali Zaidi, Head of Consumer Business, Europe InstaReM



Objectives & approach

InstaReM is launching in the UK and wishes to demonstrate that for money transfers to India, they are cheaper than the banks. A mystery shopping exercise was used to gather data to support this claim, with calls and online visits being made to FX companies

Background & objectives

Background

- InstaReM offers a good value foreign exchange service, allowing its customers to send money to more than 25 countries and with customer service provided over the phone, via email and via chat
- They are now launching across the UK & the EU, priced lower than the high street banks and most money transfer operators in this market
- The market is a highly competitive one, and so it is important to understand the comparative rates charged by other well known brands

Business objective

- To substantiate the “savings” claim across all advertising

Research objective

- Demonstrate for money transfers to India, they are cheaper than the banks

The target audience

- Initially Indian’s living in the UK and this will widen

Use of the research:

- Advertising claim substantiation for Clearcast and, potentially, ASA.

Research approach

- A mystery shopping exercise is the best way to meet this objective
- The scenario used was ‘I wish to transfer £1000 of rupees to my mum in India – as a regular payment’
- A total of 44 ‘shops’ were made - calls took around 5 minutes on average (although one bank kept our shopper on hold for 45 minutes) Online FX providers were also contacted
- A telephone script was used to collect rates & charges, with questions agreed based on the core items needed to be benchmarked. The script was used as the initial start point, however our shopper adapted as necessary
- XE.com was used to obtain the up to the minute mid-market exchange rate, to be used to compare competitor rates provided. Times of competitor rate and XE.com rates were synchronised, so that the same timeframe was compared
- An assessment of ease of obtaining the information was made by the shopper, and for online providers, an assessment of the ease of setting up an account was provided
- Providers included in the mystery shop included:-
 - Banks – Barclays, HSBC, Icici, Lloyds, Natwest, RBS, Santander, State Bank of India
 - Online FX – Azimo, Currencies Direct, Currency Fair, HiFX, Moneycorp, Remit2India, Remitly, Transferwise, Western Union, World Remit



Key Findings

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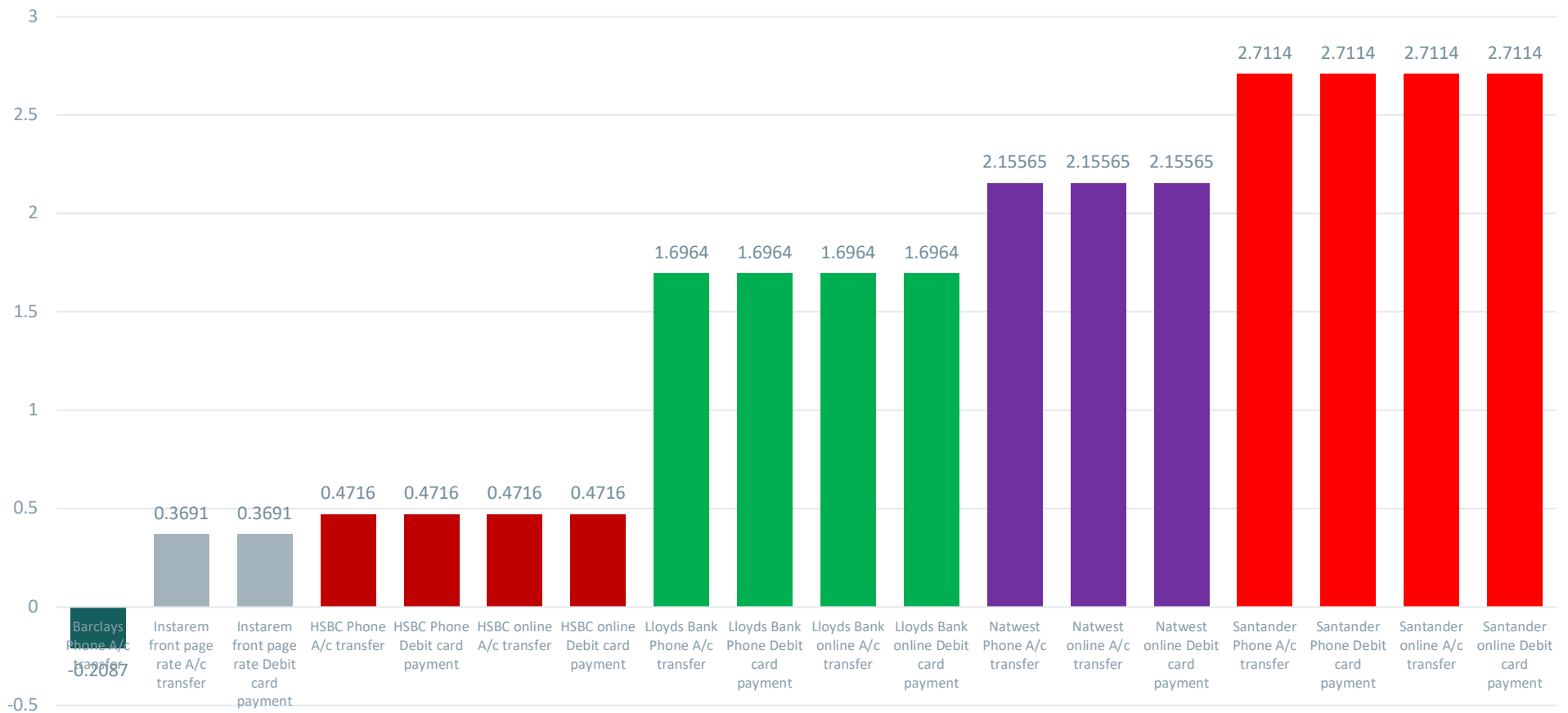
Details can be found in the spreadsheet provided separately

- Of the competitor set included in the mystery shop, we found that certain providers did not transfer funds to India
- These were:-
 - RBS, Currencies Direct, Currency Fair, HiFX and Moneycorp
- Some providers would not provide a transfer rate without adding funds, having an account to enter or needing to verify account with bills/passports etc
- Instarem fares well in most price comparison measures – see following charts for details
- As expected, High St banks offer the worst transfer costs, however, Transferwise, Azimo and Remit2India are significant threats to Instarem

Difference between rate quoted by provider and mid-market rate from XE.com

Barclays reported an exchange rate higher than mid-market rate, however we feel this is a mis-report by the Barclays operator (audio and mid-market rates checked). Instarem offers closest match to mid-market rate, closely followed by HSBC

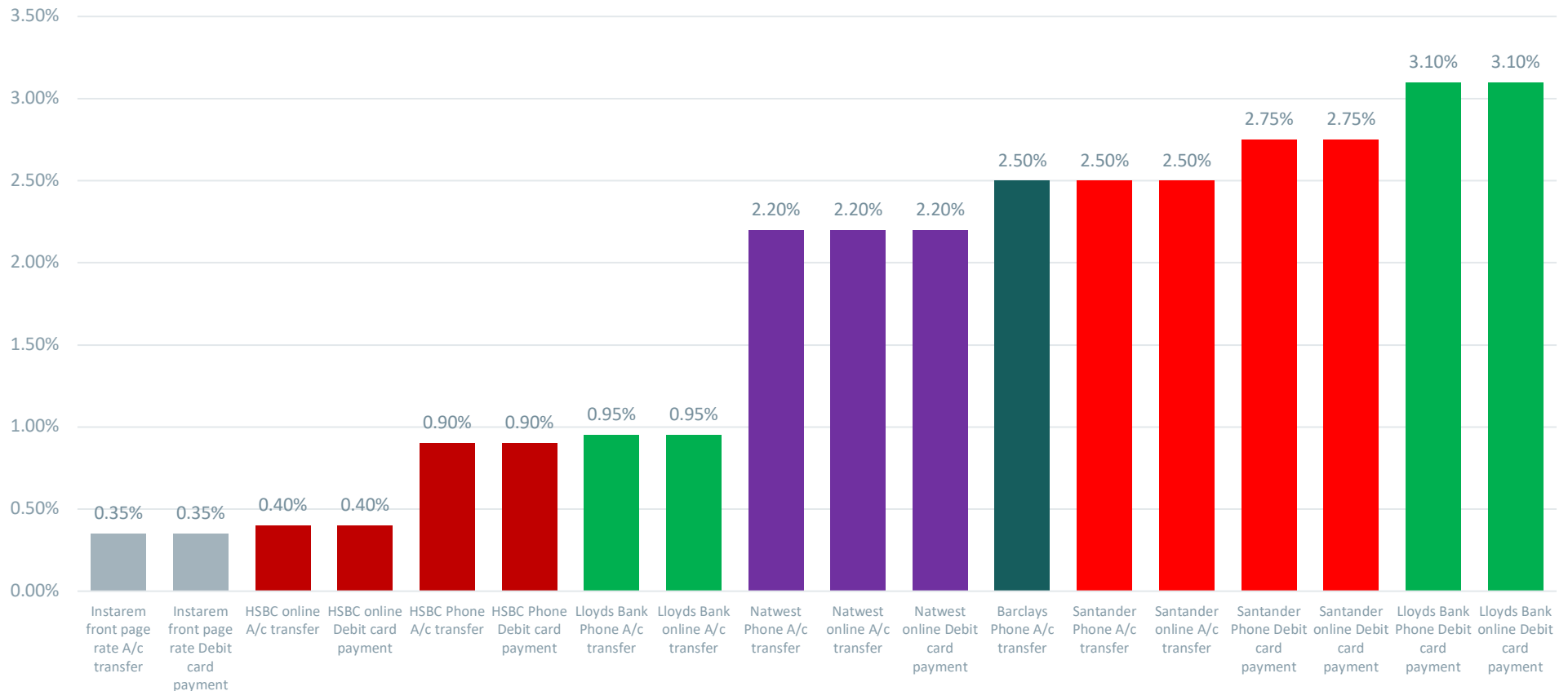
Difference between real rate and quoted rate



What percentage is fee of total transfer amount?

Instarem fee is 0.35% of transfer amount, with HSBC online quotes a close second. Both these providers are significantly lower than all other High St bank rates quoted

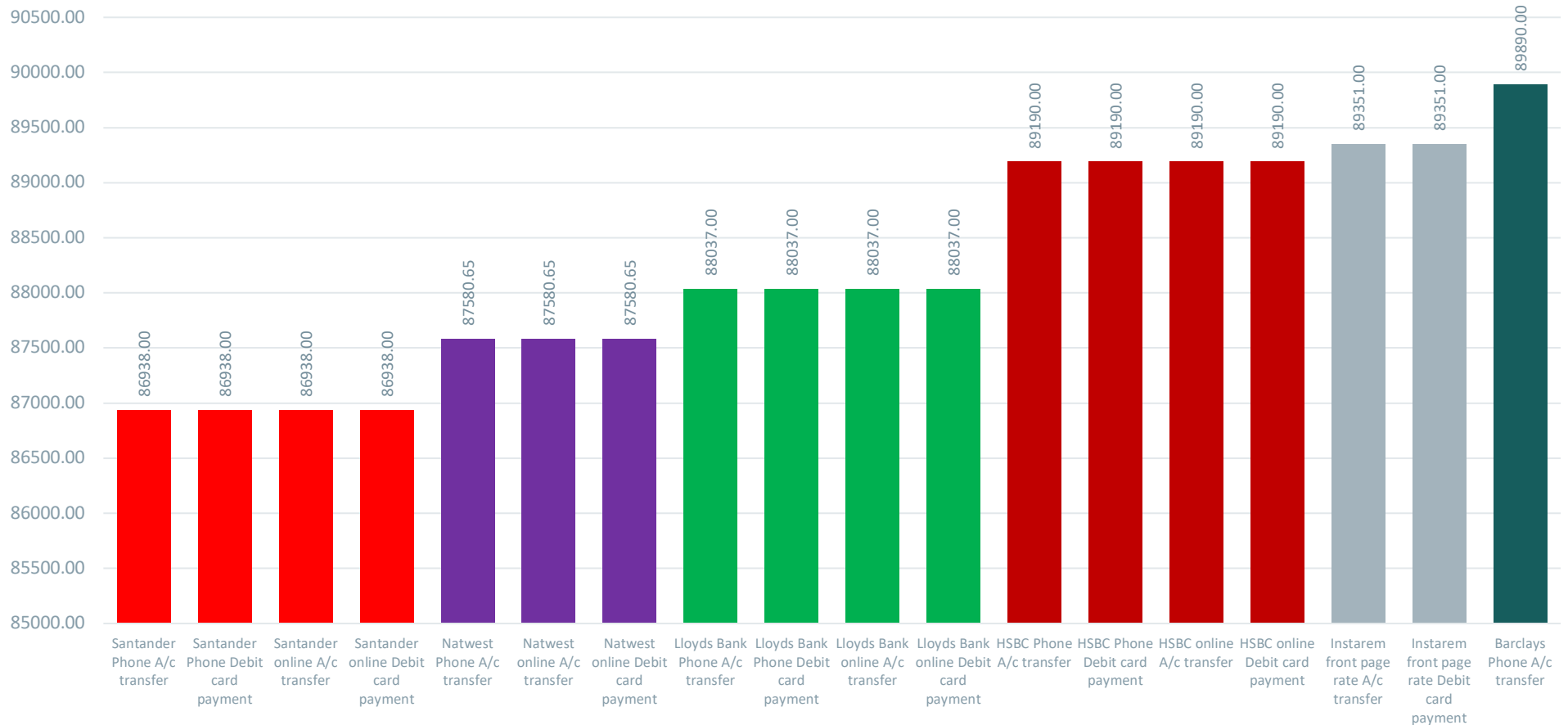
Fee is what percentage of total transfer amount?



How many INR will be received?

Barclays rate provides the highest amount in INR, however, there seems to be an aberration in their rate quoted (checked). Instarem provides the highest INR amount, with HSBC slightly behind

Quoted INR received (give £1000, get what?)...still to pay commission fee



Concealed fees – ie hidden in lower transfer rates

Instarem performs best (after Barclays odd figure) followed by HSBC, the other High St banks being 5, 6 or almost 8 times more costly

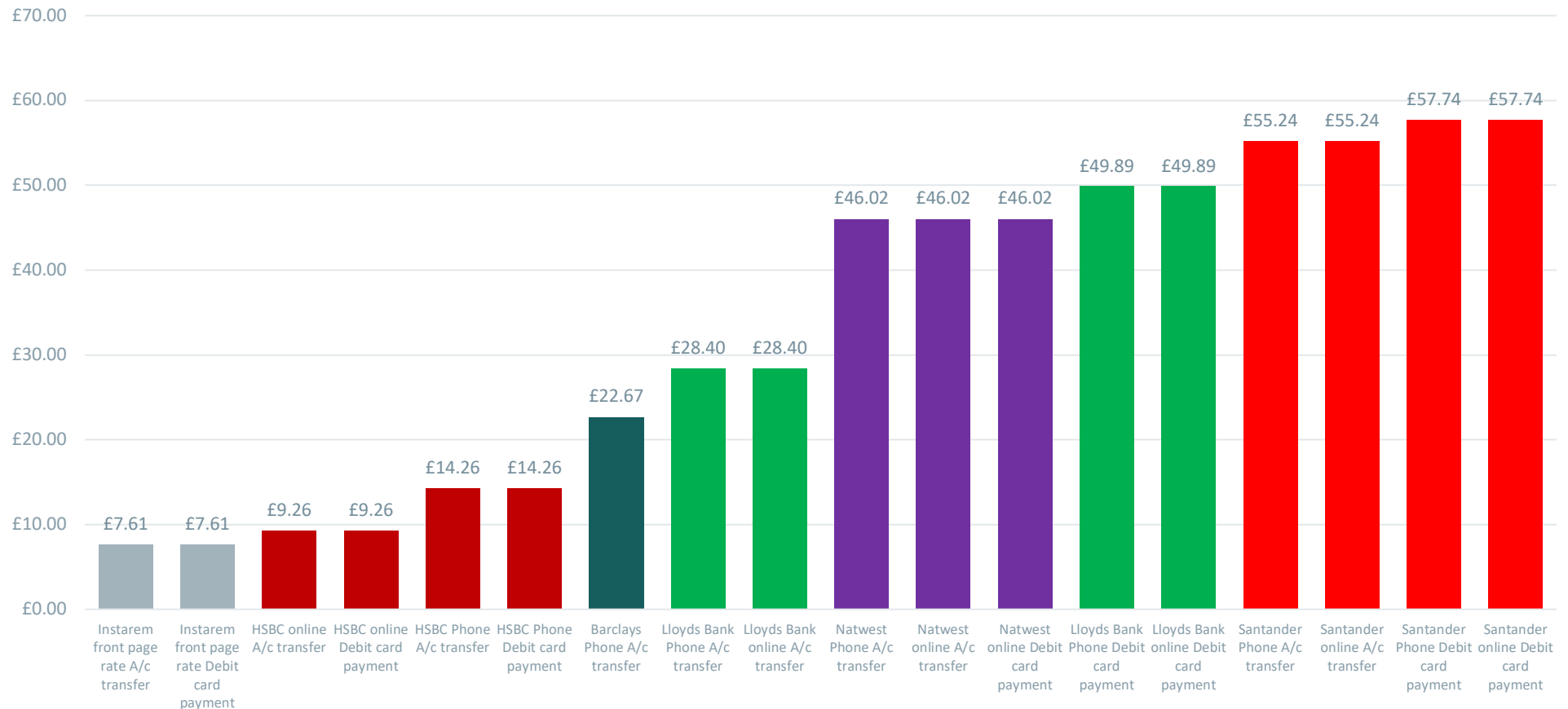
In £ CONCEALED FEE: That is concealed exchange rate mark-up in GBP (exchange £1k, difference due to rate)



Concealed fee + commission – true cost of transfer

Instarem has the lowest true transfer cost – significantly lower than High St banks, except HSBC online

CONCEALED FEE + COMM £: Exchange £1k and pay commission fee, approximate total cost in £



Price comparison against Instarem

As seen previously, HSBC online rates and costs provide the closest cost to Instarem. Other banks are between 9 and 30 times more expensive than Instarem

Price difference with INSTAREM in £

