

# Foreign Exchange Savings with FX Rate Integrity®

*As explained by three individual cases.*

# CASE 1: Middle Market Company A

## FX Rate Integrity<sup>®</sup> and Lower FX Markups and Costs

*The following is based on a real case where a Middle Market Client was unknowingly paying an Excessive FX Markup along with modest FX fees. Their CPA introduced the company to Blades International, Inc. (BII) and a Free review of their FX purchases and payments was very telling. The review showed the Bank was taking an Excess FX Markup on a modest annual FX payments flow of over \$2,000,000 per year.*

# COMPANY A: Lowers FX Markups from over 300 BPs to only 50 BPs and eliminates FX fees

- BII reviewed the FX Markups and learned the client was paying FX Markups over 300 BPs plus a \$15 fee for each transaction.
- BII was mandated to provide the **FX Rate Integrity**<sup>®</sup> service and did a full review of about one year of transactions.
- The Client's FX history was analyzed, through a backdating process of comparing FX rates to Interbank Market rates. The results showed the Excess FX Markups and brought transparency to the FX Payments Process.
- Based on FX Market Data and experience, BII recommended a Fair FX Markup would be 50 BPs for the entire annual FX Flow.
- The bank readily agreed to lower the FX Markups to 50 BPs, and eliminate the Fees, acknowledging that past FX Markups were high.
- BII was able to advise the Client on a "Fair" FX Markup and fee structure and they obtained **FX Rate Integrity**<sup>®</sup>.

# CASE 1: COMPANY A (Sample)

Upon initial review, BII found Company A was paying Excessive Markups averaging to about **307 BPs**. As an **FX Rate Integrity**<sup>®</sup> client, Company A was advised on how to diplomatically negotiate a lower BP Markup Agreement.

According to the new agreement, Company A would receive an average markup of 50 BPs.

# FX Rate Integrity® Review

## COMPANY A

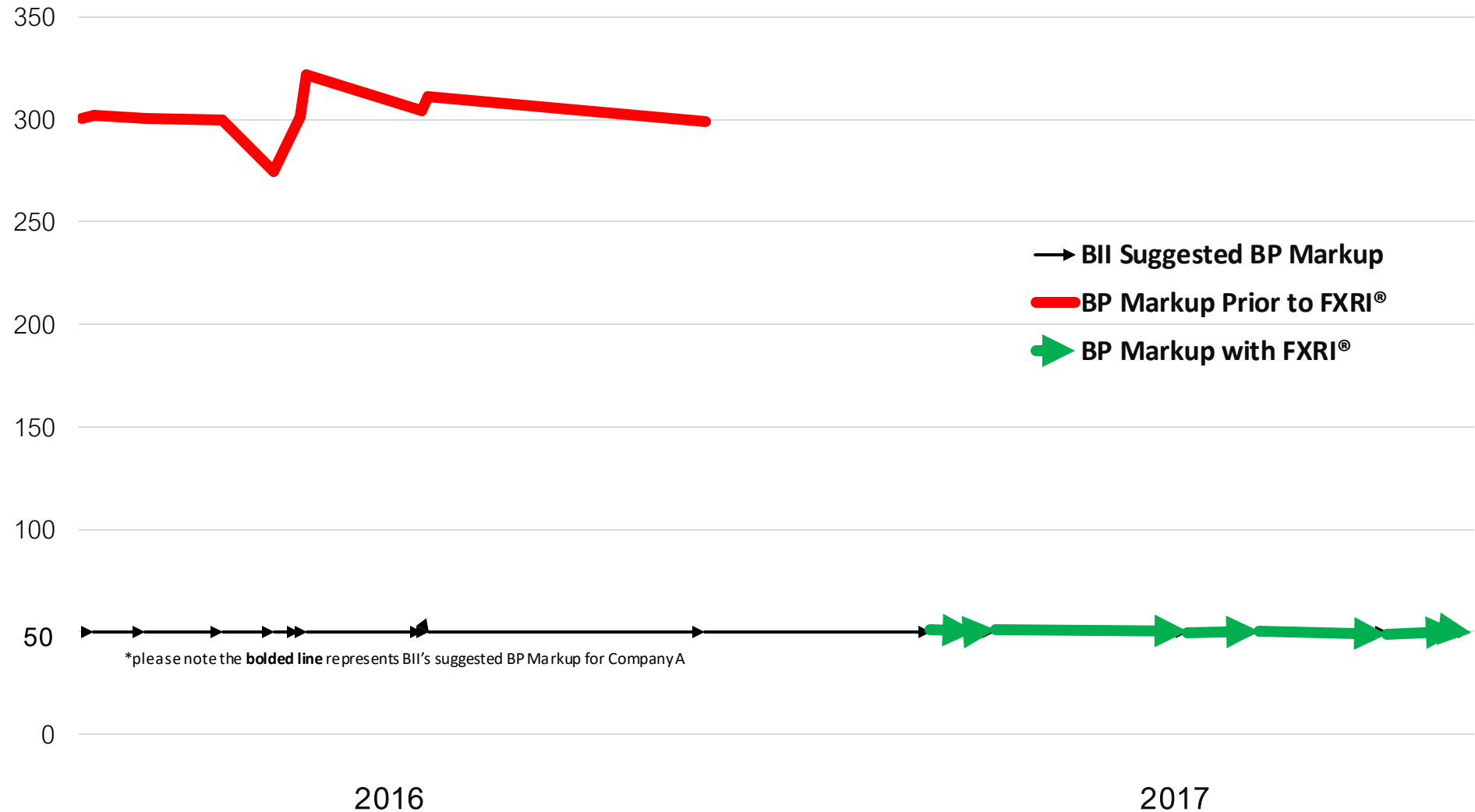
Deal Time	Timezone	Deal Date	Sold Currency	Amount Sold	Bought Currency	Amount Bought	Exchange Rate	Interbank Market Rate	Interbank US Dollars	Dollar Markup Cost	Cost in BP
12:11 PM	CST	11/10/2016	USD	\$ 6,000.00	EUR	€ 5,129.08	1.1698	1.1357	\$ 5,825.10	\$ 174.90	300
11:15 AM	CST	11/12/2016	USD	\$ 55,600.00	EUR	€ 47,509.19	1.1703	1.136	\$ 53,970.43	\$ 1,629.57	302
11:35 AM	CST	11/20/2016	USD	\$ 4,000.00	GBP	£ 2,531.16	1.5803	1.5342	\$ 3,883.31	\$ 116.69	300
3:53 PM	CST	12/2/2016	USD	\$ 1,470.00	CAD	\$ 1,121.11	1.3112	1.273	\$ 1,427.17	\$ 42.83	300
3:53 PM	CST	12/10/2016	USD	\$ 10,470.00	EUR	€ 9,170.09	1.141756	1.1112	\$ 10,189.80	\$ 280.20	275
5:15 PM	CST	12/15/2016	USD	\$ 50,400.00	EUR	€ 45,777.40	1.10098	1.06666	\$ 48,828.92	\$ 1,571.08	322
5:16 PM	CST	12/14/2016	USD	\$ 17,000.00	EUR	€ 15,472.41	1.09873	1.0666	\$ 16,502.87	\$ 497.13	301
5:16 PM	CST	1/2/2017	USD	\$ 3,000.00	EUR	€ 2,729.26	1.0992	1.0667	\$ 2,911.30	\$ 88.70	305
5:17 PM	CST	1/3/2017	USD	\$ 560.00	EUR	€ 509.05	1.10008	1.0669	\$ 543.11	\$ 16.89	311
5:18 PM	CST	1/3/2017	USD	\$ 12,000.00	EUR	€ 10,908.30	1.10008	1.0669	\$ 11,638.06	\$ 361.94	311
10:09 AM	CST	2/15/2017	USD	\$ 2,000.00	EUR	€ 1,830.75	1.09245	1.0607	\$ 1,941.87	\$ 58.13	299
10:45 AM	CST	4/22/2017	USD	\$ 6,000.00	CAD	\$ 4,405.61	1.3619	1.355	\$ 5,969.60	\$ 30.40	51
4:59 PM	CST	4/29/2017	USD	\$ 22,200.00	EUR	€ 20,183.65	1.0999	1.0944	\$ 22,088.99	\$ 111.01	50
11:54 AM	CST	5/1/2017	USD	\$ 57,000.00	EUR	€ 51,822.89	1.0999	1.0943	\$ 56,709.79	\$ 290.21	51
3:16 PM	CST	5/1/2017	USD	\$ 5,200.00	EUR	€ 4,718.69	1.102	1.0965	\$ 5,174.05	\$ 25.95	50
11:40 AM	CST	5/12/2017	USD	\$ 10,000.00	EUR	€ 9,115.02	1.09709	1.0916	\$ 9,949.96	\$ 50.04	50
11:41 AM	CST	6/1/2017	USD	\$ 30,000.00	EUR	€ 27,344.82	1.0971	1.0918	\$ 29,855.07	\$ 144.93	49
11:58 AM	CST	6/12/2017	USD	\$ 2,000.00	EUR	€ 1,835.17	1.08982	1.0844	\$ 1,990.05	\$ 9.95	50
10:09 AM	CST	6/14/2017	USD	\$ 130,000.00	EUR	€ 119,033.45	1.09213	1.0867	\$ 129,353.65	\$ 646.35	50

**USD at Bank Value**  
\$ 359,300.00

**Total Interbank USD** \$ 157,661.96  
**Total Dollar Markup** \$ 4,838.04  
**Average BP prior to FXRI®** 307

**Total Interbank USD** \$ 261,091.16  
**Total Dollar Markup** \$ 1,308.84  
**Average BP With FXRI®** 50

# Middle Market Company A



## FOOTNOTES:

- Upon initial review, BII found Company A was paying Excessive Markups averaging to 307 BPs. This resulted in FX costs of approximately \$4,838 (for a sample set of rates).
- Once Company A became an **FXRI**® client, they negotiated a lower Markup Agreement with their bank, who readily agreed to a 50 BP Markup.
- Given this new agreement, BII found Company A's FX Costs reduced to approximately \$1,308 (for a sample set of rates).

# CASE 2: “Unnoticed Raised Markups”

## FXRI® Review and Salient Points

*The following is based on an actual client who originally thought they did not need **FX Rate Integrity**®. After a 2 year period, however, the client returned for another complimentary review. The Free **FXRI**® Review was surprising as their bank had increased their FX Markup significantly without disclosure. **BII** found the client was paying excessively high markups, making them an ideal client for **FX Rate Integrity**®.*

# CASE 2: “Unnoticed Raised Markups”

- The following case focuses on a client who did not originally think they needed **FX Rate Integrity**<sup>®</sup>. They believed they were receiving appropriate FX Markups.
- However, after some time, Blades International found Company B was unknowingly receiving Excessive Markups. Their bank may have lowered FX Markups when confronted, but at some point unknown to the client the bank went back to Excessive Markups.
- BII was then mandated to conduct the **FXRI**<sup>®</sup> process for Company B. They were able to lower their overall FX Markups to a Fair FX Markup and now **use FXRI**<sup>®</sup> - **Audit** to maintain low FX Markups and Costs.



# CASE 2: COMPANY B (SAMPLE)

Upon initial review in early 2015, Company B's data showed BII they were paying around 200 BPs for a significant FX Flow. A significant Excess Markup. However, the bank readily agreed to lower the Markup to 25 BPs. Therefore, Company B decided they did not need BII's **FX Rate Integrity Service®**.

Following a second review in 2018, BII found Company B was actually receiving an average markup of 107 BPs, and not the 25 BPs. Company B was then an ideal candidate for **FX Rate Integrity®**.

Following review and advising on behalf of BII, Company B was once again able to achieve an average markup of 25 BP through diplomatic negotiations.

# FX Rate Integrity® Review

## COMPANY B (Sample)

Deal Time	Timezone	Deal Date	Sold Currency	Amount Sold	Bought Currency	Amount Bought	Exchange Rate	Interbank Market Rate	Interbank US Dollars	Dollar Markup Cost	Cost in BP
9:20 AM	CST	2/2/2015	USD	\$ 78,710.00	GBP	£ 50,168.91	1.5689	1.5381	\$ 77,164.80	\$ 1,545.20	200
12:36 PM	CST	2/10/2015	USD	\$ 20,850.00	CAD	\$ 15,709.76	1.3272	1.2986	\$ 20,400.70	\$ 449.30	220
12:34 PM	CST	2/15/2015	USD	\$ 21,000.00	CAD	\$ 15,822.78	1.3272	1.2986	\$ 20,547.47	\$ 452.53	220
1:30 PM	CST	2/25/2015	USD	\$ 80,000.00	GBP	£ 51,017.15	1.5681	1.5349	\$ 78,306.23	\$ 1,693.77	216
4:11 PM	CST	10/19/2015	USD	\$ 32,600.00	CAD	\$ 24,507.59	1.3302	1.3269	\$ 32,519.12	\$ 80.88	25
2:38 PM	CST	10/22/2015	USD	\$ 29,000.00	GBP	£ 18,790.90	1.5433	1.5396	\$ 28,930.47	\$ 69.53	24
1:28 PM	CST	11/5/2015	USD	\$ 27,100.00	CAD	\$ 20,591.14	1.3161	1.3128	\$ 27,032.05	\$ 67.95	25
1:28 PM	CST	11/5/2015	USD	\$ 32,670.00	CAD	\$ 24,823.34	1.3161	1.3128	\$ 32,588.08	\$ 81.92	25
1:28 PM	CST	11/5/2015	USD	\$ 28,400.00	GBP	£ 18,625.39	1.5248	1.5211	\$ 28,331.09	\$ 68.91	24

### USD at Bank Value

\$350,330.00

### Total Interbank USD Total Dollar Markup Average BP

\$345,820.01 \$4,509.99 130

-----This reflects a temporary break in BII's work with COMPANY B, as they believed they were receiving a 25 BP markup-----

8:03 AM	CST	10/8/2017	USD	\$ 36,000.00	EUR	€ 31,771.25	1.1331	1.1221	\$ 35,650.52	\$ 349.48	98
4:15 PM	CST	10/13/2017	USD	\$ 66,100.00	EUR	€ 58,145.67	1.1368	1.1233	\$ 65,315.03	\$ 784.97	120
11:05 AM	CST	10/22/2017	USD	\$ 55,400.00	EUR	€ 48,511.38	1.142	1.1303	\$ 54,832.42	\$ 567.58	104
6:19 PM	CST	11/1/2017	USD	\$ 52,000.00	EUR	€ 45,406.92	1.1452	1.1327	\$ 51,432.41	\$ 567.59	110
4:30 PM	CST	11/3/2017	USD	\$ 85,420.00	CAD	\$ 63,851.10	1.3378	1.3243	\$ 84,558.01	\$ 861.99	102
3:39 PM	CST	6/3/2018	USD	\$ 78,000.00	AUD	\$ 109,627.55	0.7115	0.7097	\$ 77,802.67	\$ 197.33	25
5:30 PM	CST	6/11/2018	USD	\$ 80,200.00	EUR	€ 70,635.90	1.1354	1.1327	\$ 80,009.28	\$ 190.72	24
11:30 AM	CST	6/15/2018	USD	\$ 62,000.00	CAD	\$ 46,700.81	1.3276	1.3243	\$ 61,845.89	\$ 154.11	25
2:40 PM	CST	6/20/2018	USD	\$ 85,000.00	CAD	\$ 108,946.42	0.7802	0.7783	\$ 84,793.00	\$ 207.00	24
2:50 PM	CST	6/21/2018	USD	\$ 70,000.00	EUR	€ 61,392.74	1.1402	1.1374	\$ 69,828.10	\$ 171.90	25

### USD at Bank Value

\$670,120.00

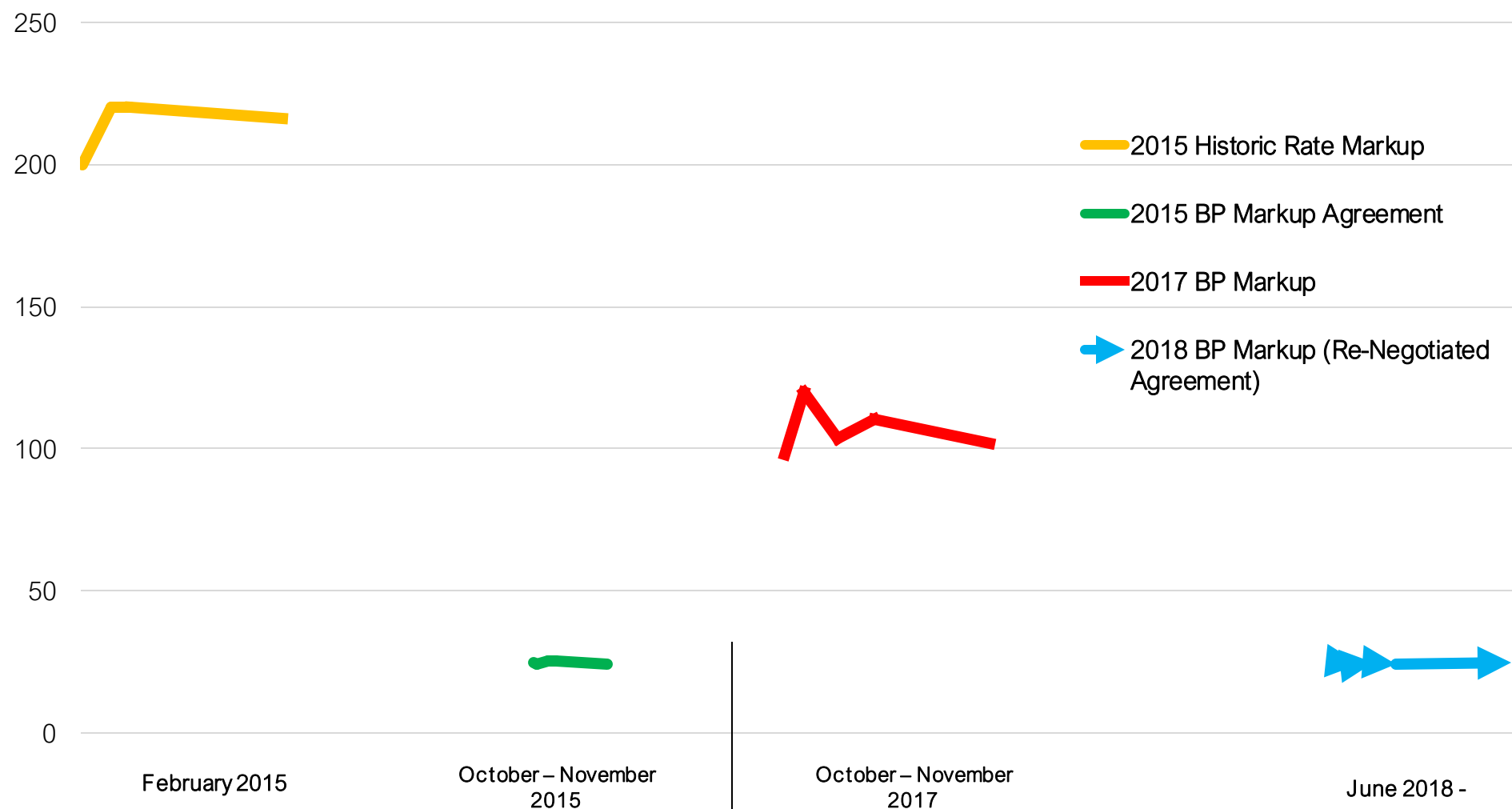
### Total Interbank USD Total Dollar Markup BP Markup (Excessive)

\$ 291,788.39 \$ 3,131.61 107

### Total Interbank USD Total Dollar Markup Average BP After Agreement

\$ 374,278.94 \$ 921.06 25

# COMPANY B: Unnoticed Raised Markups



**\*FOOTNOTES:**

- Given their historic BP Markup Average of 220, Company B received an average markup of 25 BPs in late 2015 as their bank readily agreed to lower their overall BP Markup. This led them to believe they did not need **FXRI**<sup>®</sup>. However, following a second review years later, BII found Company B's banks had raised their BP Markup, without their knowledge. This led to a new BP Markup Average of 107.
- This was a significant increase given their history, and believed markup, of 25 BPs. As an **FX Rate Integrity**<sup>®</sup> client, Company B was diplomatically coached on how to re-negotiate their FX Markup Agreement, resulting in a restored Markup Average of approximately 25 BPs.

# CASE 3: “The Wrong Algorithm”

## FXRI<sup>®</sup> REVIEW AND SALIENT POINTS

*The following is based on a real case in which **FX Rate Integrity**<sup>®</sup> helped a client experiencing high markups as a result of an algorithm error. The data is reflected on an excel worksheet which contains a sample set of rates, followed by a brief BII report.*

# CASE 3: “The Wrong Algorithm”

- This Algorithm Errors case study reflects the result of an error in a bank’s computer-generated algorithm for Company C, and its effect on Company C’s Foreign Exchange Markup and costs.
- Company C incurred “Excessive FX costs” as a result of an error, by the bank, in their FX pricing algorithm. This error went “unnoticed” for approximately 1 month, until the bank revised COMPANY C’s pricing algorithm.
- With the help of **Foreign Exchange Rate Integrity**<sup>®</sup>, Company C fortunately received an appropriate refund. Moving forward, they obtained a *written* agreement from their bank to avoid a similar mistake in the future, all with the help of the BII team of Foreign Exchange Specialists.

# CASE 3: COMPANY C (Sample)

Due to an algorithm error, by the bank, COMPANY C incurred much higher costs than stated in their agreement. Their FX Costs for one month were approximately \$71,496. Of this amount, ≈\$43,300 was a mistake.

The client was able to have the bank fix the mistake and get a refund of \$43,300 credited to their account due to the efficiency of **FX Rate Integrity Service**<sup>®</sup>.

Upon request, this Client can give their **FX Rate Integrity**<sup>®</sup> testimony and recommendation.

# FX Rate Integrity® Review

## COMPANY C

Deal Time	Timezone	Deal Date	Sold Currency	Amount Sold	Bought Currency	Amount Bought	Exchange Rate	Interbank Market Rate	Interbank US Dollars	Dollar Markup Cost	Cost in BP
12:11 PM	CST	3/5/2019	USD	\$ 500,000.00	CAD	\$ 373,440.88	1.3389	1.3323	\$ 497,535.29	\$ 2,464.71	50
11:15 AM	CST	3/5/2019	USD	\$ 400,000.00	GBP	£ 302,798.62	1.32101	1.3143	\$ 397,968.22	\$ 2,031.78	51
11:35 AM	CST	3/5/2019	USD	\$ 500,000.00	GBP	£ 378,498.27	1.32101	1.3143	\$ 497,460.28	\$ 2,539.72	51
9:14 AM	CST	3/6/2019	USD	\$ 770,000.00	AUD	\$ 1,081,005.19	0.7123	0.7089	\$ 766,324.58	\$ 3,675.42	48
8:33 AM	CST	3/6/2019	USD	\$ 500,000.00	AUD	\$ 702,049.99	0.7122	0.7087	\$ 497,542.83	\$ 2,457.17	49
1:21 PM	CST	3/11/2019	USD	\$ 600,000.00	CAD	\$ 445,136.88	1.3479	1.3413	\$ 597,062.10	\$ 2,937.90	49
12:01 PM	CST	3/12/2019	USD	\$ 900,000.00	CAD	\$ 670,840.79	1.3416	1.3351	\$ 895,639.53	\$ 4,360.47	49
10:31 AM	CST	3/20/2019	USD	\$ 80,000.00	CAD	\$ 60,313.63	1.3264	1.2904	\$ 77,828.71	\$ 2,171.29	279
10:29 AM	CST	3/20/2019	USD	\$ 65,000.00	CAD	\$ 49,004.83	1.3264	1.2951	\$ 63,466.15	\$ 1,533.85	242
10:42 AM	CST	3/22/2019	USD	\$ 100,000.00	EUR	€ 85,005.10	1.1764	1.1378	\$ 96,718.80	\$ 3,281.20	339
4:32 PM	CST	3/22/2019	USD	\$ 150,000.00	GBP	£ 110,521.66	1.3572	1.3179	\$ 145,656.50	\$ 4,343.50	298
8:10 AM	CST	3/23/2019	USD	\$ 700,000.00	CAD	\$ 524,187.51	1.3354	1.2961	\$ 679,399.43	\$ 20,600.57	303
12:05 PM	CST	3/23/2019	USD	\$ 400,000.00	GBP	£ 293,083.24	1.3648	1.326	\$ 388,628.37	\$ 11,371.63	293
11:50 AM	CST	3/28/2019	USD	\$ 950,000.00	GBP	£ 715,307.58	1.3281	1.3215	\$ 945,278.97	\$ 4,721.03	50
9:30 AM	CST	3/30/2019	USD	\$ 600,000.00	GBP	£ 455,477.11	1.3173	1.3107	\$ 596,993.85	\$ 3,006.15	50

USD at Bank Value

\$ 7,215,000.00

Total Interbank USD Total Dollar Markup

\$ 7,143,503.61 \$ 71,496.39

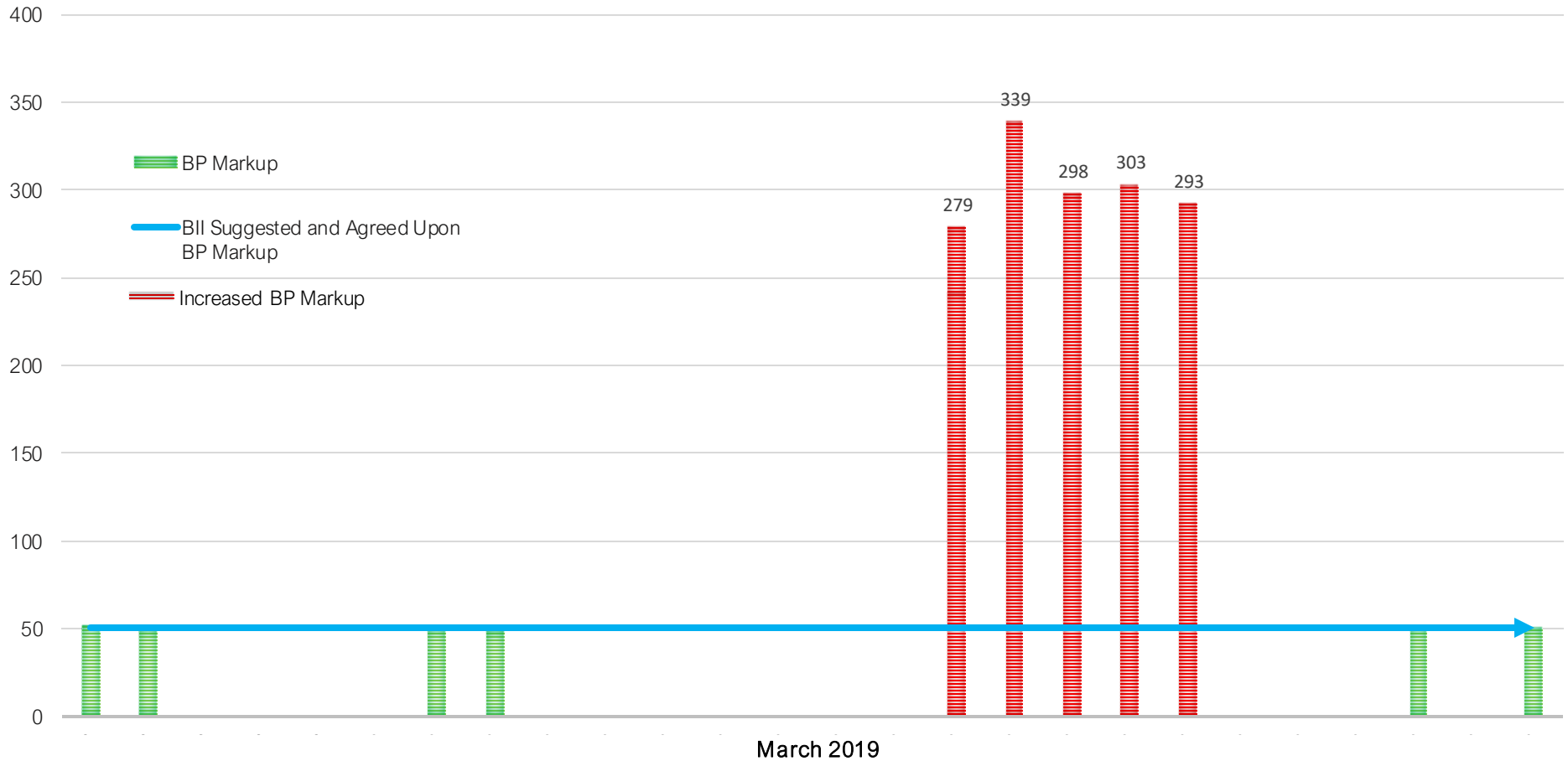
Average BP

167

Total Dollar Cost of Markup Mistake

\$ 43,302.04

# COMPANY C: The Wrong Algorithm



**\*FOOTNOTES:**

- Due to the algorithm error, COMPANY C temporarily experienced an increase in BP Markup. For a short period, they were paying 242-339 BPs, when their agreed upon rate was 50 BPs
- As a result, COMPANY C incurred an estimated \$71,496 in dollar markup costs, \$43,300 of which were a mistake. At bank value, they paid \$7.21 Million USD in FX transactions, whereas the Interbank USD Value was \$7.14 Million