



Blades International, Inc.

FX Rate Integrity[®]

The Solution for Lowering FX Costs

A Common Theme Across Transactions: Lower Fees with Technology and Automation

Fees or processing costs are incurred by clients, regardless of the financial service.

The goal is not to eliminate fees, but to avoid unnecessarily high or unfair fees.

Often, clients are not sure where to begin the process of reducing their transaction costs, especially when dealing with foreign exchange transactions. Clients may be wise to seek out the help of third parties who can advise the client on the details of their FX transaction costs, negotiating a new agreement, and the monitoring process that follows.



Client Sophistication Affects Client Fees and FX Markups

In Foreign Exchange, financial institutions typically determine client costs and fees based on the perceived level of sophistication.

If a corporate client appears to be “inexperienced”, “indifferent”, or “unsophisticated” by the financial institution’s standards, they are more likely to receive higher FX Markups and Fees. Corporate clients who show sophistication and an understanding of how their Fees and Costs are managed are able to effectively negotiate a more appropriate FX markup agreement.

An unsophisticated client may appear “indifferent” to their FX costs and will therefore likely receive a higher Basis Point Markup. A client who understands their FX costs, and is interested in managing them, can more confidently negotiate a Fair Markup Agreement with their bank.

“Critical to negotiations is a [client’s] sophistication (e.g., understanding of similar agreements in the industry).”

Anand Goel, CEO of Optimized Payments Consulting
AFP Exchange Fall 2019, “Swipe Up: Reducing Payment Fees Isn’t Just a Fad”



Cost Reducing via Data Analytics

“When negotiating, it is helpful to know what your peers are paying for the same type of services (currency exchange). Third parties have exposure to broader data sets and insights that can prove valuable.”

-Anand Goel, CEO of Optimized Payments Consulting
AFP Exchange Fall 2019, “Swipe Up: Reducing Payment Fees Isn’t Just a Fad”



In order for corporate clients to negotiate lower fees and transaction costs, they need to begin the process of analyzing data—specifically analyzing their *existing* costs compared to their *deserved* costs. This is what we consider to be the beginning of an FX Cost Analysis.

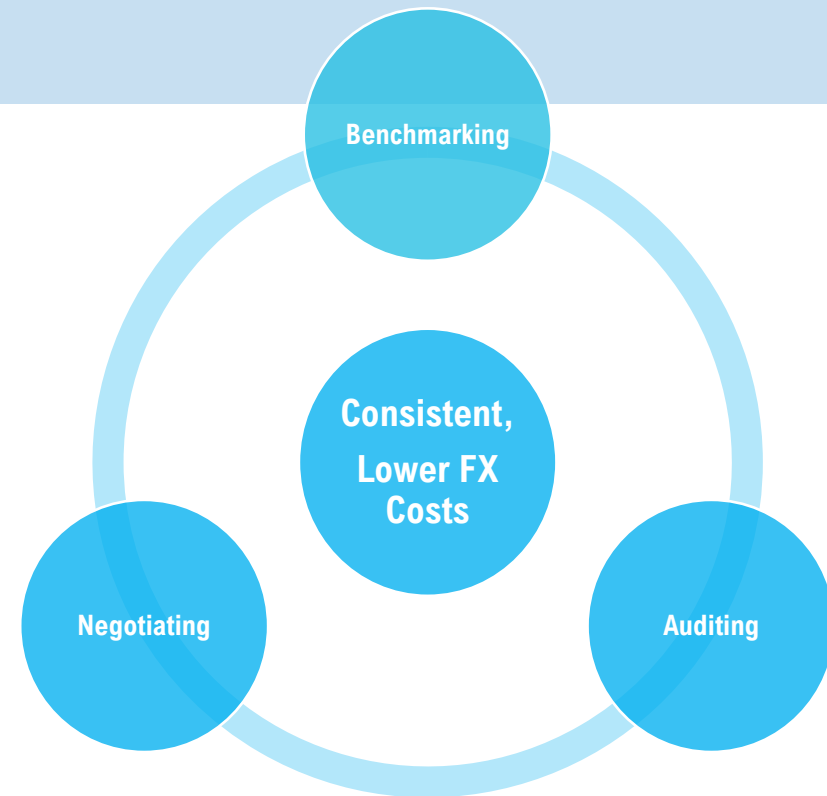
In terms of FX transactions, analyzing current and future FX Costs requires access to historical data. A “back testing” comparison should be made between the bank-given exchange rate and the actual Interbank Market Exchange Rate.

Blades International, Inc. (BII) can access historical data detailing a currency’s activity for any given date and time. BII uses this data, in combination with information provided by a client, to determine the Historic FX Markup in terms of Basis Points. BII will advise a client if they are receiving Excessive Markups and help with negotiating a lower markup. This innovative service is called [FX Rate Integrity®](#).



Maintaining Reduced FX Costs

Clients can trust FX Rate Integrity® will not only begin the process, completing each step along the way, and, at the client's option, will continue the ongoing process of regular monitoring.



Corporate clients who wish to reduce their FX Costs and maintain a consistent FX Markup should implement the following steps:

1. **Benchmarking:** Analyzing the existing data, “back testing” FX Rates, and becoming aware of the appropriate FX Costs, based on existing and estimated FX Flows.
2. **Negotiating:** Once a client understands their existing FX Costs, they can more readily understand their deserved BP Markup. The client is then ready to negotiate a Fair FX Markup Agreement with their respective bank. The negotiation can be backed up by the client's analyzed data and empirical market data.
3. **Auditing:** In order to ensure a Fair BP Markup remains consistent, a client should continuously monitor their FX Costs and be aware of any changes.

Conclusion:

Lowering FX Costs Is An Ongoing Process to be Regularly Monitored

The decrease in FX Transaction Costs is an ongoing process, which must be regularly monitored. Clients may feel they do not have the time or resources to dedicate to such a process, which is why contacting a third-party service provider can be helpful.

Blades International, Inc. seeks to support corporate clients by doing the “heavy lifting” on controlling FX Costs. With a *complimentary* initial review, the [FX Rate Integrity[®]](#) service can easily be started.

The service improves efficiencies and economies for FX transactions, in the age of Data Analytics, Automation, and Algorithms.

