



Market Pulse: Foreign Exchange Use

November 2016

Executive Summary

Greenwich recently spoke with small and mid-sized businesses regarding their FX experience with their Banks. The results from this FX study reflects that there is a level of dissatisfaction with bank rates and fees. Convenience of managing the FX execution and payment continues to be in the traditional lead bank's favor. However, 30% of small and mid-sized businesses conduct FX outside their lead bank.

Bank of America and Chase are most often cited for FX use and Wells Fargo is used more often by small businesses. 40% of businesses, small and mid-sized, execute electronically. The majority of the larger business transact their FX business through their cash management platforms and smaller business through a bank's single portal. A third of clients note that their main supplier of FX is not their lead bank/major credit supplier.

60% of clients cite a satisfaction level of 3 or below on a 1 to 5 scale when asked how competitive they feel about the FX rate and fees paid. 30% of clients would be willing, (3 and above on a 1 to 5 scale), to receive additional quotes from FX suppliers. Small and mid-sized companies have little to no interest in paying for consulting fees for advice on best FX practices.

While both small and mid-sized businesses use Bank of America and Chase for FX transactions, Wells Fargo is used more by small businesses.

Foreign Exchange Transactions with Banks in Last Year



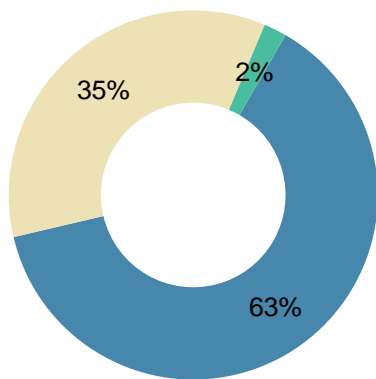
Question: In order of importance, in the last year with which banks have you transacted Foreign Exchange (FX)?

Mid-sized companies transact most FX business electronically through their cash management platform.

Most Important Bank Used for FX Same as Lead Bank

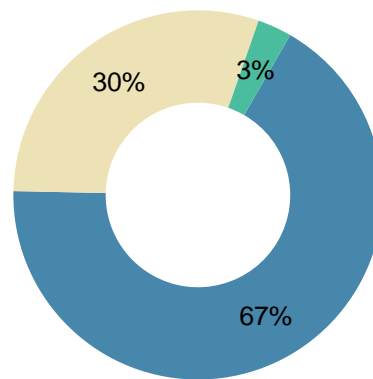
30% of small and mid-sized businesses conduct FX outside their lead bank. There is a possible vulnerability for traditional banks with companies around rates and fees.

Small Businesses



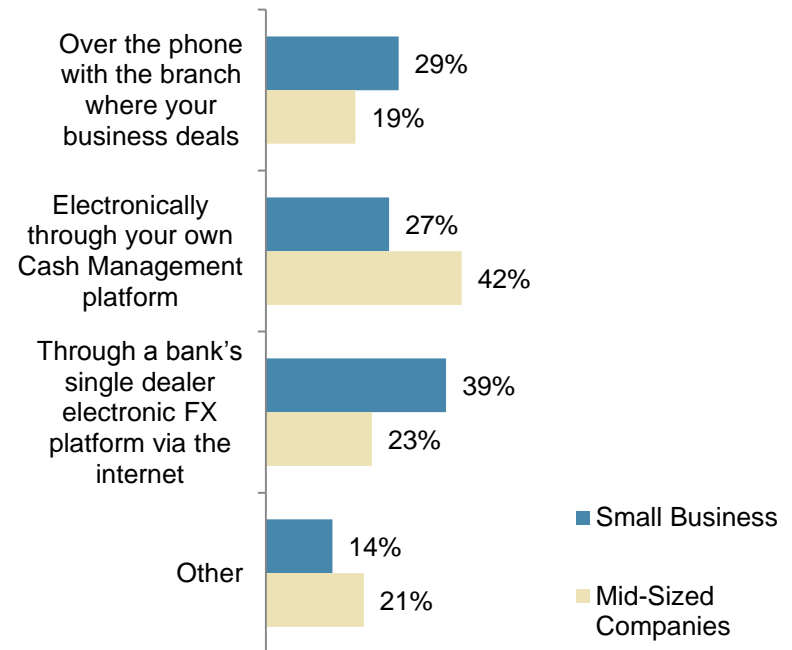
■ Yes ■ No ■ Don't know

Mid-Sized Companies



■ Yes ■ No ■ Don't know

How FX is Transacted and Executed



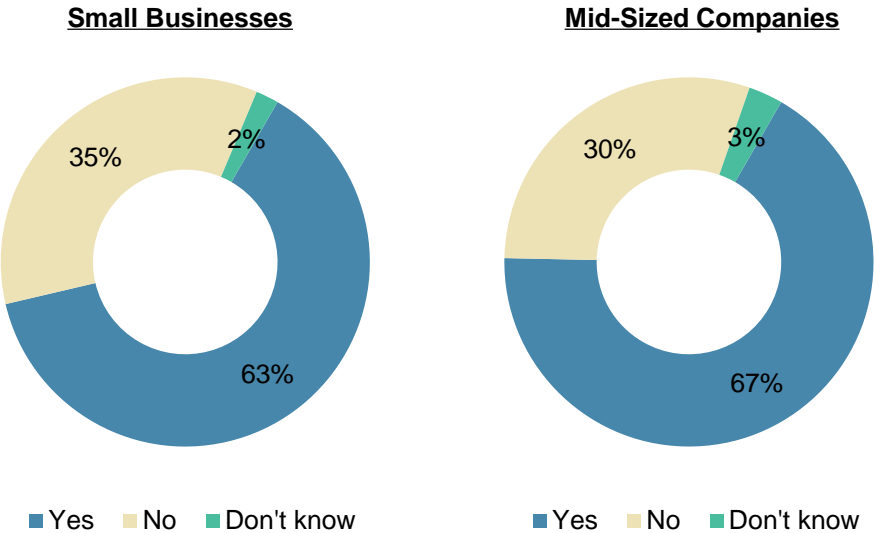
Question: Is your most important bank for FX your lead bank and major supplier of credit?

Question: How is the FX transacted and executed?

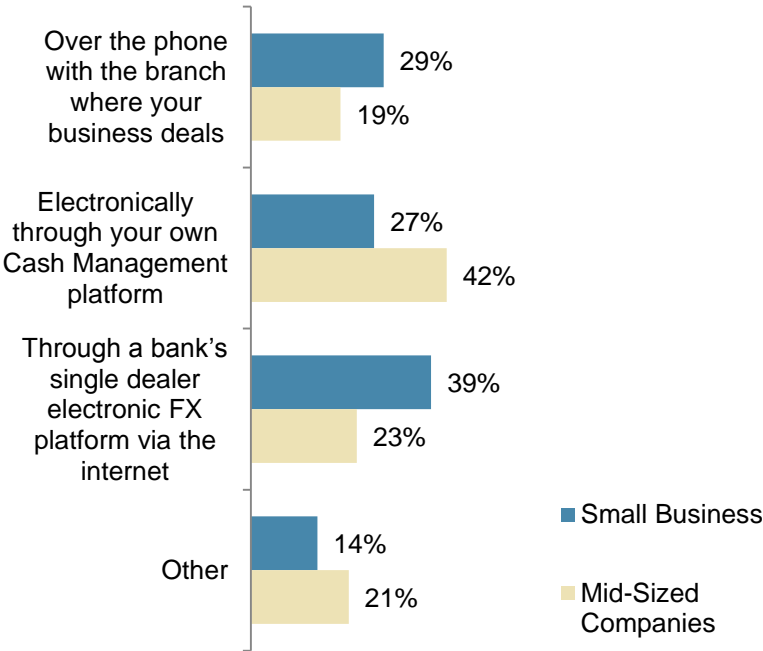
Small businesses transact thru a single dealer FX platform.

Most Important Bank Used for FX Same as Lead Bank

30% of small and mid-sized businesses conduct FX outside their lead bank. There is a possible vulnerability for traditional banks with companies around rates and fees.

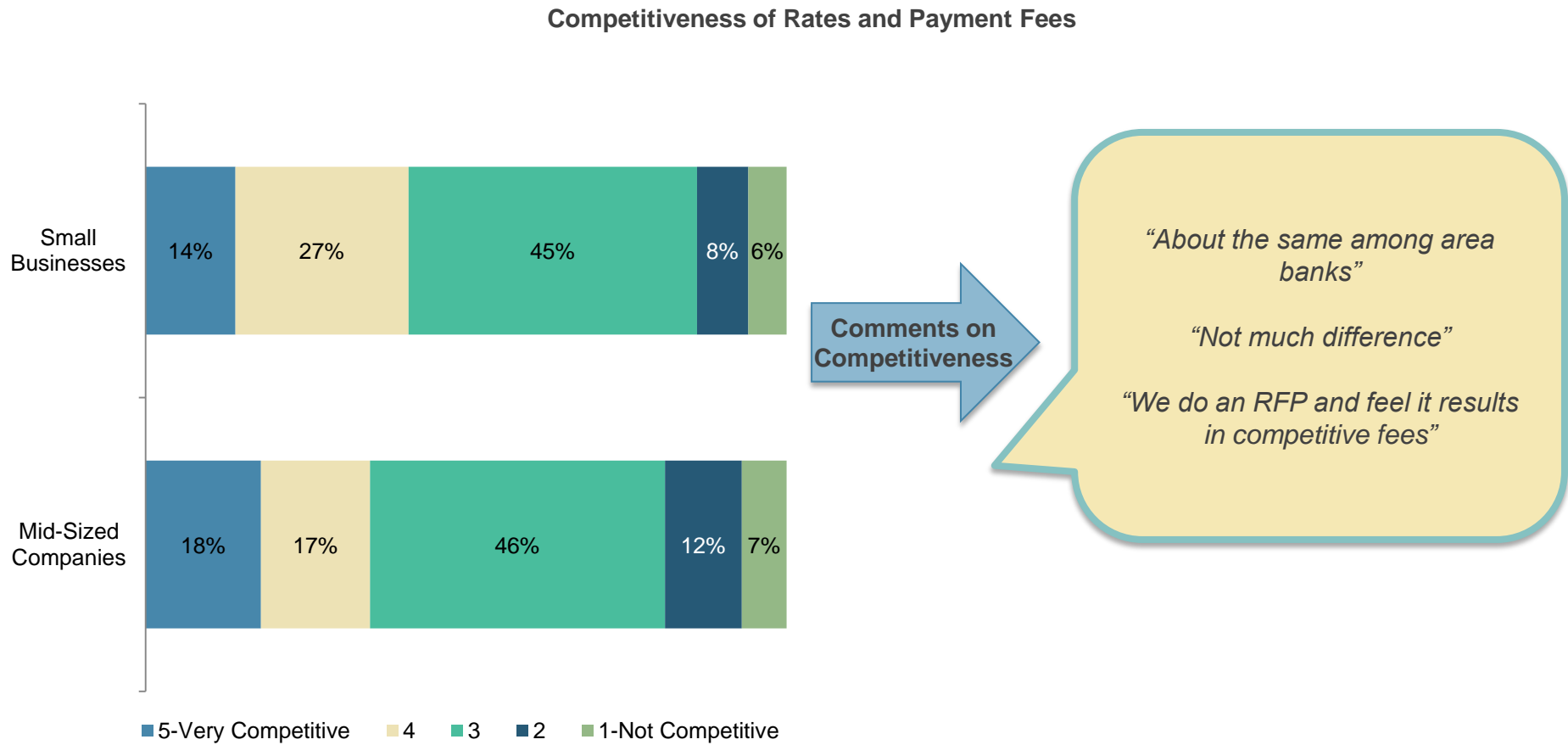


How FX is Transacted and Executed



Question: Is your most important bank for FX your lead bank and major supplier of credit?
Question: How is the FX transacted and executed?

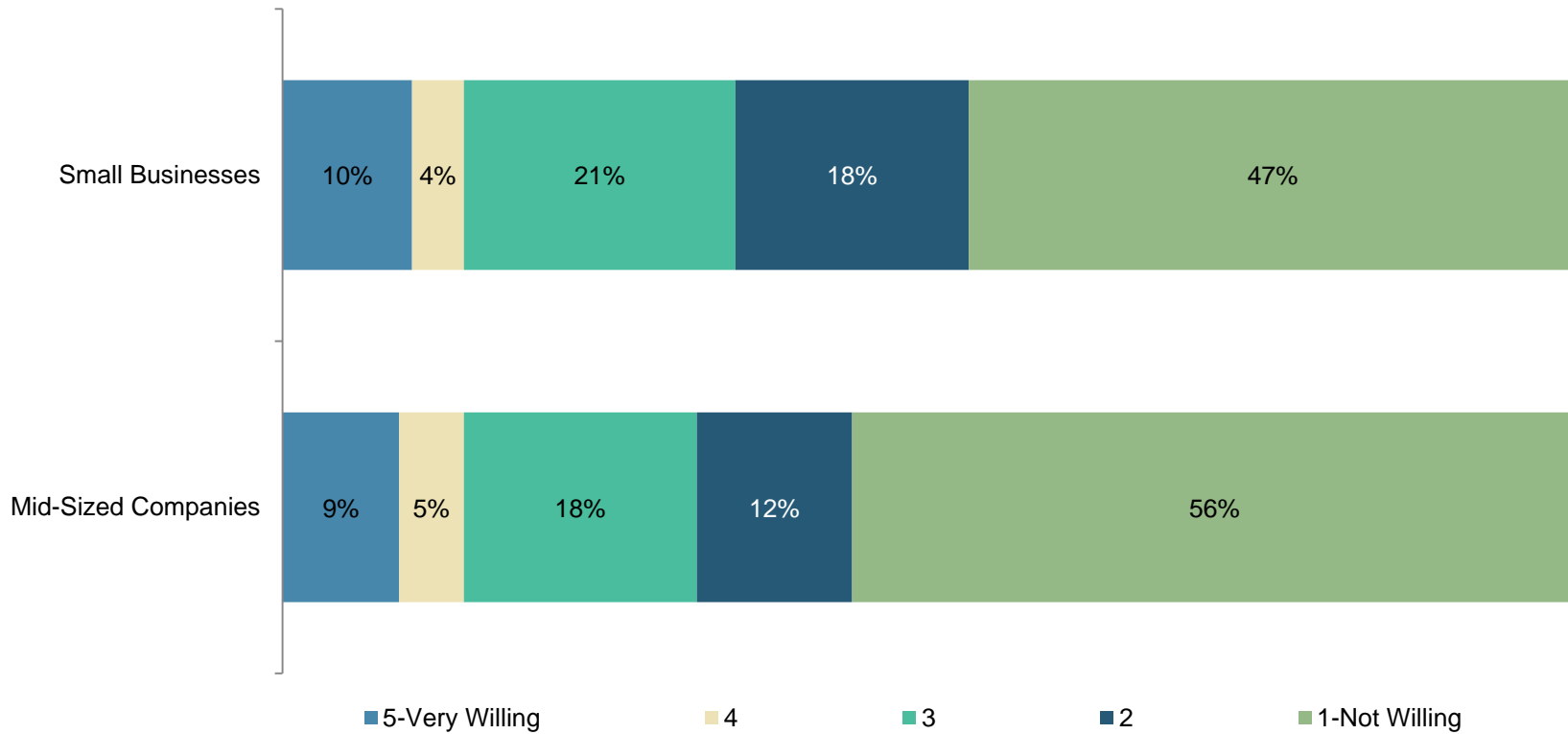
Approximately 60% of small and mid-sized businesses rate banks as neutral on the competitiveness of rates and fees.



Question: On a scale of 1 = Not Competitive and 5 = Very Competitive, how competitive do you feel the rates and payment fees you receive are?

There is very little interest in receiving quotes from other banks or nonbank sources for both small and mid-sized companies.

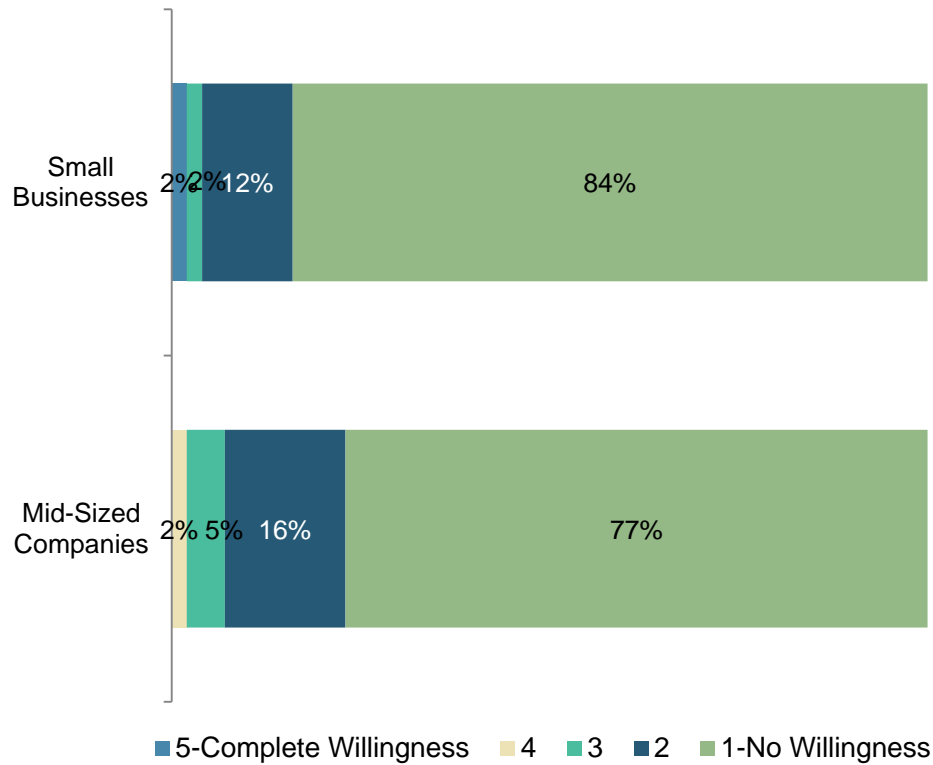
Interest in Receiving Quotes for FX and Payment Needs From Other Banks or Nonbank Sources



Question: On a scale of 1 = Not Willing to 5 = Very Willing, how interested would you be in receiving competitive quotes for your FX and payments needs from other banks or nonbank sources?

Small and mid-sized Businesses have little interest to pay a consulting fee for FX advice or best practices.

Willingness to Pay a Consulting Fee for Advice and Best Practices for E-FX and Payments Solutions



Comments on Willingness

"Why should I pay for advice, best practices when you are already paying enough in monthly fees?"

"I get consulting for free from my nonbank"

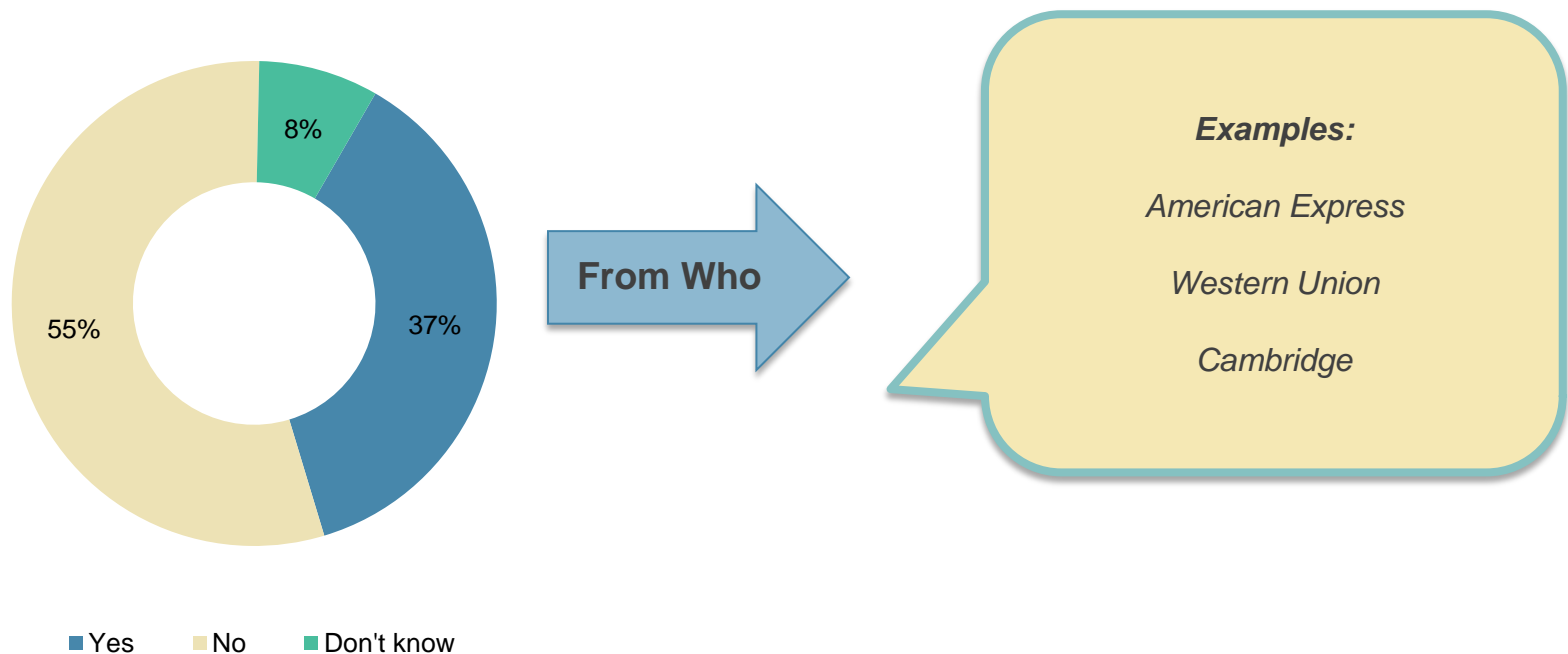
"We do not have many FX transactions so the cost/benefit for a consultant is questionable"

Question: On a scale of 1 = No Willingness and 5 = Complete Willingness, how willing are you to pay a consulting fee for advice and best practices for e-FX and payments solutions from your bank or other outside parties?

37% of small businesses received calls from bank and non-banks to switch their FX business.

Solicitations in the Last 12 Months for Switching to Nonbank Providers of FX and Payment Providers

Small Businesses

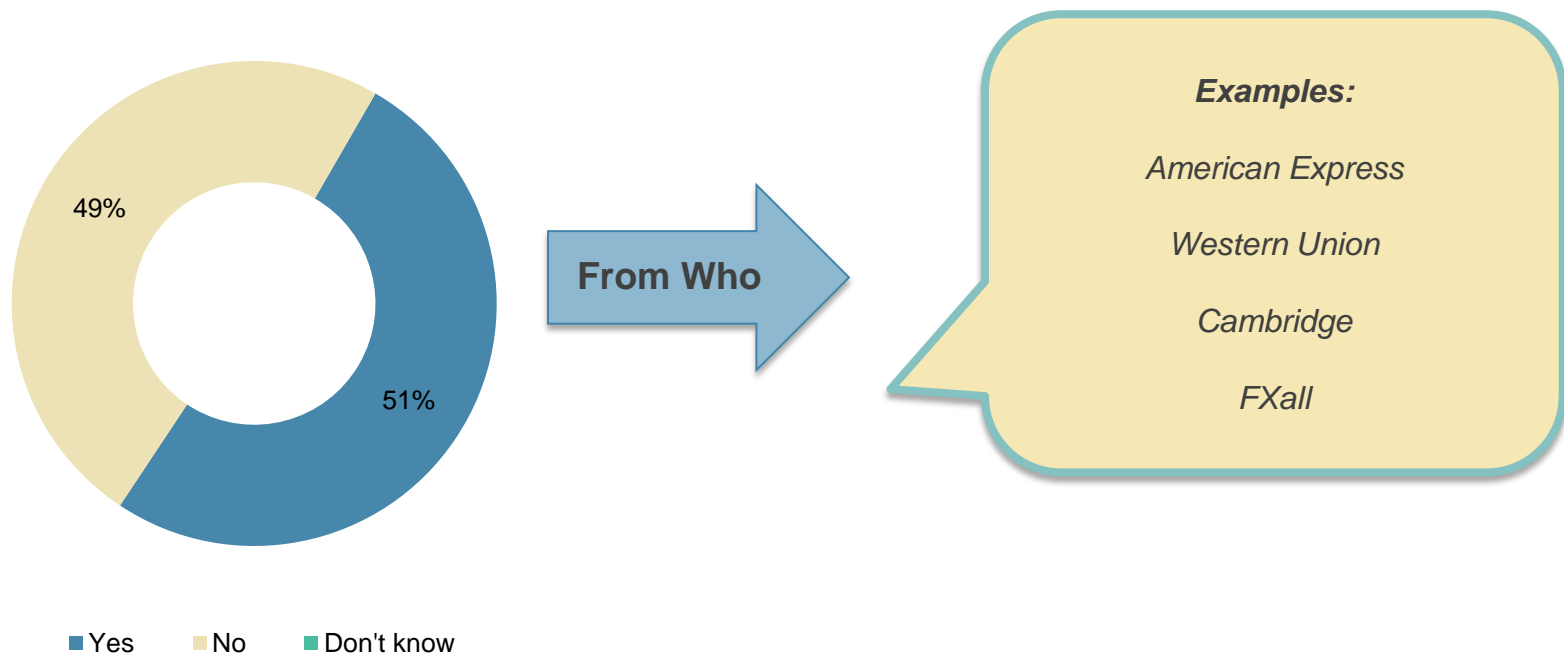


Question: In the last twelve months have you received solicitation to switch to nonbank providers of FX and payment providers?

About half of mid-sized businesses received a call for FX and payment providers to switch their business.

Solicitations in the Last 12 Months for Switching to Nonbank Providers of FX and Payment Providers

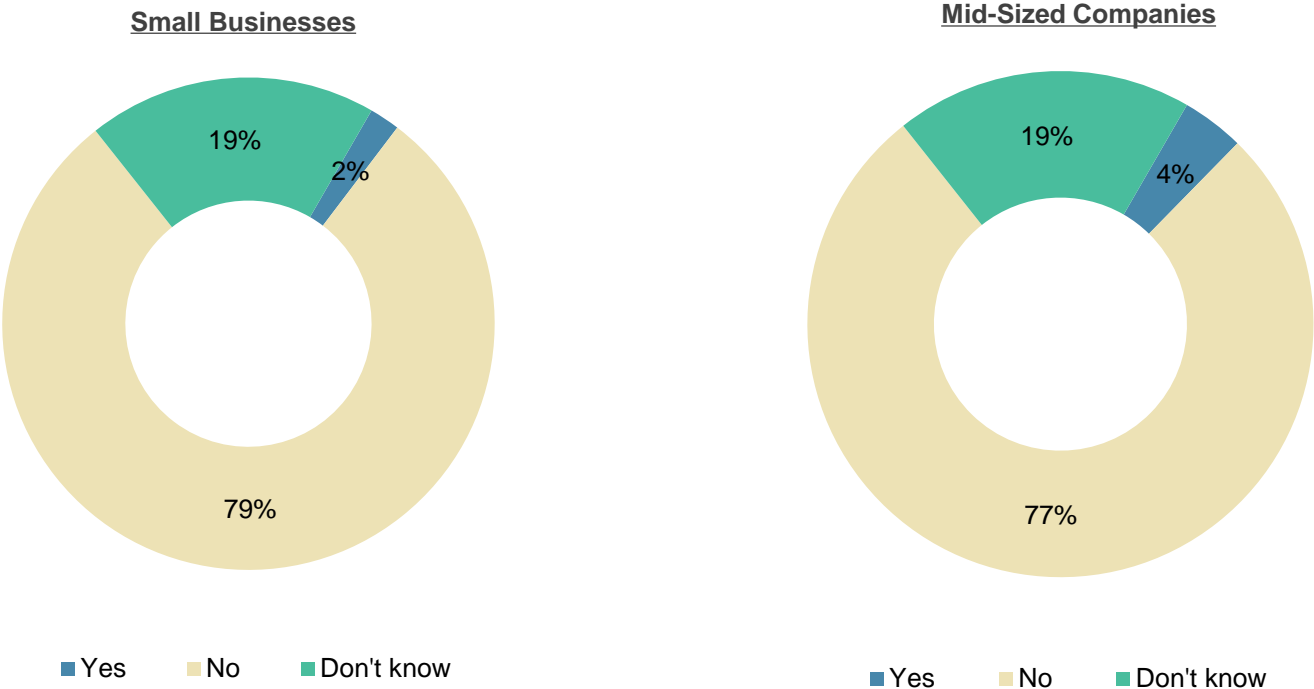
Mid-Sized Companies



Question: In the last twelve months have you received solicitation to switch to nonbank providers of FX and payment providers?

Majority of small and mid-sized businesses plan to switch FX providers and how they access them.

Plans to Execute FX via Different Methods or Providers



Question: Do you plan to execute FX via different channels or providers in the future?
Question: Which channels do you expect to use more actively going forward?

Greenwich Market Pulse

Greenwich Market Pulse is an ongoing research series that addresses the most important and timely issues facing small (\$1mm-\$10mm) and mid-sized (\$10mm-\$500mm) company executives and their banking relationships. Greenwich Associates' access to thousands of financial decision-makers in the United States allows for constant contact with the market. Greenwich Market Pulse reports deliver the unbiased perspectives of these individuals in concise and actionable charts, complemented by insights and analysis from Greenwich Associates' industry experts. Greenwich Market Pulse studies are conducted four times per year and are often used in tandem with other annual Greenwich Associates research.

Methodology: 495 companies interviewed in July 2016 representing 247 small businesses and 248 mid-sized companies.

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