

## Media Release

# Hyper competition in UK FX market

(8 September 2014 – United Kingdom) The UK's business foreign exchange markets are among the most competitive in the world, with an average share of customer wallet for a primary service provider or bank only 27.4 percent.

The results are from East & Partners inaugural UK Business Foreign Exchange Markets report, which looks at the Spot FX, Options and Forwards markets for companies turning over between 1-100 million pounds a year.

East's research, completed from 2212 direct interviews with UK businesses in August, found that in the Spot FX markets only three of the 26 providers had a primary relationship share in double digits.

The leader, a domestic UK bank, held a 15.1 percent share of primary Spot FX relationships and was dominant in the Micro segment – of businesses with annual turnover of 1-5 million pounds – with a 19.9 percent share.

Across the whole market, excluding the big three providers with double digit market shares, 54.50 percent of primary Spot relationships are shared across a plethora of competing providers, making the UK markets one of the most competitive in the world.

In terms of secondary market share, only two providers hold double digit market shares with the biggest of these being 11.8 percent.

## Spot FX Market Share

% of Relationships

	Primary Relationships	Secondary Relationships
Market Leaders	39.1	22.6
Others	54.5	71.7
Miscellaneous*	6.4	5.7
TOTAL	100.0	100.0

\*Miscellaneous includes providers registering market share of less than 0.5 percent

Source: East & Partners United Kingdom Business Foreign Exchange Markets Program

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the UK market was more competitive than comparable markets in the USA, Canada, Australia and Asia.

“Businesses which use FX services are using multiple providers, and are being driven by price and ease of execution,” said Colquhoun.

“In terms of wallet share, the average for primary relationships in the market is only 27.4 percent, which means that for every 100 pounds a business puts through in Spot FX, the primary provider is only getting 27.40 pounds – and so 72.60 is being spent with other providers.”

“The UK market comprises domestic and European banks, and also US and global banks and specialist providers such as Western Union.”

## About the East & Partners United Kingdom Business Foreign Exchange Markets Program

East & Partners’ UK Business Foreign Exchange (FX) Markets program delivers demand-side assessments of the Micro, SME and Lower Corporate markets of the United Kingdom.

Designed to monitor competitive performance in these high growth but highly competitive markets, East’s Business FX Markets Program supplies industry wide performance measures across pivotal benchmarks every six months:

- Spot FX Market: Market Share, Wallet Share, Share of FX Customer Mind
- FX Options Market: Market Share, Wallet Share, Share of FX Customer Mind
- Forward FX Market: Market Share, Wallet Share, Share of FX Customer Mind
- Product Customer Satisfaction Ratings
- FX Customer Service Satisfaction

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