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## United Kingdom Business Foreign Exchange Markets

Market Analysis Report  
December 2022

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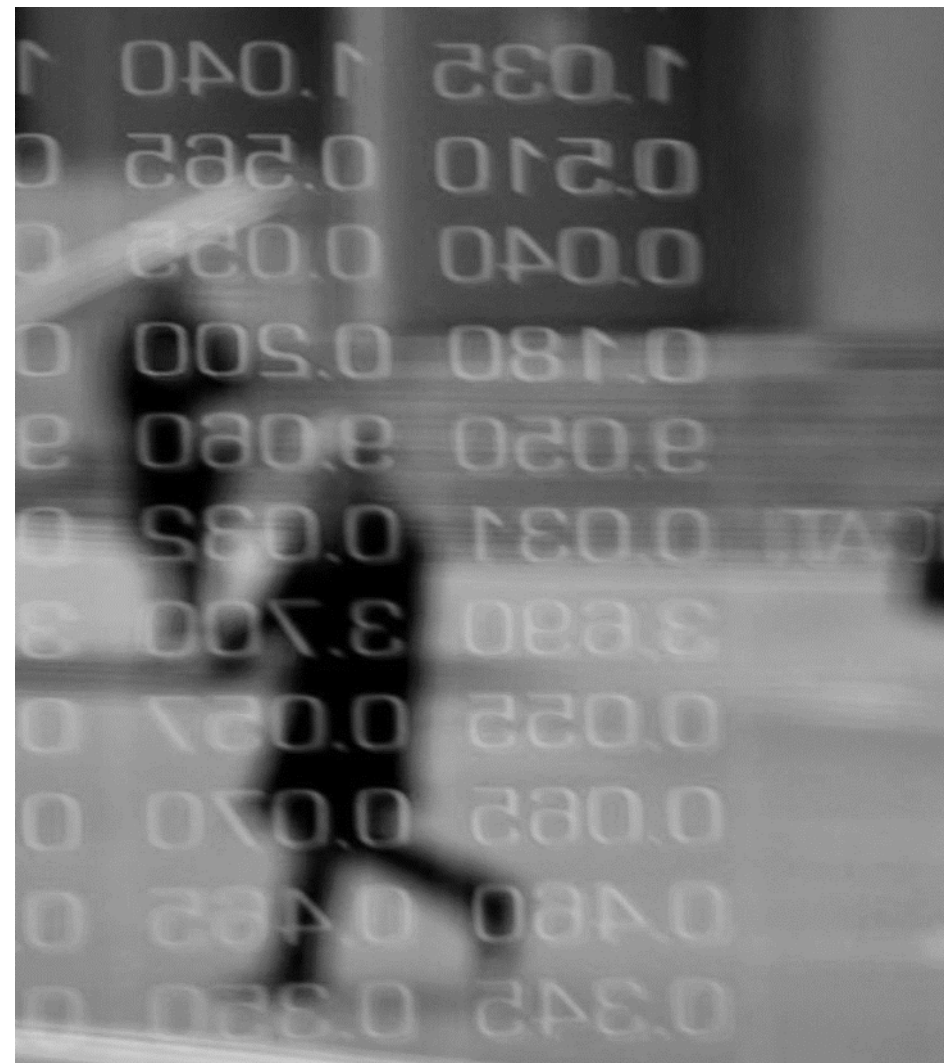
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# Introduction

The eighteenth consecutive round of six-monthly demand-side assessments of the United Kingdom (UK)'s Business Foreign Exchange (FX) markets is designed to monitor competitive performance in the world's most high growth, highly competitive and active FX hub.

The analysis delivers industry wide performance measures across pivotal industry benchmarks. The biannual program monitors industry specific market share, wallet share, mind share and customer satisfaction experiences using dedicated "voice of the customer" research methodology.

The program mirrors corresponding programs executed in Hong Kong, Singapore, Australian and New Zealand Business FX markets alongside program deployments in French, Canadian and US markets over an extended period of time.

Examining FX market dynamics across Micro Business, SME and Lower Commercial segments, the program applies the following business segment annual enterprise turnover bands:

- » Micro Business ..... GBP£1-5 million annual turnover
- » Small to Medium Enterprises (SME) ..... GBP£5-20 million annual turnover
- » Lower Commercial..... GBP£20-100 million annual turnover

The relative performance, behaviour and product engagement of businesses with their bank or FX provider is quantified across product engagement, market share, wallet share and customer satisfaction performance metrics. East's demand side analysis provides coverage of Spot FX, Forward FX and FX Options product categories.

Biannual reporting cycles for the UK Business FX program take place in June and December.

# Appendix I

Detailed Data Analysis

# Appendix II

## Research Methodology

For this eighteenth round of research, 2,224 UK enterprises from the Micro, SME and Lower Commercial segments were directly interviewed by telephone over a five-week period ending 7 November 2022.

Individual enterprises targeted for interview were randomly selected into the sample frame, sourced from a variety of list brokers and database houses and washed for contact validity prior to any contact.

Interviews were conducted with the CFO, Business Owner, Corporate Treasurer, Company Accountant or designated FX officer using a closed response structured questionnaire.

Interviews were conducted with the following enterprises in each segment:

- » Micro Business ..... 1,059  
GBP£1 - 5m annual business turnover
- » SME.....733  
GBP£5 - 20m annual business turnover
- » Lower Commercial..... 432  
GBP£20 - 100m annual business turnover

The interview sample was dispersed geographically across the UK. The sector distribution reflects a natural sample of the British enterprise population in these segments.

All interviews were conducted by East directly by telephone with the individual within the business responsible for managing the enterprise's FX, import/export trade activities and provider engagement. This is a six-monthly research program, with the eighteenth round to follow in late-2022.

Exhibit 28

### Customer Segment Distribution

% of Total

	Dec 2022 (N: 2224)
Micro Business	47.6
SME	33.0
Lower Commercial	19.4
TOTAL	100.0

Exhibit 29

### Geographical Distribution

% of Total

	Dec 2022 (N: 2224)
South East	22.9
Other England	17.1
London	19.6
Midlands	15.1
North West	8.0
South West	7.7
Northern Ireland	3.2
Wales	3.1
Scotland	3.4
TOTAL	100.0



Exhibit 30  
**Interviewee Distribution**  
% of Total

	Dec 2022 (N: 2224)
Business Owner	35.0
CFO	21.4
CEO	16.9
Company Accountant / Financial Controller	7.4
Corporate Treasurer	9.1
Head of Trade / Exporting	3.0
Other	7.2
<b>TOTAL</b>	<b>100.0</b>

Exhibit 31  
**Industry Sector Distribution**  
% of Total

	Dec 2022 (N: 2224)
Agriculture, Forestry, Fishing	2.4
Mining & Resources	0.6
Manufacturing	38.5
Electricity, Gas & Water	0.8
Construction	4.2
Wholesale	22.4
Retail	7.5
Accommodation, Cafes & Restaurants	1.1
Transport & Storage	4.4
Media & Telco	2.3
Finance & Insurance (non-banks)	2.8
Property & Business Services	6.9
Personal & Other Services	6.0
<b>TOTAL</b>	<b>100.0</b>

All enterprises are screened for involvement in either exporting and/or importing activities, either central to their business or more peripheral. The following trading profile of this market sample is represented as:

Exhibit 32  
**Trading Profile**  
% of Total

	Micro (N: 1059)	SME (N: 733)	Lower Commercial (N: 432)	Total (N: 2224)
Exporter Only	13.4	19.0	24.5	17.4
Importer Only	25.4	20.2	12.5	21.2
Both Importer & Exporter	61.2	60.8	63.0	61.4
TOTAL	100.0	100.0	100.0	100.0

Exhibit 33  
**Trading Profile - % of Total FX Exposure**  
Average % Reported

	Micro (N: 1059)	SME (N: 733)	Lower Commercial (N: 432)	Total (N: 2224)
Exporter Only	100.0	100.0	100.0	100.0
Importer Only	100.0	100.0	100.0	100.0
Both Importer & Exporter	75.8	63.6	53.0	67.3

Exhibit 34  
**FX Trading Profile**  
% of Total

	Micro (N: 1059)	SME (N: 733)	Lower Commercial (N: 432)	Total (N: 2224)
FX/Total Turnover (Current Average %)	65.2	72.4	88.1	71.9
FX/Total Turnover (Forecast Average % Next 12 Months)	65.7	73.0	88.7	72.6

	Exporter Only (N: 387)	Importer Only (N: 471)	Importer & Exporter (N: 1366)	Total (N: 2224)
FX/Total Turnover (Current Average %)	89.0	41.6	77.5	71.9
FX/Total Turnover (Forecast Average % Next 12 Months)	89.5	42.7	78.1	72.6

Exhibit 35

**FX Hedging Profile**

% of Total

	Micro (N: 1059)	SME (N: 733)	Lower Commercial (N: 432)	Total (N: 2224)
FX/Total Turnover (Current Average %)	27.5	49.2	88.0	46.4
FX/Total Turnover (Forecast Average % Next 12 Months)	28.0	49.7	88.6	46.9

	Exporter Only (N: 387)	Importer Only (N: 471)	Importer & Exporter (N: 1366)	Total (N: 2224)
FX/Total Turnover (Current Average %)	46.1	42.6	47.8	46.4
FX/Total Turnover (Forecast Average % Next 12 Months)	46.3	43.1	48.4	46.9

Exhibit 36

**Volume of Hedging Trades**

Average Monthly Volume of Trades Reported

	Micro (N: 1059)	SME (N: 733)	Lower Commercial (N: 432)	Total (N: 2224)
Spot FX	3.5	8.5	18.2	8.0
FX Options	0.1	0.1	0.4	0.2
Forward FX Contracts	0.7	1.4	3.9	1.6
TOTAL	4.3	10.0	22.5	9.8




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