

FX Capital Group

Issue Briefing / Foreign Exchange Markets



Is Foreign Exchange Opaque?

Understanding your true cost of currency

Do you often see these claims?

- 100% commission free
- No payment fees
- Dedicated dealer
- Better pricing than your bank

Currency brokers, and sometimes banks, often make these claims. They sound great, but what do they really mean?

Let's take a closer look...

100% Commission Free

All currency brokers make their money by buying currency in the wholesale market and selling to customers at a marked up price.

The difference between the wholesale price and the customer price is commission.

So "100% Commission Free" is not true

No Payment Fees

This is a little more subtle. The reason that payment fees "appear" to be free, is that the cost of the payment is covered in the mark-up the broker makes on the wholesale price.

So, you do in fact pay the payment fees, although without realising it.

So "No Payment Fees" is not true

Dedicated Dealer

Some of the larger brokers have 1,000s of clients. So how can a dealing team of 10-20 people covering 1,000 clients be "dedicated to you"?

Some smaller brokers do have dealers who cover an appropriately sized client base.

So "Dedicated Dealer" may be true

Better Pricing Than Your Bank

Yes, the majority of brokerages do give better pricing than your bank. But the question you should be asking is "is my pricing consistent?".

However, what you need to be aware of is "cheap pricing" (better than bank) gets you hooked and then over time your broker "widens your prices" hoping you will not notice. A common trick used by many brokers.

So "Better Pricing" may be just a tempter, but be aware when your back is turned

In conclusion...

Yes, the FX market relies on opaqueness to make money. Many of the claims are really "marketing myths". The victim is unfortunately the client.

Introducing FX Capital Group

- 100% transparent with customers
- 100% consistent and fair prices
- 100% independent, unbiased trade execution

We call this FX2.0 and invite you to "Take a Closer Look"...

[www.fxcapitalgroup.co.uk/
takeacloserlook](http://www.fxcapitalgroup.co.uk/takeacloserlook)