

This response sets out TransferWise's experience of digital comparison tools (DCTs) and some broader points on the importance of transparency for consumers. DCTs have a hugely important role in enabling consumers to compare suppliers, not just on price, however in some consumers' minds they are still purely for price. Yet, in financial services particularly, they do not offer the basic means to compare prices effectively and are not transparent about the true costs of the services.

Foreign currency transfers

Overall the presentation of foreign currency transfers to consumers on DCTs is not transparent as the complete pricing information is not displayed. The non-pricing factors are not the same for each supplier and are therefore not comparable, and there is no fair redress policy for suppliers when information is incorrect.

The commercial nature of the relationship between the DCT and the supplier is not apparent to the consumer. Consumers are not aware that the relevant suppliers have paid to be in the top position. This is no different from paid advertising and should be made clear to the consumers. Not disclosing that a form of payment from the supplier affects position on the table is misleading and contravenes the principles of consumer marketing legislation. There are many precedents for how this payment could be made clear to consumers, for example in journalism mainstream outlets mark the content as sponsored or advertorial, and the search engine google clearly marks paid for posts as ads.

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There is no information for consumers on how these rankings are decided, or that the rankings may change based on the amount transferred. It is our understanding that for the main DCT websites the pricing model is based on the EPC model, and the DCTs request discounted deals to encourage these, which we would not offer on the open market to consumers. This does not accord with the principles of TransferWise as we seek to offer the same deal whichever route the customer comes from, and offer the lowest cost we can.

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The news site the Guardian made a reasonable [approximation](#) based on desk research of the main providers in the following table, although because the fees are not separated out from the amount received we cannot be sure each provider is being compared like for like. The best effort at the time of submission from our perspective is the [World Bank site remittances worldwide](#) which calculates the 'total cost' of both the exchange rate and the fee.

What you can get						
	Euros for £200	Euros for £2,000	Euros for £150,000	US\$ for £200	US\$ for £2,000	US\$ for £150,000
NatWest	220.89	2,313.49	174,372	229.31	2,548.14	193,207
HiFX	224.23	2,345.40	177,465	248.66	2,601.24	196,830
UKForex	236.58	2,365.60	177,435	258.18	2,604.40	196,740
CurrencyFair	233.72	2,364.02	177,493	258.40	2,620.00	196,796
TransferWise	235.36	2,365.57	177,418	260.94	2,622.69	196,701
Currency Account	231.93	2,366.91	177,562	256.87	2621.43	196,607
PayPal	230.73	2,307.39	173,055	256.14	2561.49	192,112
MoneyGram	216.70	No quote	No quote	241.94	No quote	No quote
Western Union	226.35	2,340.74	No quote	256.83	2,615.54	No quote

Notes: Figures use XE.com interbank rate, £1=€1.19, £1=\$1.32. **Source:** Guardian research, 29 July

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Holiday/travel money

[] Research conducted by Yougov for TransferWise found that of 500 consumers who regularly transfer money, when presented with a screen that said the transfer was 0% commission, 52% mistakenly believed that transaction to be free. With the services on the websites there is a charge in the exchange rate.

Though the data is not the most up to date, the World Bank has taken a huge step forward with their new remittance price calculator:

<http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

As it calculates the total cost to a consumer, rather than separating the charges. The next step would be to include non-price factors.

It is our understanding that DCTs are very impactful to suppliers. By spending on DCT table position new holiday money suppliers have been able to grow to a dominant position in the marketplace.

General financial services provision

The main DCTs do not provide enough meaningful comparison for consumers. Hopefully the CMAs recommendations for key service quality indicators and Open APIs might bring more comparison points however we hope that these projects are more successful than MiData.

Broader points around DCTs

In Government representations the main DCTs are increasingly pushing to have a consumer arbiter role however we are concerned as they are not transparent nor do they have any duty to be so. More importantly they are inherently biased because of their business model. They are no different to a sales person who generates commission for each referral/sale.

It is unclear how DCTs are making their money, and in turn how consumers are paying for their services. They are not accountable for the display of information, and have no obligation to keep the information up to date.

Transparent pricing could be possible, for example on Google it is clear that a search result is sponsored or an advertisement but on DCTs (given our understanding that top placements are to an extent paid for) it is not clear to consumers that a top table position has incurred a cost to the supplier.

Lean (low cost) businesses such as TransferWise struggle to do the sort of behind the scenes deals required by DCTs without impacting on margins and increasing consumer prices - leading to incumbents gaining advantage to go up the table and consumers getting worse public deals from those suppliers.

For many suppliers there is a trade off between participating and losing money or not participating and losing growth.

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