



**2024 Macroeconomic  
Outlook  
&  
Efficiency/Automation**

John Min PhD  
Chief Economist  
Monex USA

# Introduction

# MONEX

Your Partner for Global Payments  
& Risk Management

# Key Global Group Figures

Numbers Stacked in Your Favor



## 38+ Years of Collective Expertise

Monex USA is headquartered in Washington, DC, since 1999; The global Monex financial group was founded in 1985

## \$11.1B in Total Global Assets

Sound financial foundation to support all your global operations.

## \$303 Billion FX Turnover

Global market buying power leveraged to provide leading competitive exchange rates group-wide.

## 7.6M FX Transactions

Efficient, secure, and intuitive payment processing around the world.

## 2,800+ FX Experts

Personalized, dedicated service across a broad range of industries, global reach with local expertise.

# Global Presence, Local Expertise

Cross-Border Solutions Made Simple



## North-America

Local presence in Canada, Mexico, and United States; Washington, DC, NY & LA



## Europe

Local presence in the UK, Spain, Luxembourg, and the Netherlands



## Asia

Local presence in Singapore

# Trusted Around the World

Keeping Your Funds, Beneficiaries, and Business Safe



## Licensing & Regulatory

All your transactions are securely and seamlessly serviced by one of the first Money Service Businesses (MSB) to be completely registered, licensed, and compliant with all US state and federal requirements. Monex is also registered in the Canadian province of Quebec. We are committed to strict adherence with all applicable regulations and codes and are audited annually by regulatory bodies to ensure full compliance.



## Dedicated Compliance

In addition to your internal safeguards, your organization receives an added layer of protection with our team of Anti-Money Laundering (AML) compliance and legal professionals, committed to keeping your business and money safe. Our dedicated team is responsible for onboarding and protecting your account using advanced technology to detect and prevent fraud attempts on your funds.



# Trusted by Leading Financial Media

Most Quoted Global Payments Company

Bloomberg's  
**#1 CURRENCY FORECASTER**

## TOP Overall – G10

Region	G10	Period	Q122
Top Forecasters			
		Ra...	Score
Monex USA Corp 1 63.57			
Commonwealth Bank of... 2 60.48			
Monex Europe Ltd 3 58.28			
X-Trade Brokers Dom ... 4 58.12			
Barclays 5 58.11			
PNC Financial 6 57.25			
Danske Bank 7 56.30			
Oversea-Chinese Banki... 8 56.14			
Mouvement Desiardins 9 55.06			

...and

**1st – MXN & NZD**

**2nd – AUD 4th – GBP**

**3rd – CHF 7th – CAD**

**MONEX | USA**

WALL STREET JOURNAL  
**Bloomberg**

**Forbes**  
**NASDAQ**

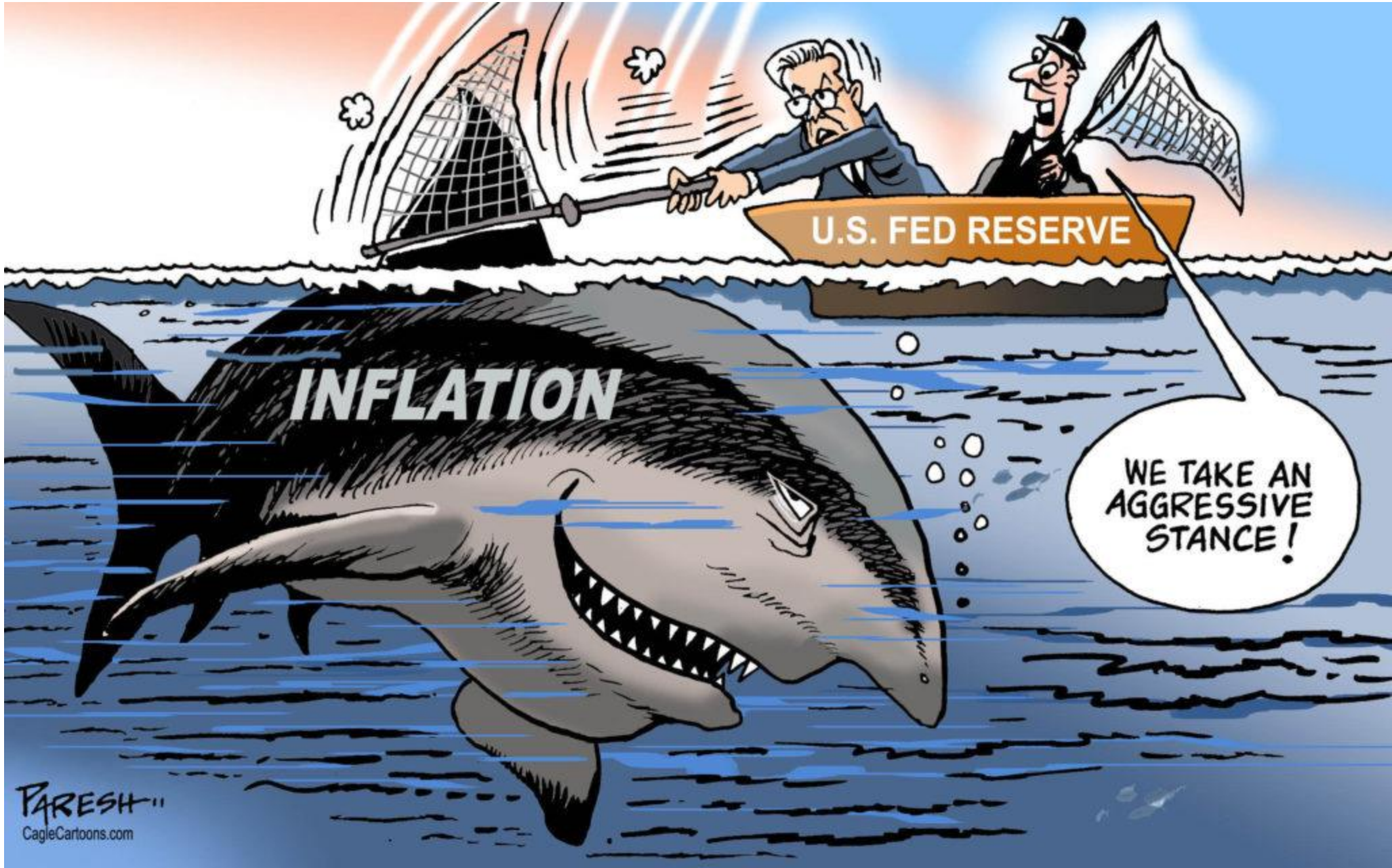
  
REUTERS

**YAHOO!**  
FINANCE

  
LE FONTI  
THE LIVE STREAMING TV

  
CNBC

The  
New York  
Times



U.S. FED RESERVE

INFLATION

WE TAKE AN AGGRESSIVE STANCE!

PARESHT  
CagleCartoons.com

# Bold or Reckless

- Fed Funds

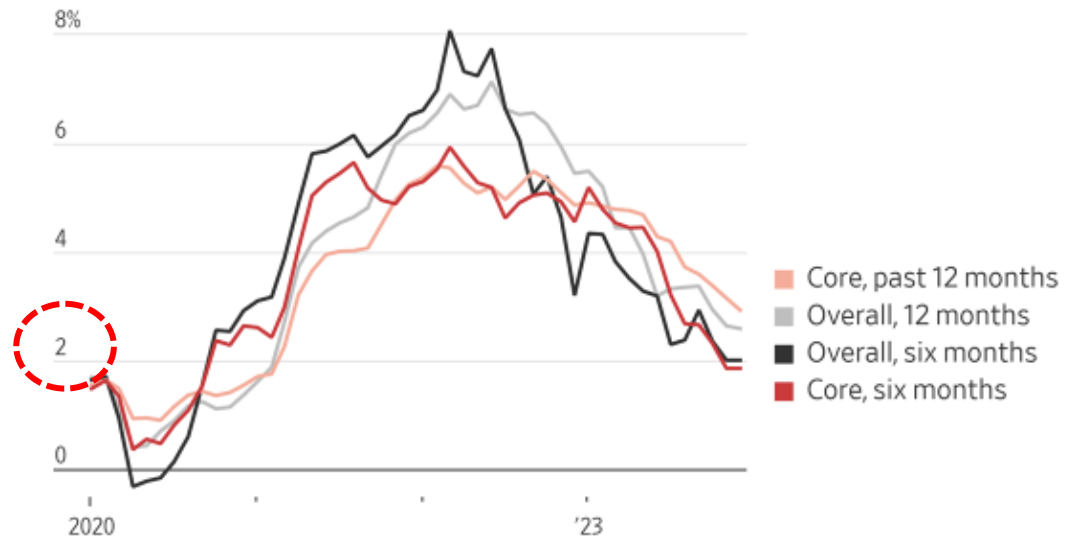




# Kudos

- Soft Landing...

Personal-consumption expenditures price index, annual rate of change



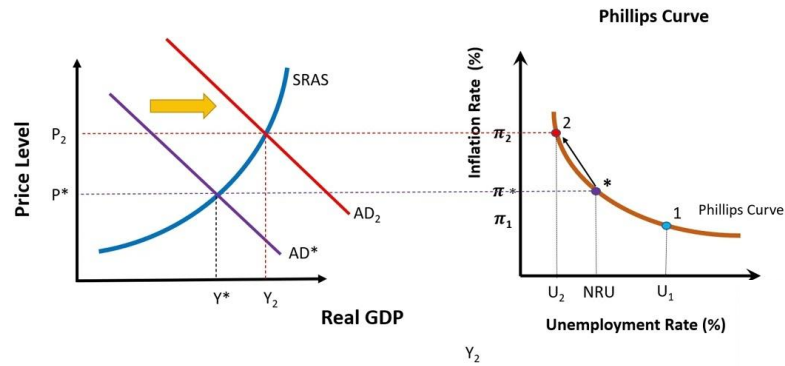
Note: Seasonally adjusted; core excludes food and energy.  
Source: Commerce Department



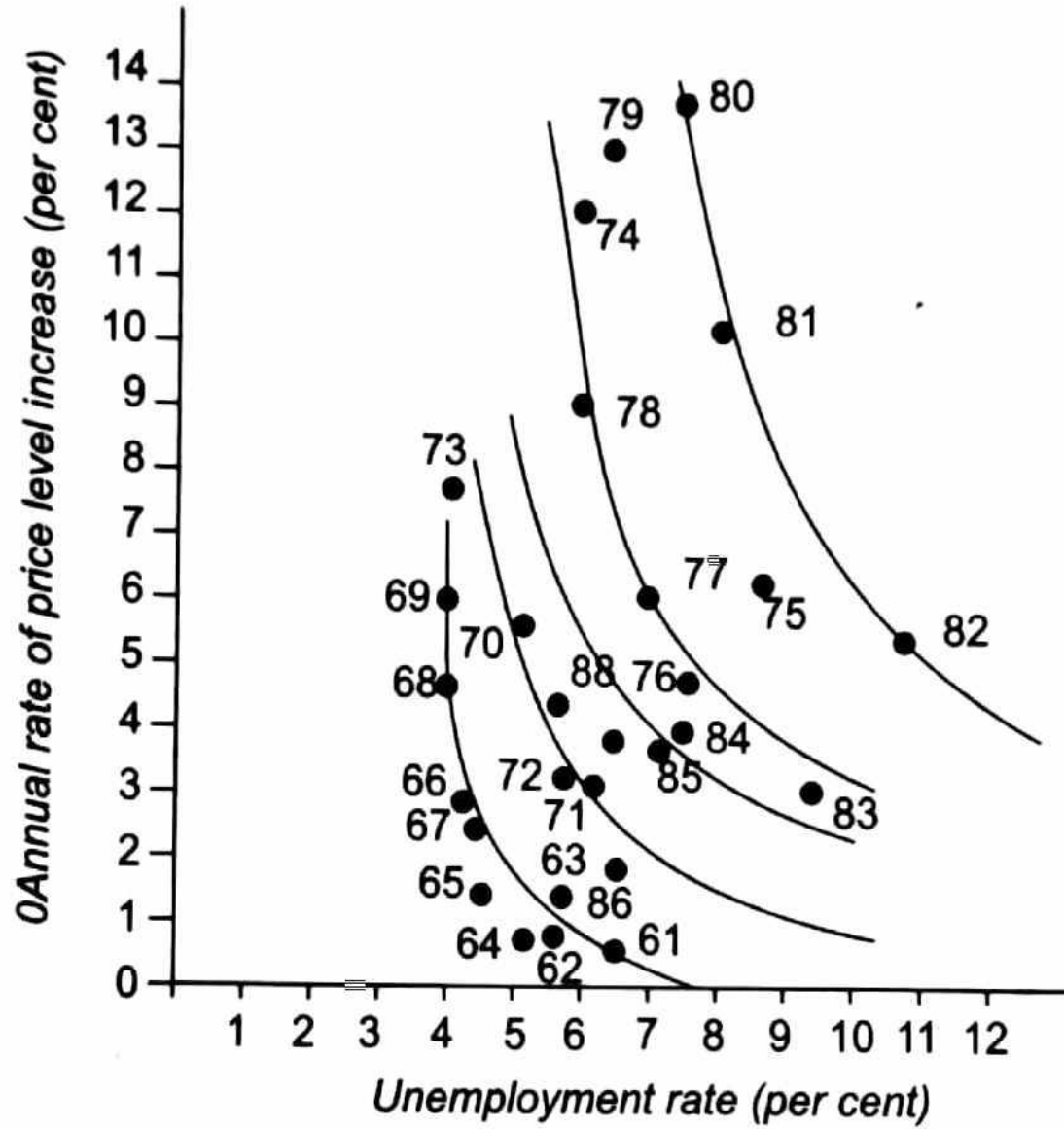
# Theory

- Trade offs...

Phillips Curve: An Increase in Aggregate Demand



Slides created by Iris Franz, PHD. Please share with proper citation.



**Fig. 13.4. Shift in Phillips Curve : United States**

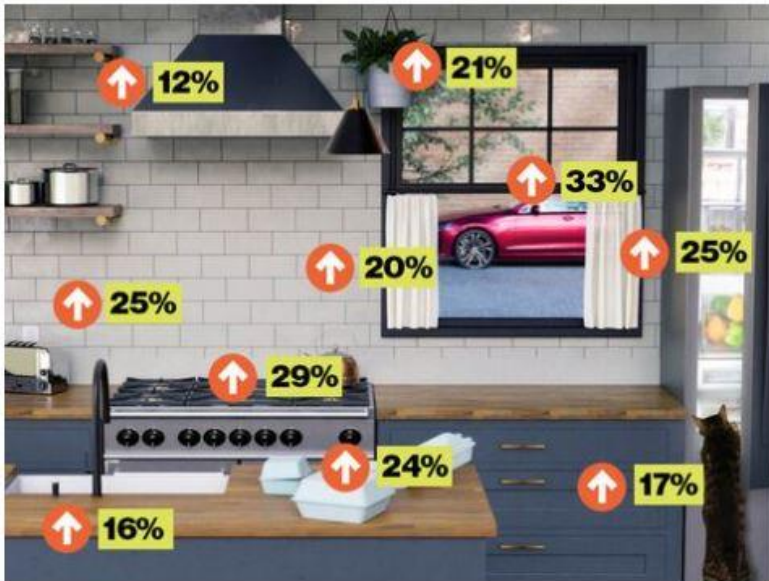
# Kudos

- Soft Landing...



# Sentiment

- Much Pain...

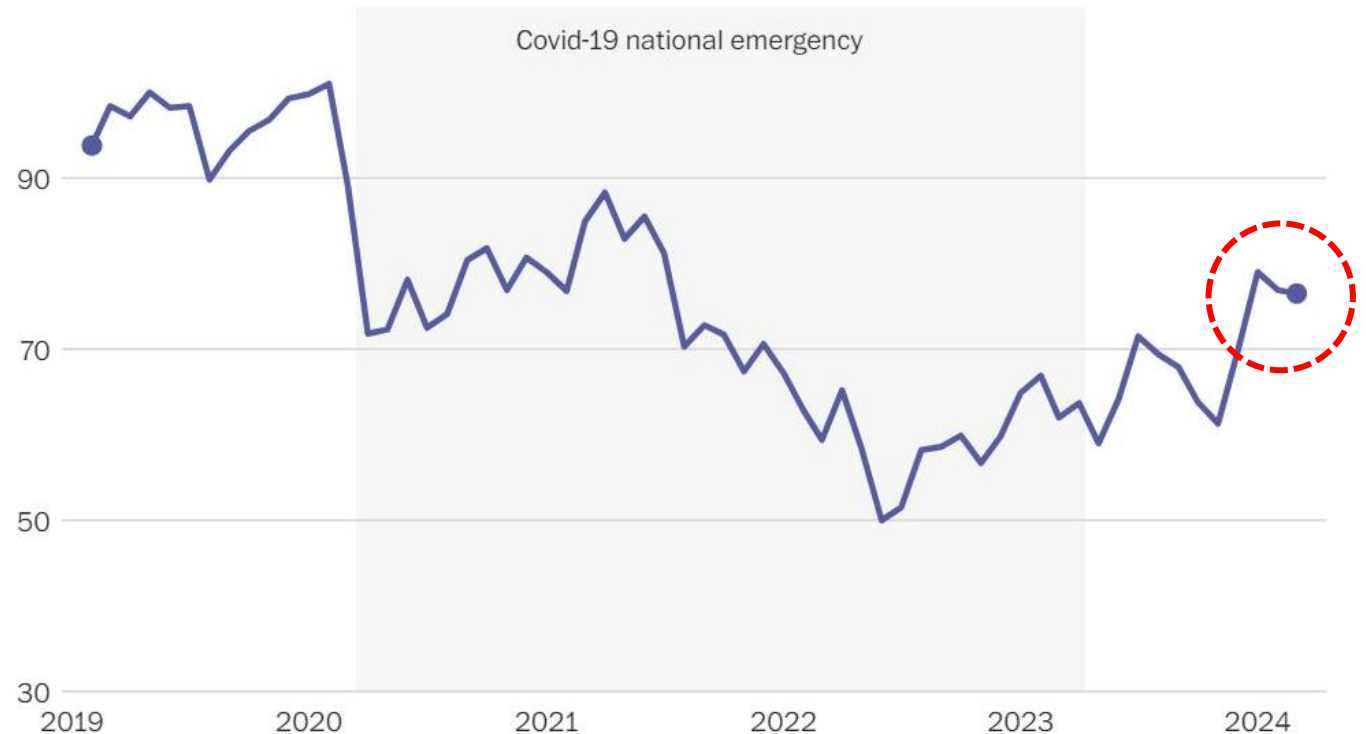


Economics

## Just How Bad Is the US Cost-of-Living Squeeze? We Did the Math

4 hours ago

Consumer sentiment index

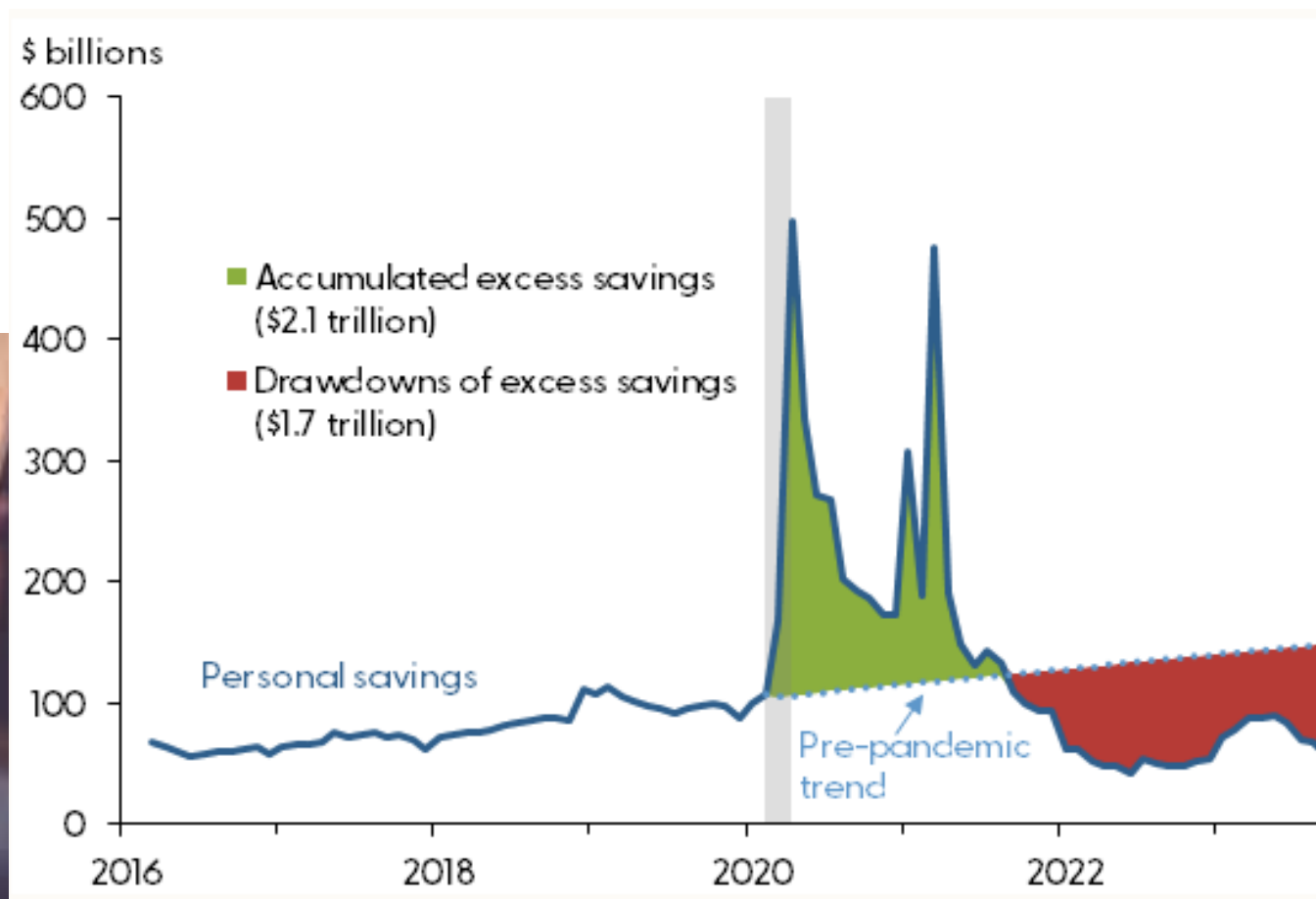


March 2024 reading is preliminary

Source: [University of Michigan](#)

# Savings

- Depleted...



\$290 billion  
Nov 2023

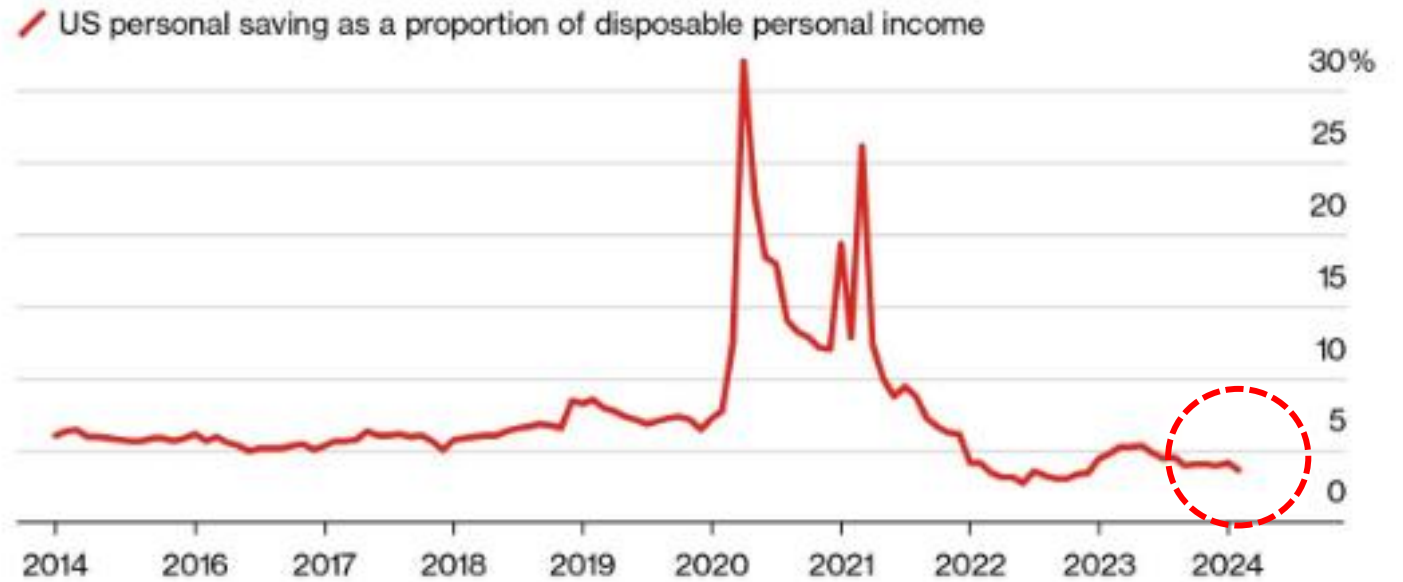
Federal Reserve Bank  
of San Francisco

# Savings

- Record Low...



## US Savings Rate Has Trended Below Pre-Pandemic Rates



Source: Bureau of Economic Analysis

Bloomberg

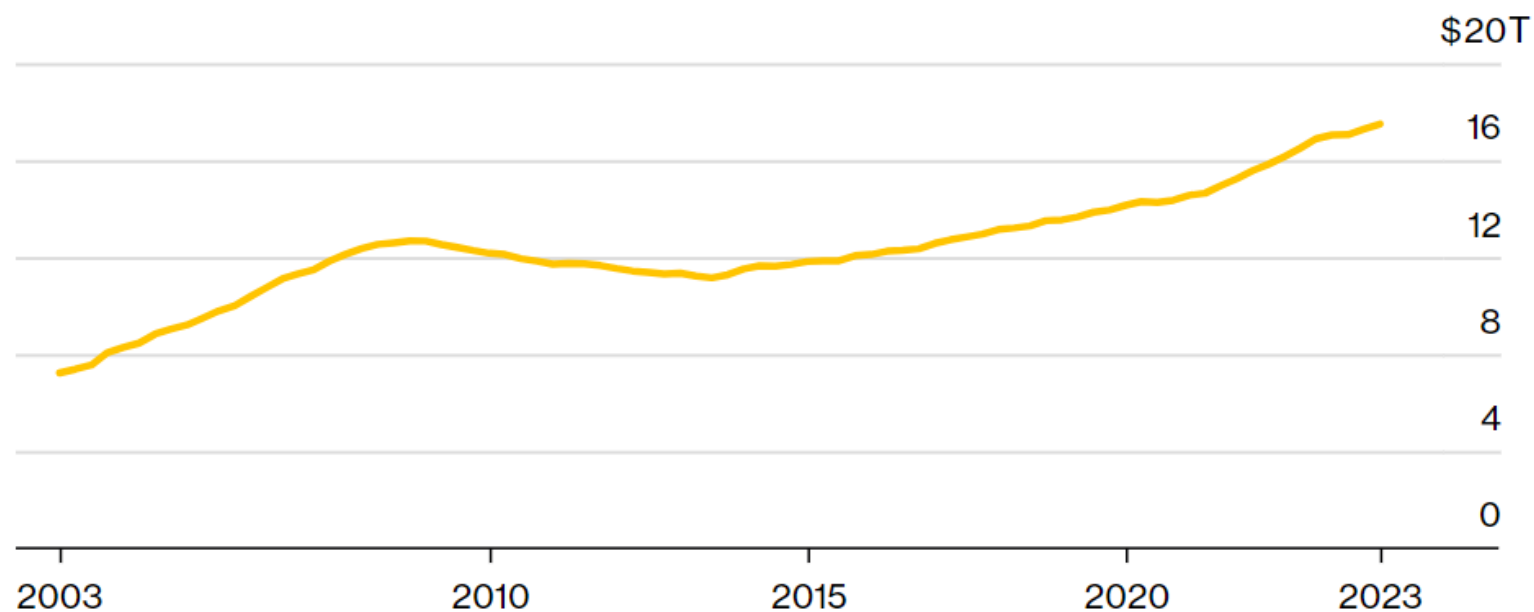
# Debt

- Record High...



## Total US Household Debt Balance

Household debt increased by \$212 billion last quarter to \$17.5 trillion



Source: New York Fed Consumer Credit Panel/Equifax

# Debt

- Record...

## Total outstanding credit card balances, 1999 to present

In billions; seasonally adjusted



### Americans' credit card debt hits record \$1.13 trillion

Credit card debt increased by \$50 billion in the fourth quarter of 2023.

By [Elizabeth Schulze](#)

February 6, 2024, 11:47 AM



Credit card and household debt hit record high

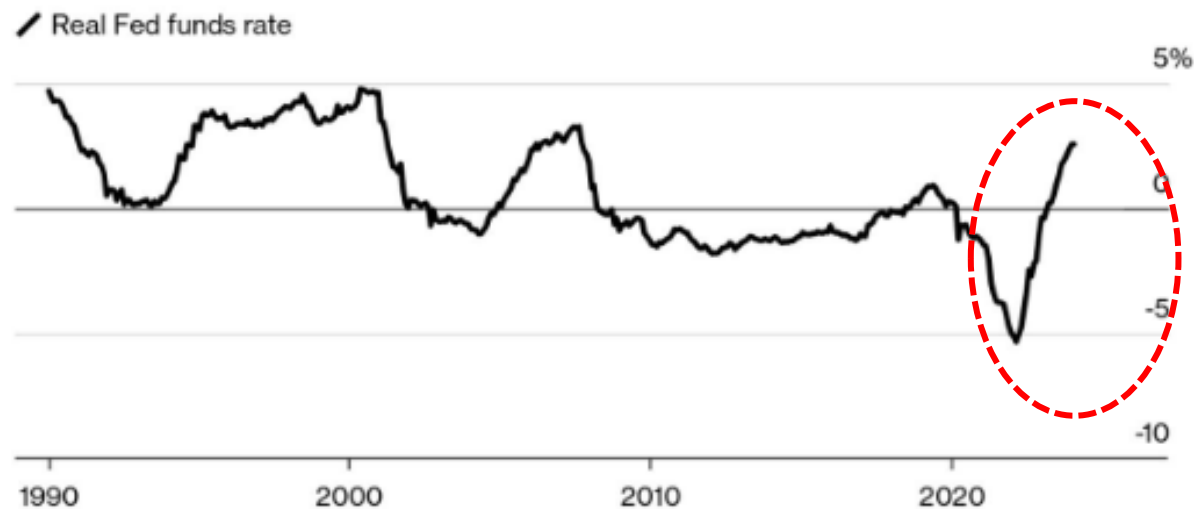
Source: New York Fed Consumer Credit Panel/Equifax



# Credit

- Restrictive...

**Fed Enters 'Higher Risk Zone' as Inflation Eases**  
Real interest rates keep rising with decline in the inflation rate



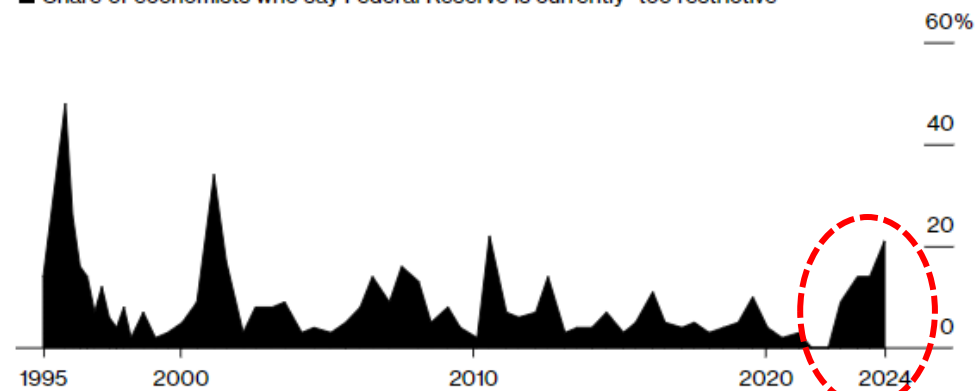
Source: Bloomberg  
Chart shows Federal funds rate upper bound less year-on-year change in core PCE price index.

Bloomberg

## Growing Share of Economists Think Fed Is Too Tight

Chorus of dovish critiques in NABE survey has become loudest since 2010

■ Share of economists who say Federal Reserve is currently "too restrictive"



Source: National Association for Business Economics



# Credit

- Access...

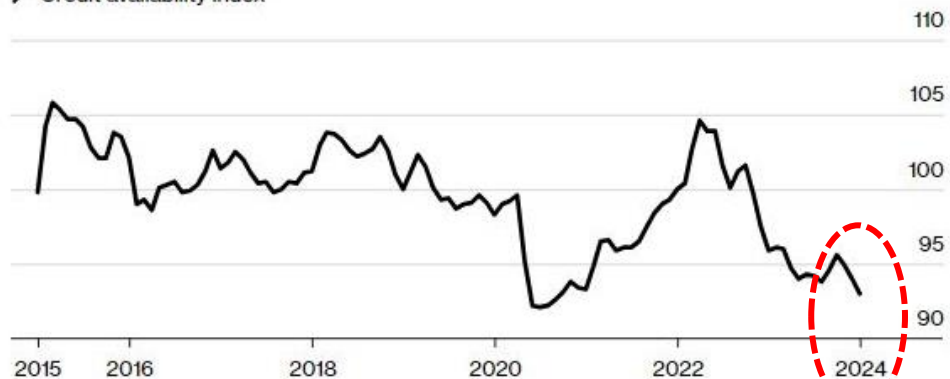
## Car Loans Haven't Been This Hard to Get Since August 2020

Even consumers with healthy finances are struggling to secure approval for automobile purchases as lenders tighten their standards.

### Auto Loan Access Declines

The ability of consumers to get car financing is at the lowest level since 2020

✓ Credit availability index



Source: Cox Automotive

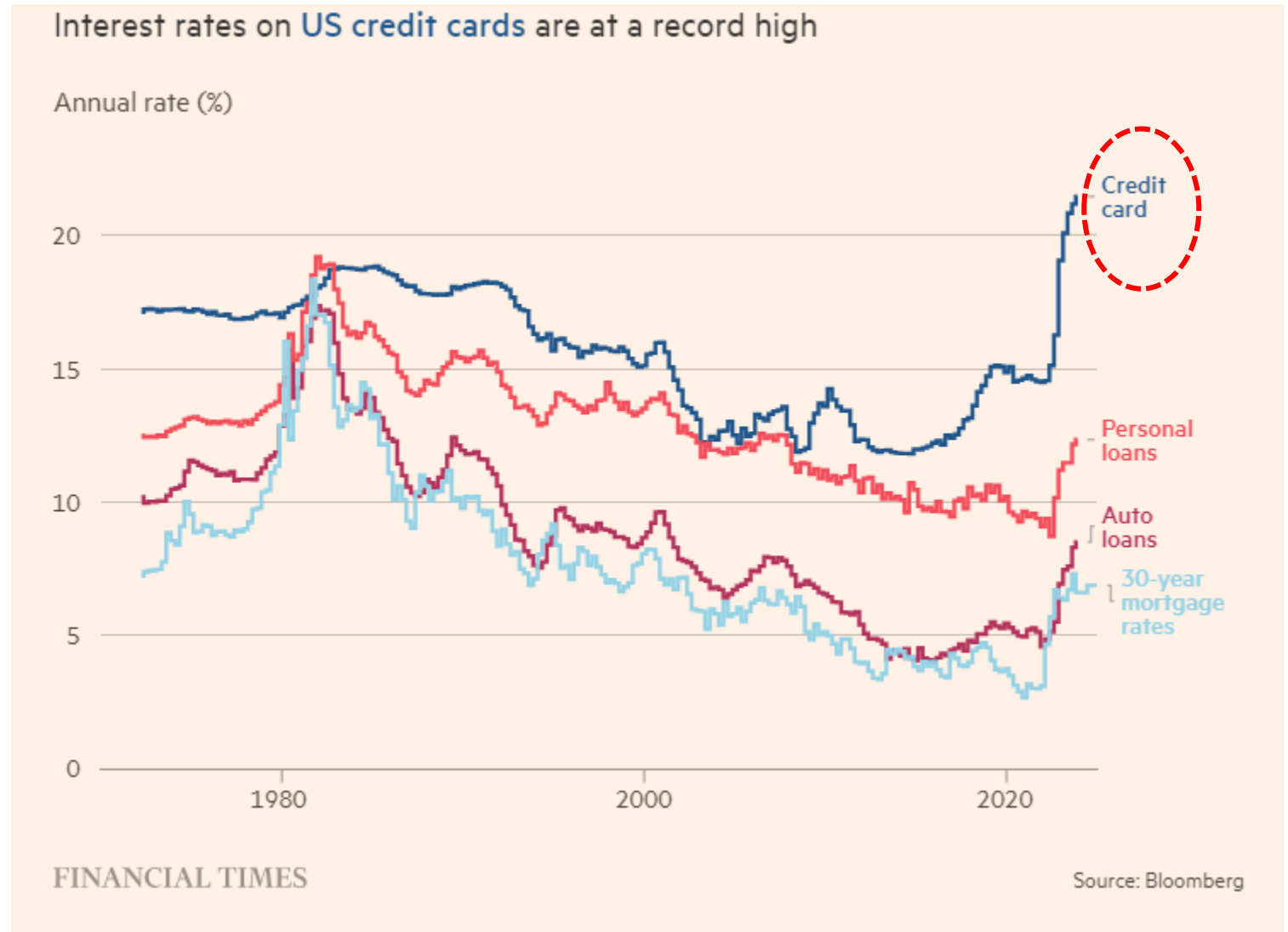
Note: Index is based on general availability of auto credit over time, with Jan. 2019 as the basis point of 100



A customer looks over a Ford Explorer SUV at a car dealership in Orland Park, Illinois. *Photographer: Daniel Acker/Bloomberg*

# Credit

- Punitive...



# Finance

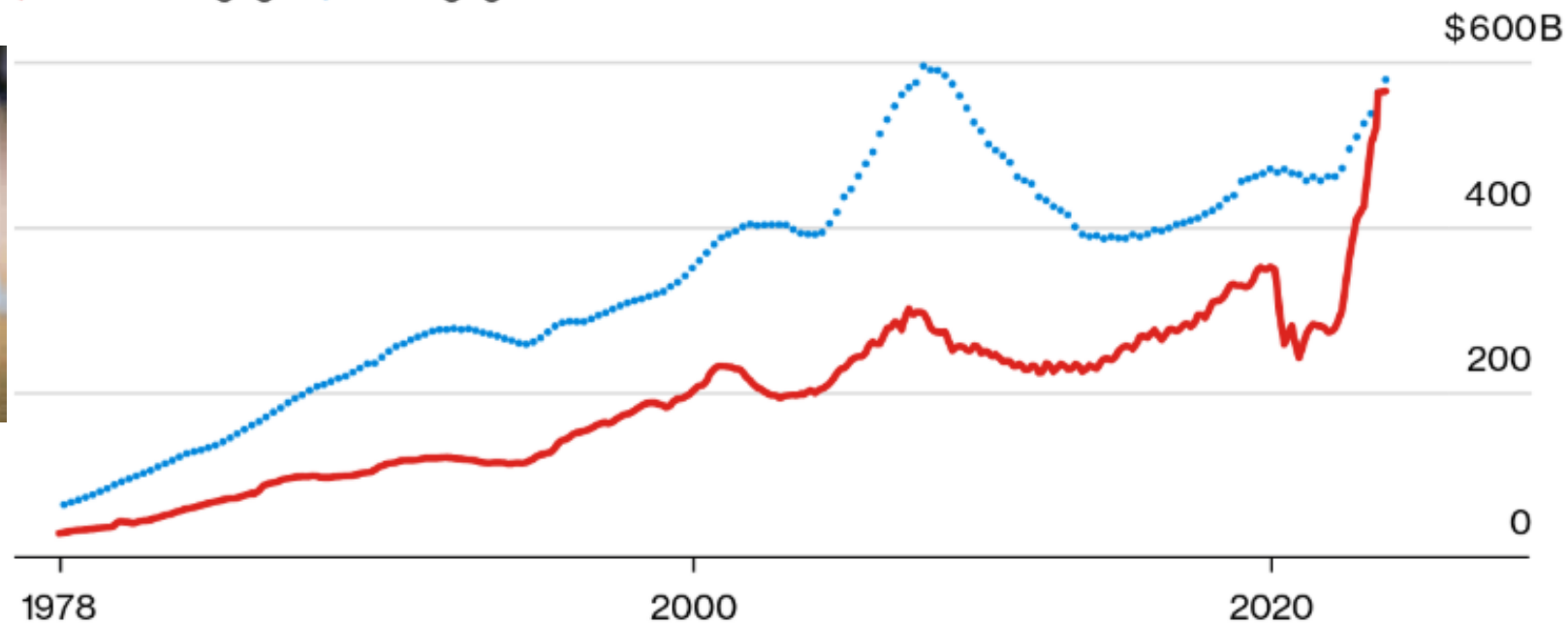
- Pressure ...



## Interest Payments by US Households

Seasonally adjusted annual rate

— Non-mortgage — Mortgage



Source: Bureau of Economic Analysis

Bloomberg

# Finance

- Cracking Signs ...

## Credit card delinquencies surged in 2023, indicating 'financial stress,' New York Fed says

PUBLISHED TUE, FEB 6 2024 11:00 AM EST | UPDATED TUE, FEB 6 2024 9:27 PM EST



Jeff Cox  
@JEFF\_COX.7528  
@JEFFCOXCNBCCOM

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### KEY POINTS

- Credit card delinquencies surged more than 50% in 2023 as total consumer debt swelled to \$17.5 trillion, the New York Fed reported Tuesday.
- Total debt rose by \$212 billion in the quarter, a 1.2% increase quarterly and about 3.6% from a year ago.



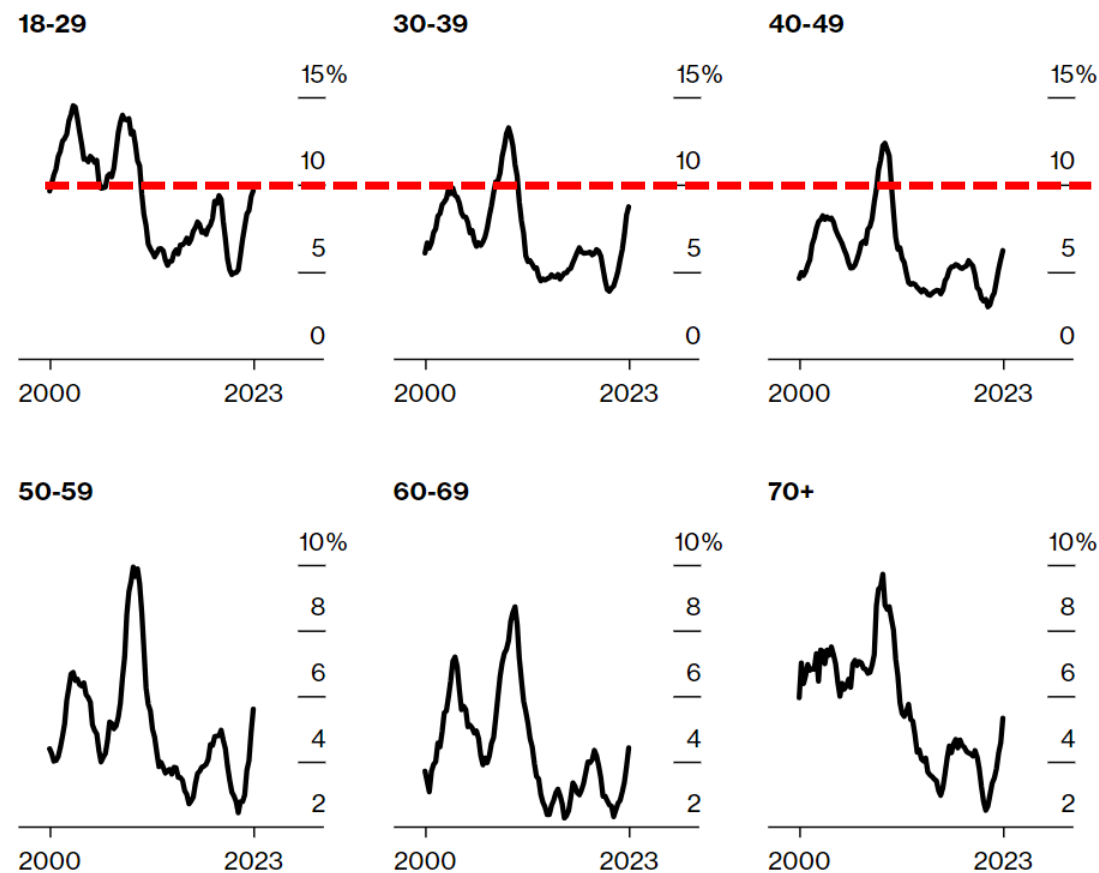
**CNBC TV**  
**Squawk Box**

UP NEXT | **Squawk on the Street**  
09:00 am ET

### TRENDING NOW

## Younger Households Seeing More Financial Stress

Transitions into serious delinquency for credit cards by age



Source: New York Fed Consumer Credit Panel/Equifax  
Note: Four Quarter Moving Sum, 90+ days delinquent

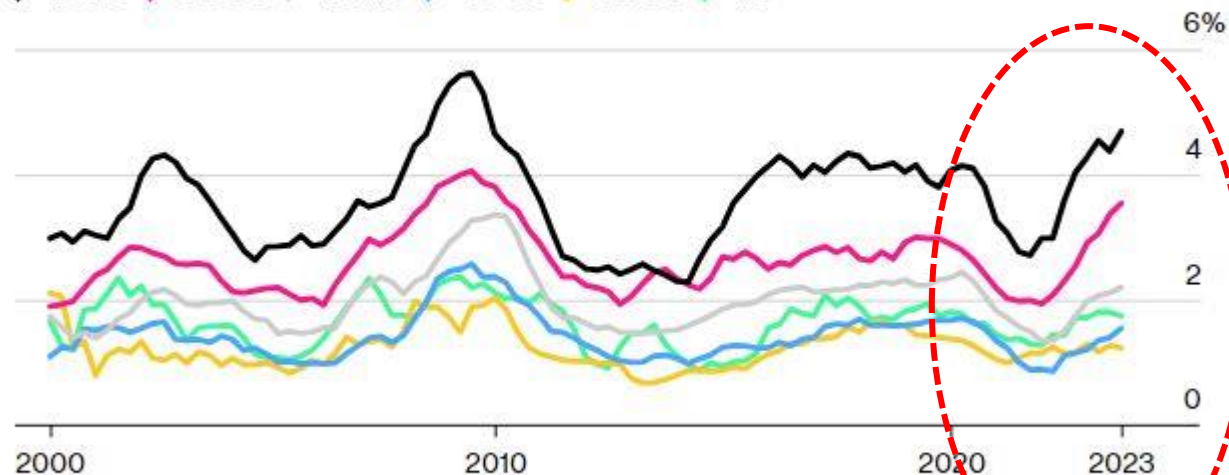
# Finance

- Cracking Signs...

## Transition Into Serious Auto Loan Delinquency

Younger car owners are getting into loan trouble at a faster rate

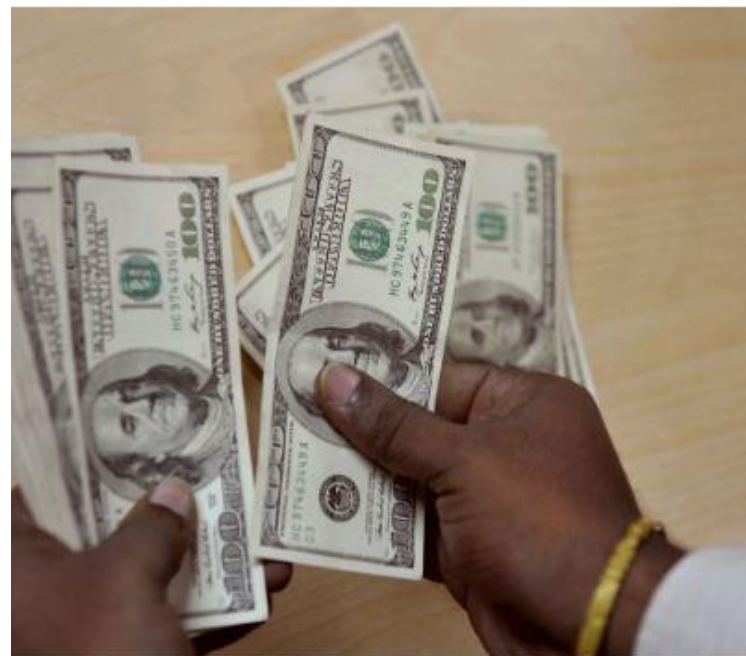
18-29 30-39 40-49 50-59 60-69 70+



Source: New York Fed Consumer Credit Panel/Equifax  
Note: Four-quarter moving sum, 90+ days past due

## Americans Are Pulling Cash From Their Retirement Savings to Pay Bills

- Withdrawals mostly spent on housing and medical expenses
- Average 401(k) balances have barely budged in five years



: AFP/Getty Images

By [Alexandre Tanzi](#)

November 20, 2023 at 12:01 AM EST

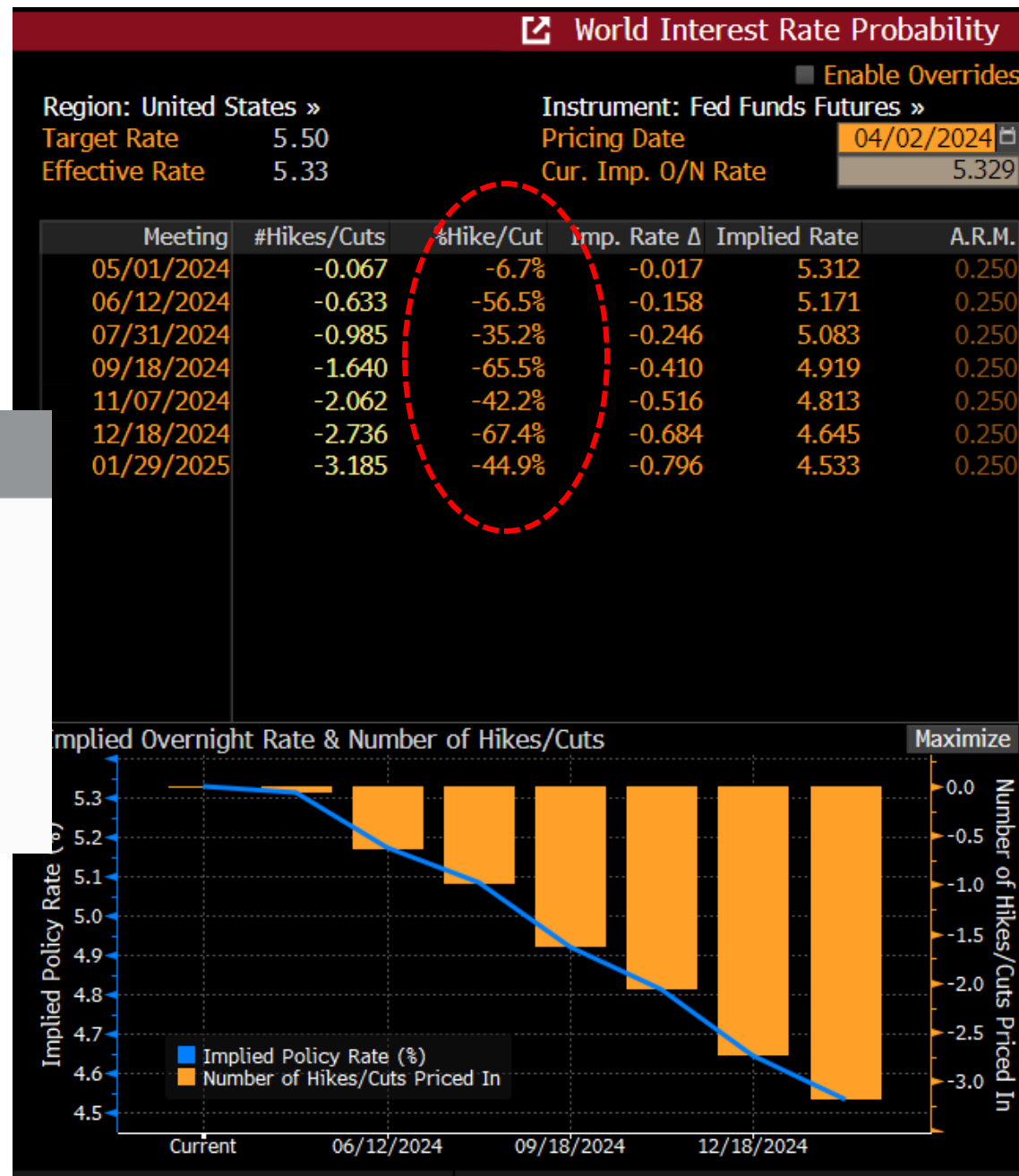
# No Relief

- Stubborn Inflation...

## Personal Consumption Expenditures Price Index

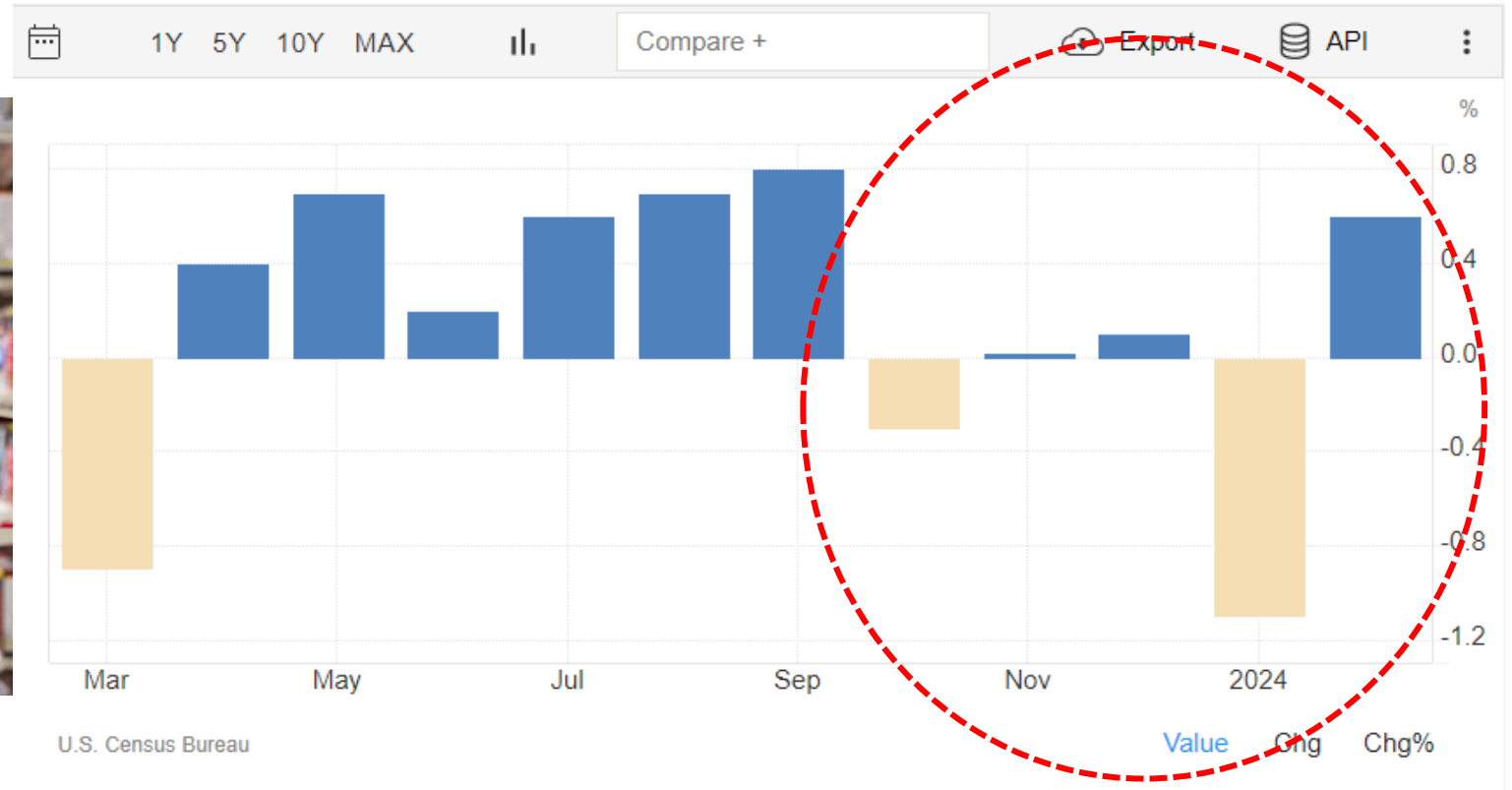
### Change From Month One Year Ago

February 2024	+2.5%
January 2024	+2.4%
December 2023	+2.6%
November 2023	+2.7%



# Retail Sales

- Wobbly...



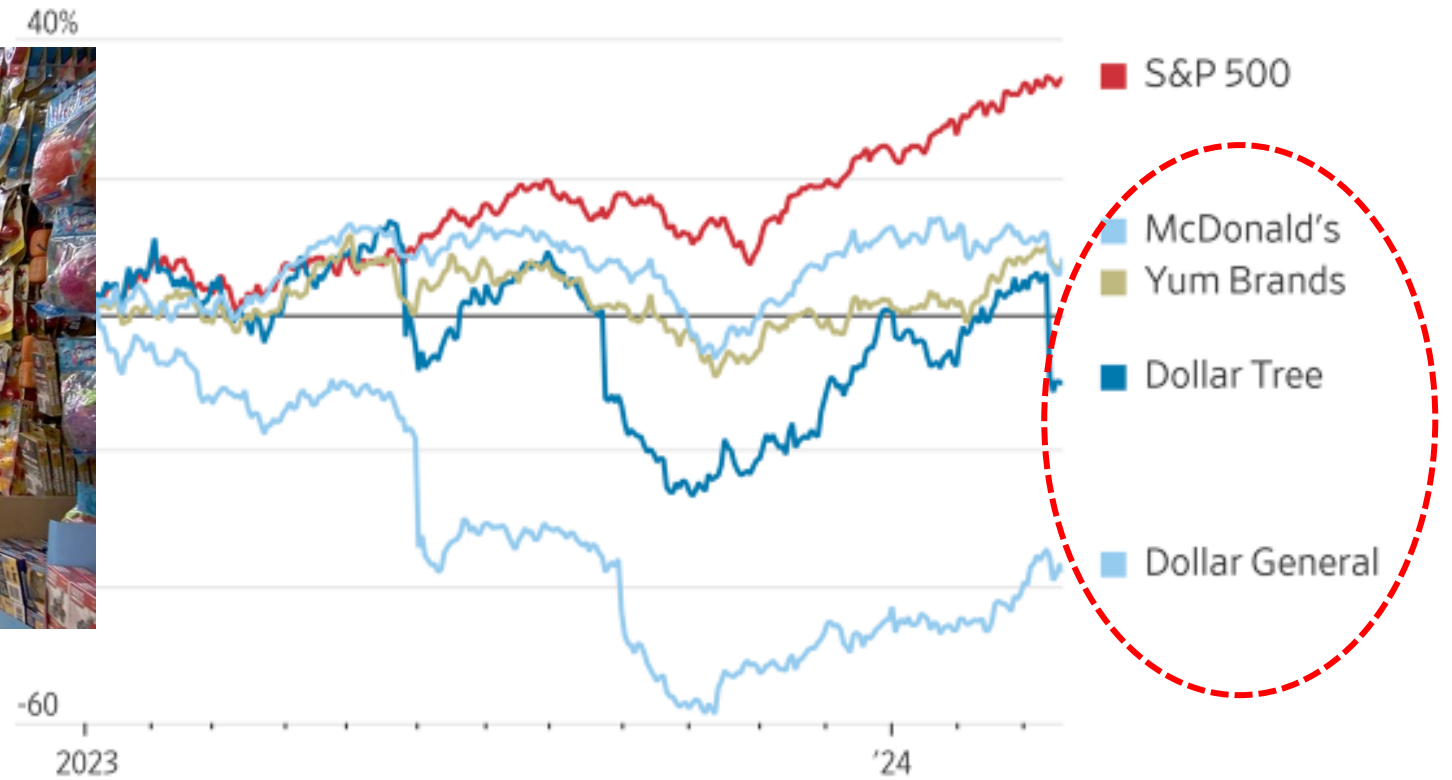


# Lower Income

- Big Squeeze...



Index and share-price change since 2022

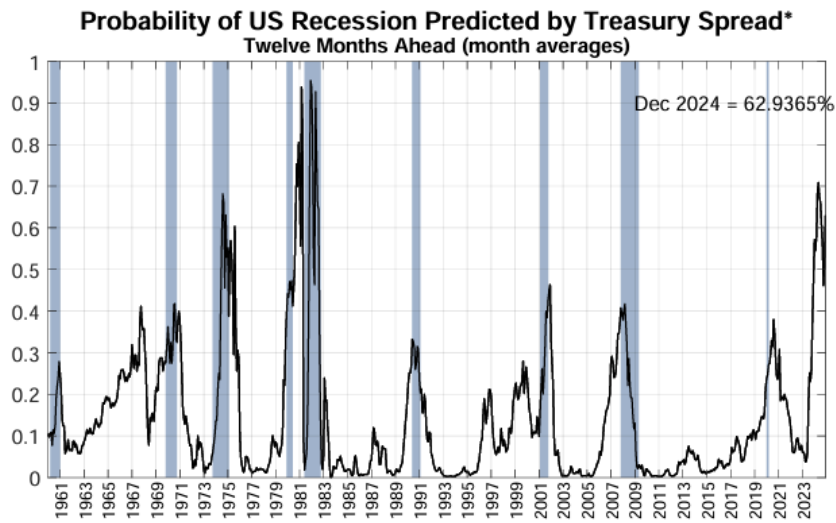


Source: FactSet

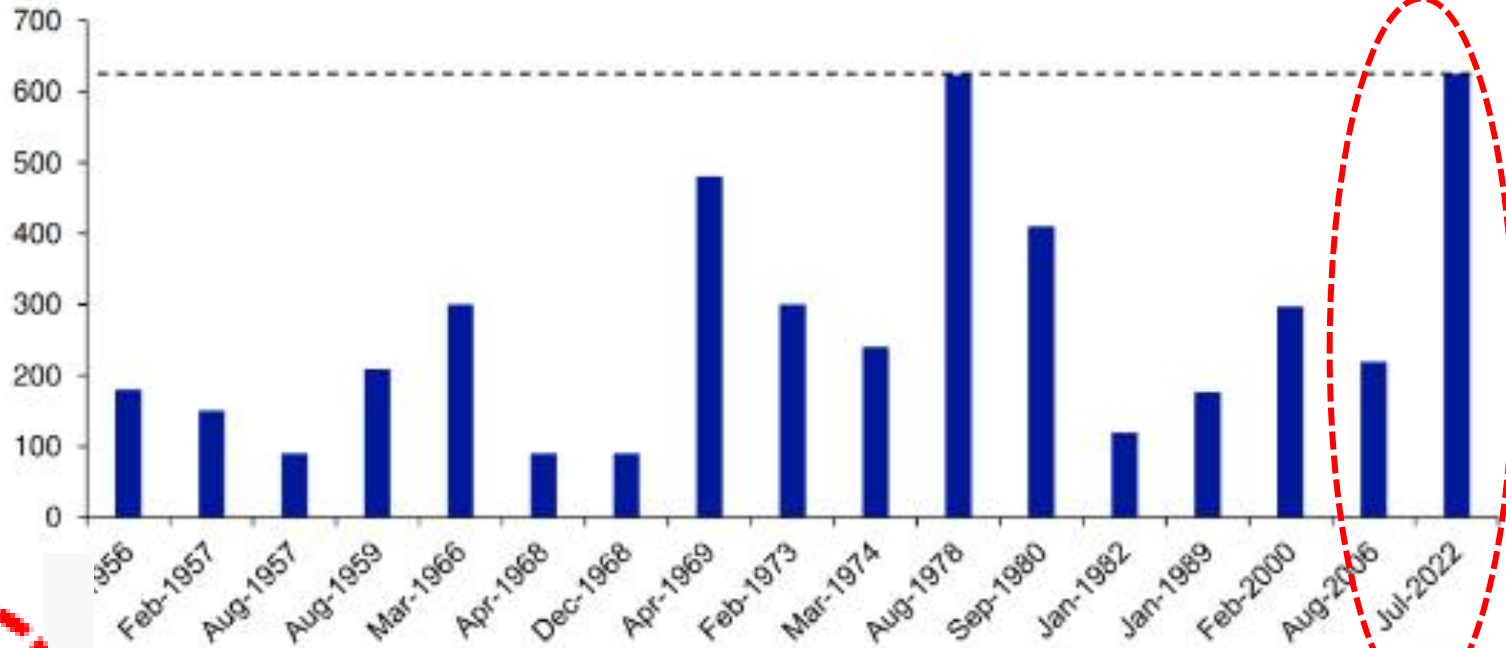
# Downturn

- Don't Rule It Out...

Figure 1: Length of all US 2s10s yield curve inversions (Days) that were longer than 3 months. The current one is now the longest...



\*Parameters estimated using data from January 1959 to January 2024. The parameter estimates are  $\alpha = -0.5333$ ,  $\beta = -0.6330$ .



Monthly data only available from 1977, for monthly data prior to that it is assumed that one month equals 30 days.  
 iFD, Bloomberg Finance LP, Deutsche Bank

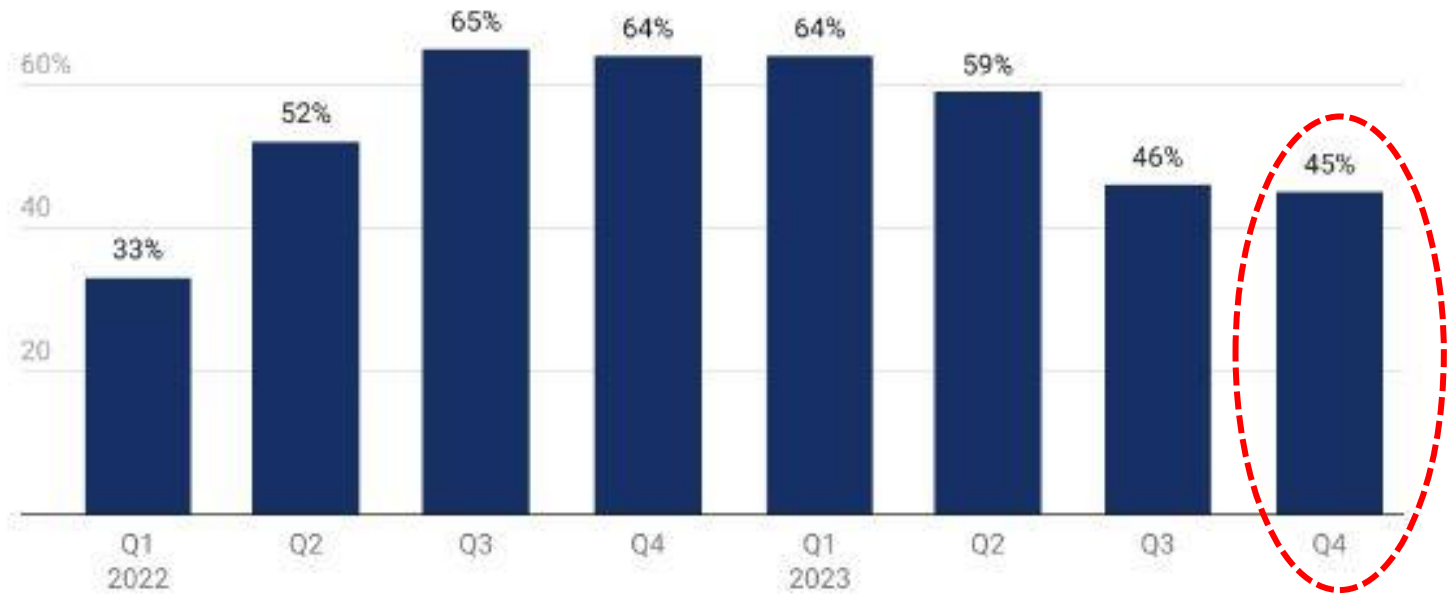
# Downturn

- Don't Rule It Out...



## Recession odds have dipped but still remain elevated

Economists say there's still a heightened risk of a recession, but the likelihood of one happening within the next 12 months remains higher than at the start of 2022

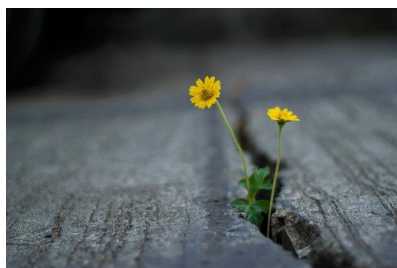
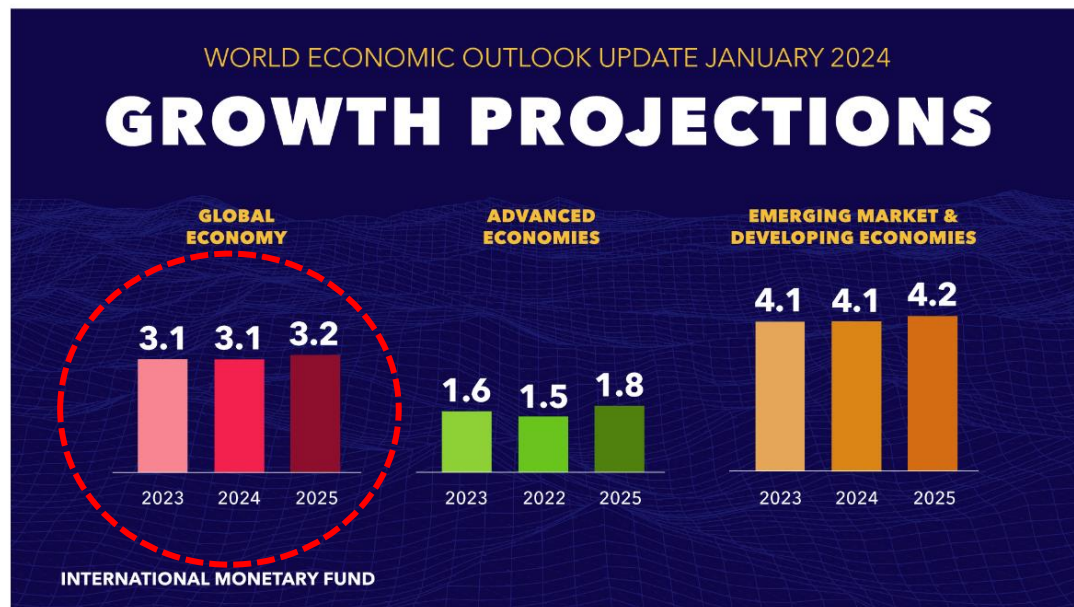


Note: Figures reflect average forecast among respondents.

Chart: Monday Morning Economist • Source: Bankrate Fourth-Quarter Economic Indicators survey, January 2024 • Created with Datawrapper

# Baseline

- Stagnation...



## World Economic Outlook Growth Projections

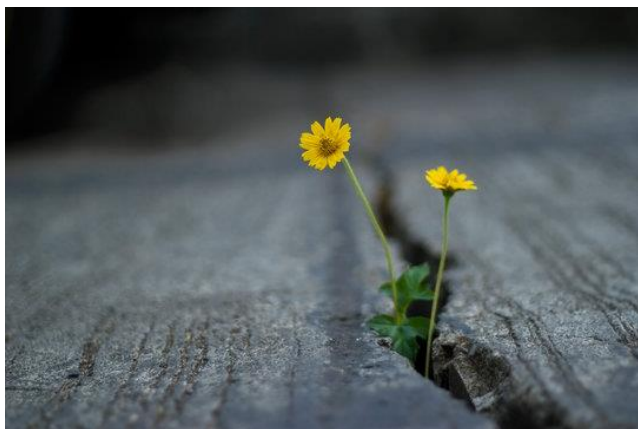
(Real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2023	2024	2025
<b>World Output</b>	3.1	3.1	3.2
<b>Advanced Economies</b>	1.6	1.5	1.8
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
<b>Emerging Market and Developing Economies</b>	4.1	4.1	4.2
<b>Emerging and Developing Asia</b>	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
<b>Emerging and Developing Europe</b>	2.7	2.8	2.5
Russia	3.0	2.6	1.1
<b>Latin America and the Caribbean</b>	2.5	1.9	2.5
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
<b>Middle East and Central Asia</b>	2.0	2.9	4.2
Saudi Arabia	-1.1	2.7	5.5
<b>Sub-Saharan Africa</b>	3.3	3.8	4.1
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3
<b>Memorandum</b>			
Emerging Market and Middle-Income Economies	4.2	4.0	4.0
Low-Income Developing Countries	4.0	5.0	5.6

# Baseline

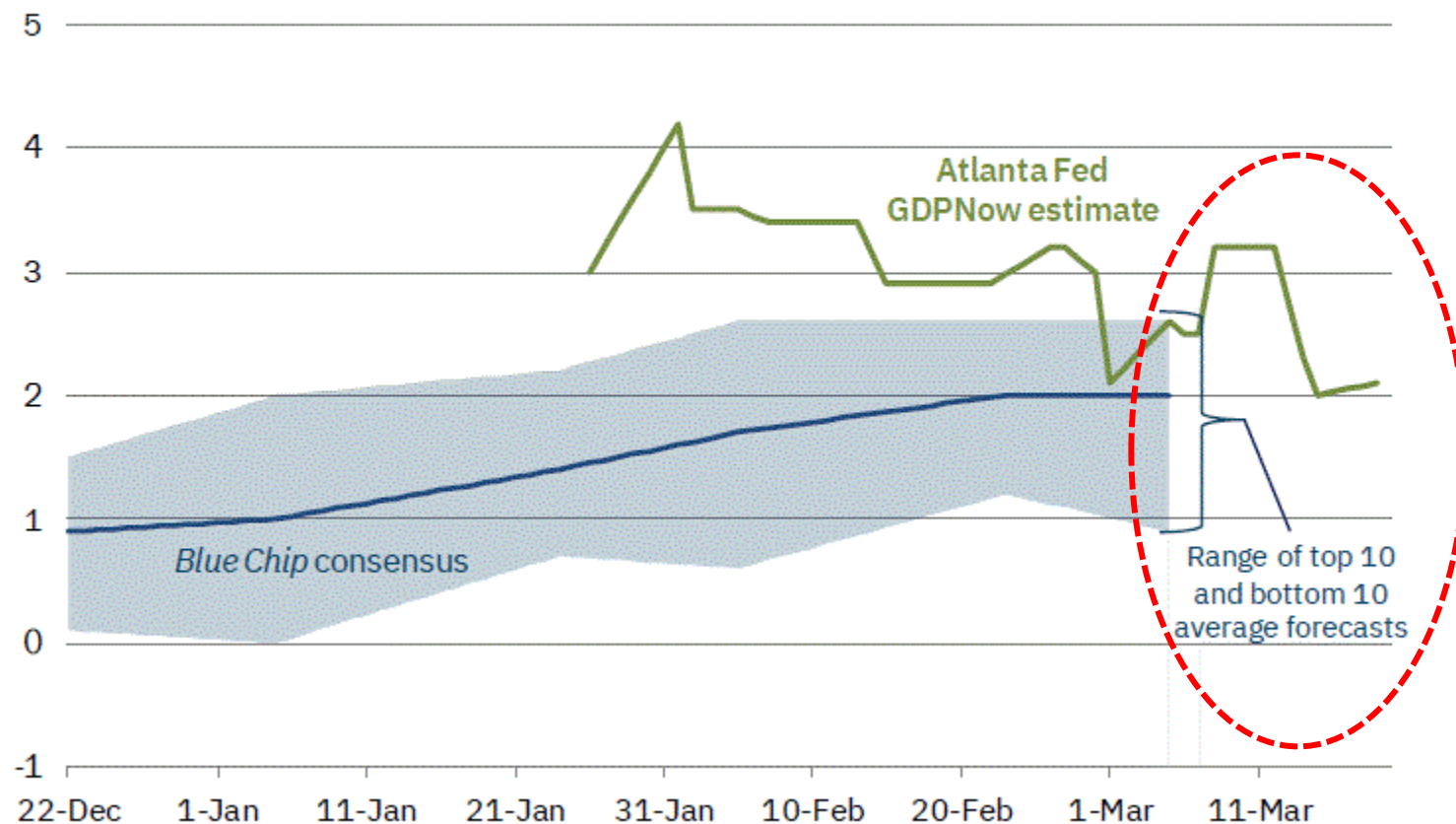
- Stagnation...



Federal Reserve  
Bank of Atlanta



Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q1  
Quarterly percent change (SAAR)



# Baseline

- Time Out!

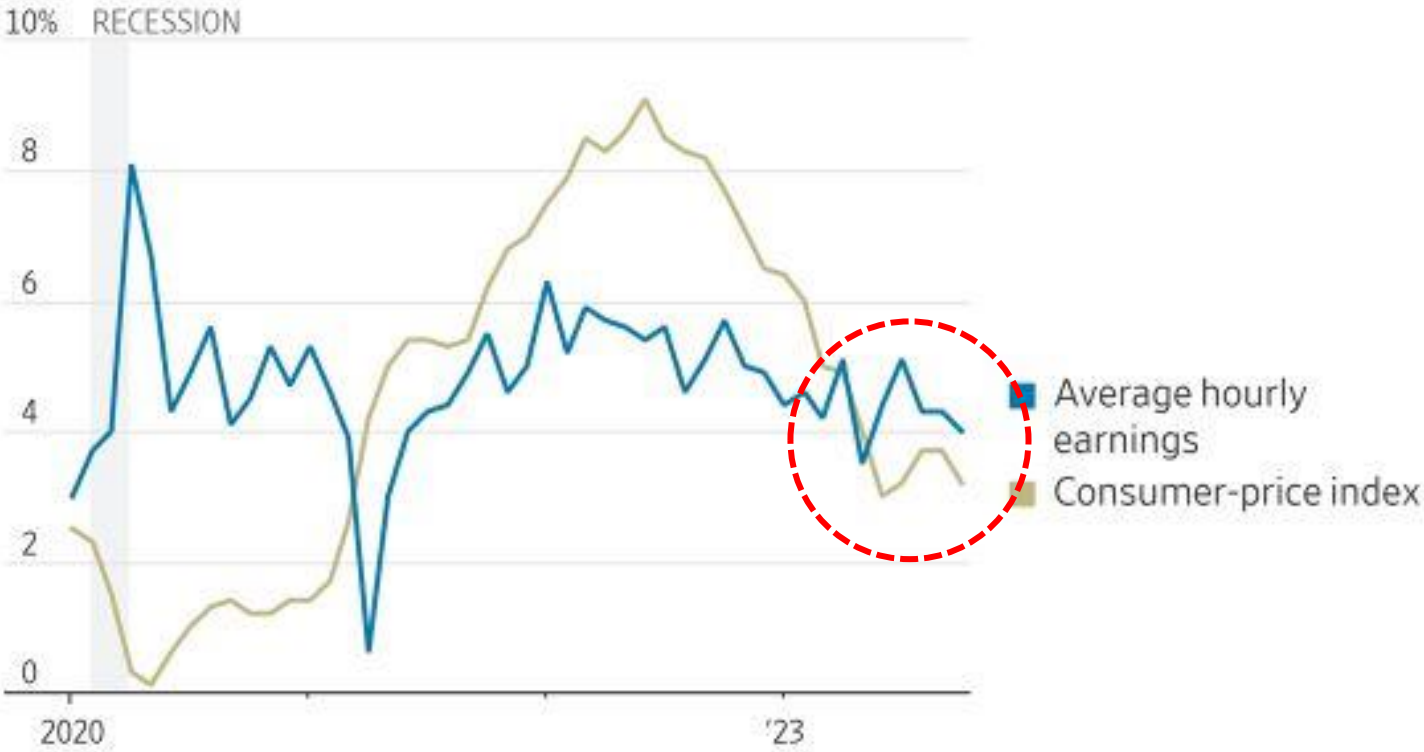


# Assumption

- Real Wage Gains...



Prices and earnings, 12-month change



Note: Earnings are for private-sector employees.  
Source: Labor Department via St. Louis Fed

# Survey

- Robust Gains...



## Base pay increase averages

How high are base pay increases predicted to be? This year, we asked survey participants to write in their planned average base pay increase. According to the aggregated data, base pay increases in 2023 averaged at 4.8 percent while base pay increases in 2024 are predicted to average at around 4.5 percent.

While base pay increases in 2023 reached their highest level in 20 years and are predicted to come down a little, compensation budgets look to remain elevated compared to before the pandemic. This is because employers know that pay must keep pace with the rising cost of living. Larger organizations are giving pay increases closer to 4 percent while smaller organizations (less than 750 employees) are giving pay increases closer to 5 percent.

The message is that competitive wages remain a priority, even in a sluggish economy.

More data cuts available on [Payscale.com](https://www.payscale.com).

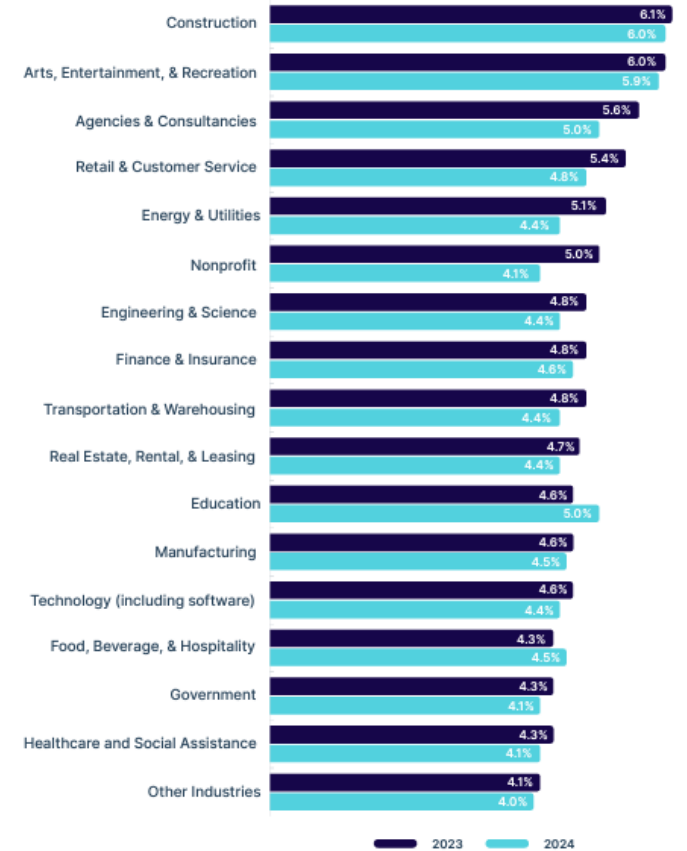
Get notified to participate in Payscale's mid-year

**2024–2025 Salary Budget Survey.**

[Sign up now](#) →

What do you expect will be the average percent base pay increase given to employees in your organization?

**4.8%** 2023 | **4.5%** 2024



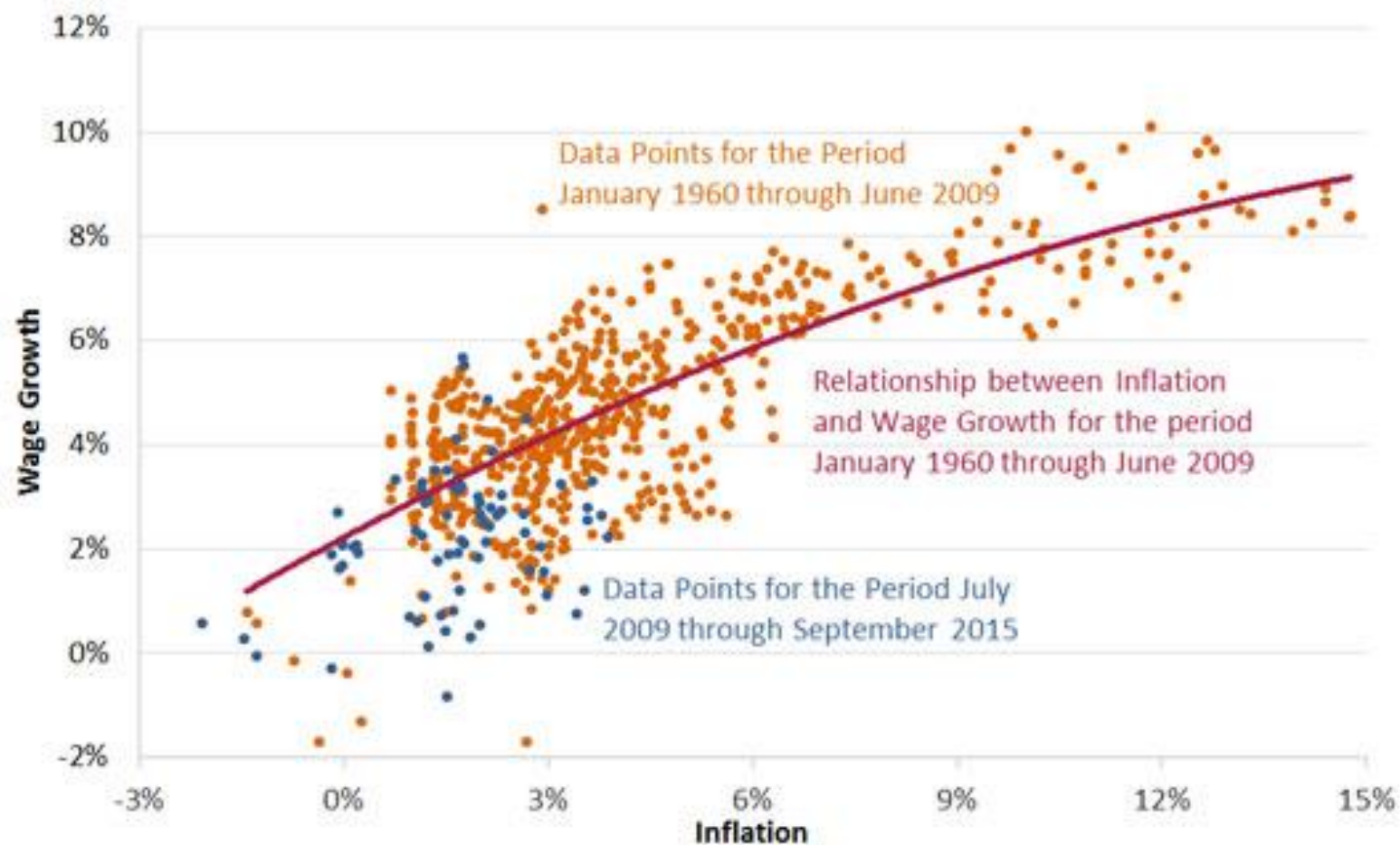


# Baseline

- Time Out!



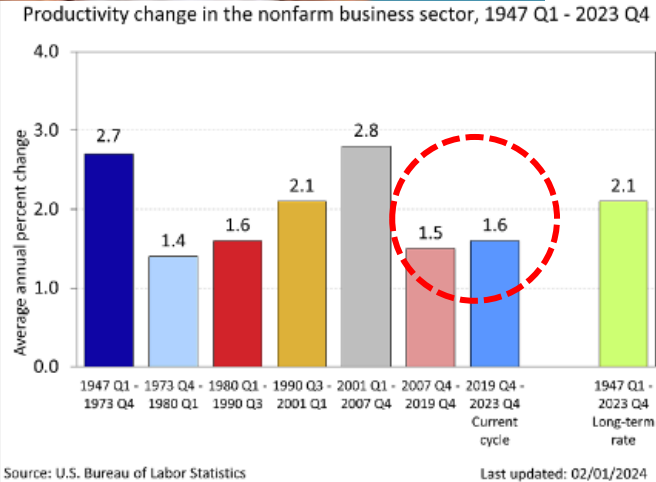
## Inflation and Wage Growth



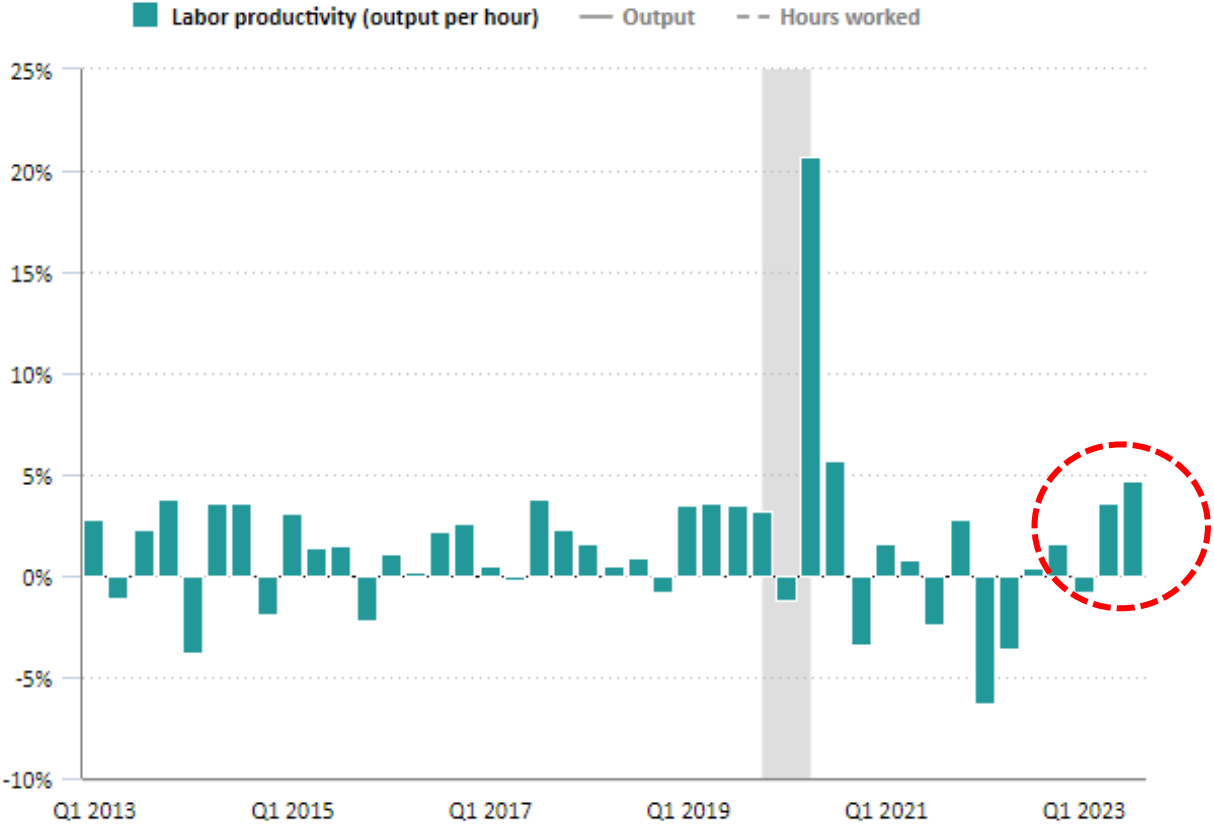
SOURCE: Federal Reserve Economic Data (FRED) and author's calculations.

# Assumption

- Productivity 2.0?



Labor productivity, output, and hours worked, percent change from previous quarter, first quarter 2013–third quarter 2023



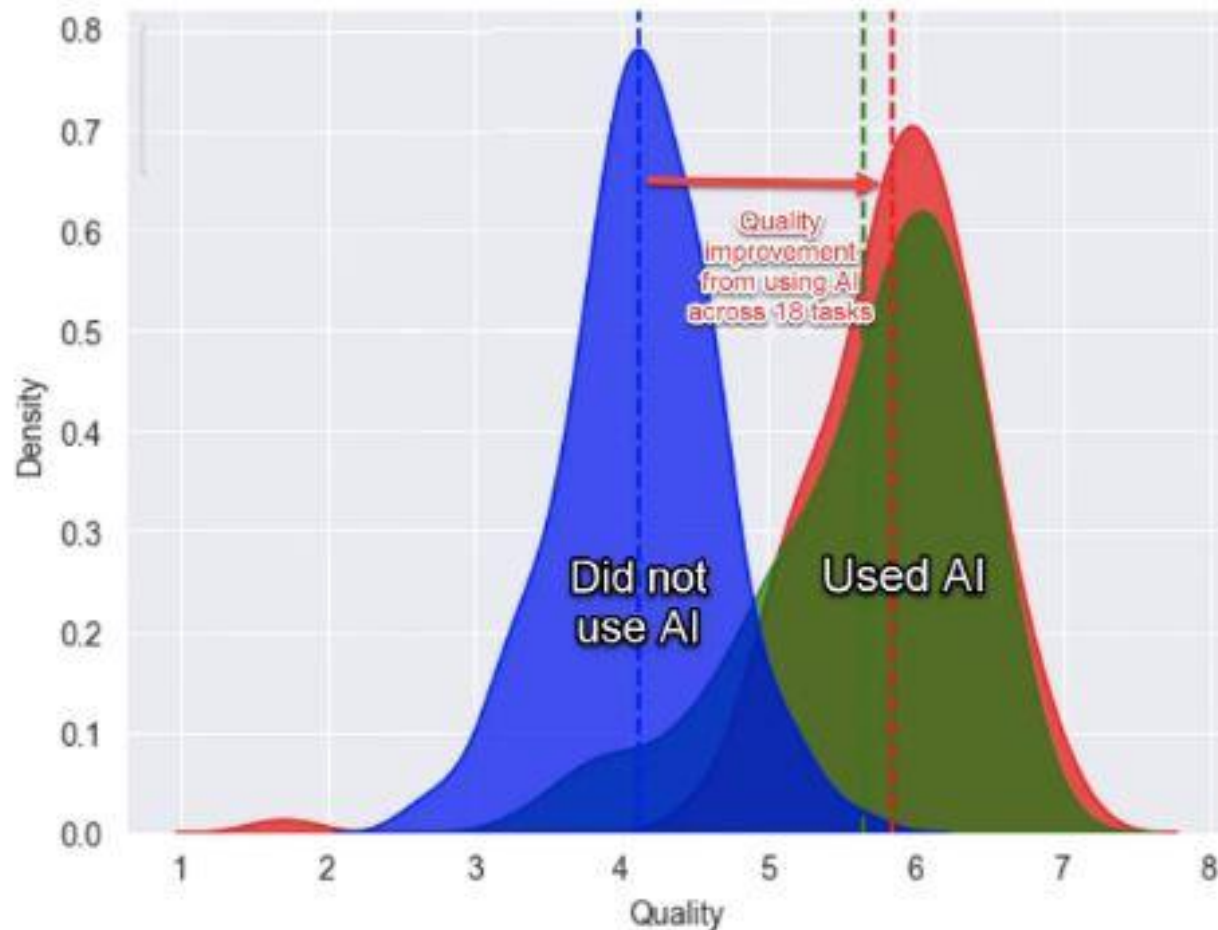
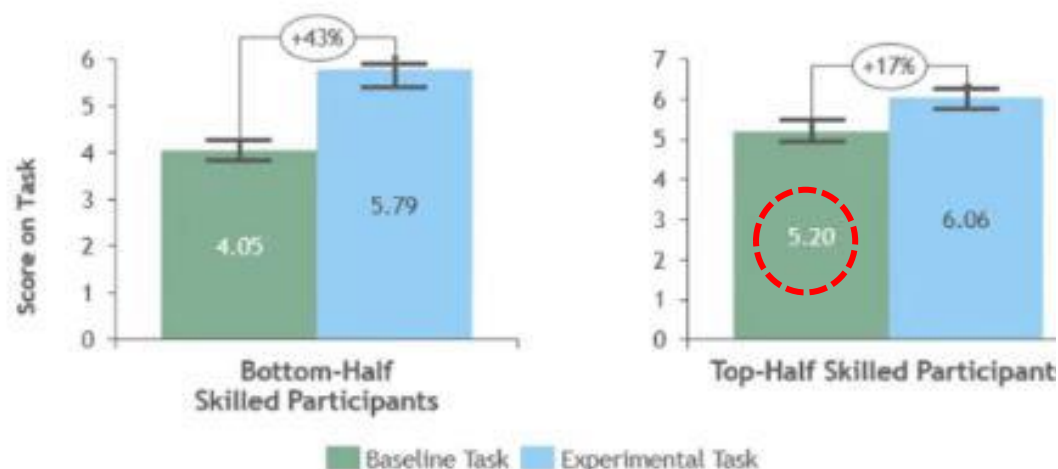
Note: Quarterly percent changes are seasonally adjusted annual rates. Click legend items to change data display. Hover over chart to view data. Shaded area represents a recession as determined by the National Bureau of Economic Research. Source: U.S. Bureau of Labor Statistics.



# Productivity

- AI Potential...

Figure 5: Bottom-Half Skills and Top-Half Skills - Inside the Frontier



Distribution of output quality across all the tasks. The blue group did not use AI, the green and red groups used AI, the red group got some additional training on how to use AI.

# Risks

- Hard Landing?



# Geopolitics

- Supply Shocks ...

## Impact on commodities due to chaos the Red Sea

Reuters

January 29, 2024 11:58 AM EST · Updated a day ago



Smoke rises from Marlin Luanda, merchant vessel, after the vessel was struck by a Houthi anti-ship missile, at the location given in this handout picture released January 27, 2024. @indiannavy via X/Handout via REUTERS/File Photo [Acquire License](#)

## Global Shipping Chokepoints

Recent droughts and conflict highlight maritime hotspots, with many more locations vulnerable to disruption



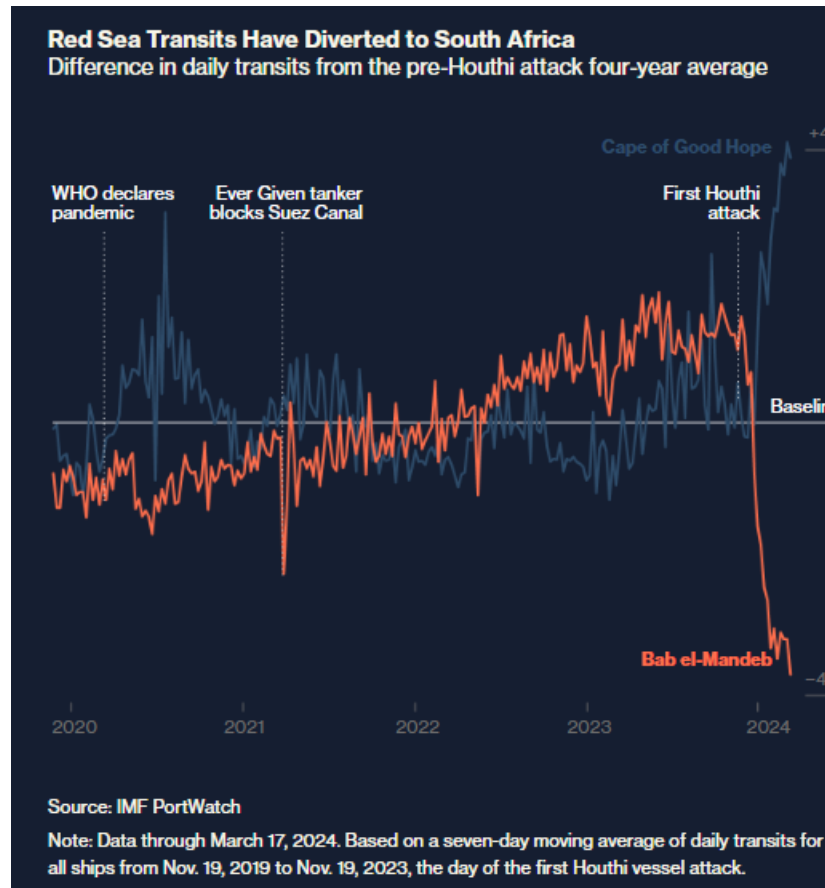
Sources: Lincoln Pratson of Duke University; GPS locations from OpenStreetMap; Statista

Note: Percentages don't sum to 100 as a ship may pass through multiple chokepoints.

Bloomberg Opinion

# Shipping

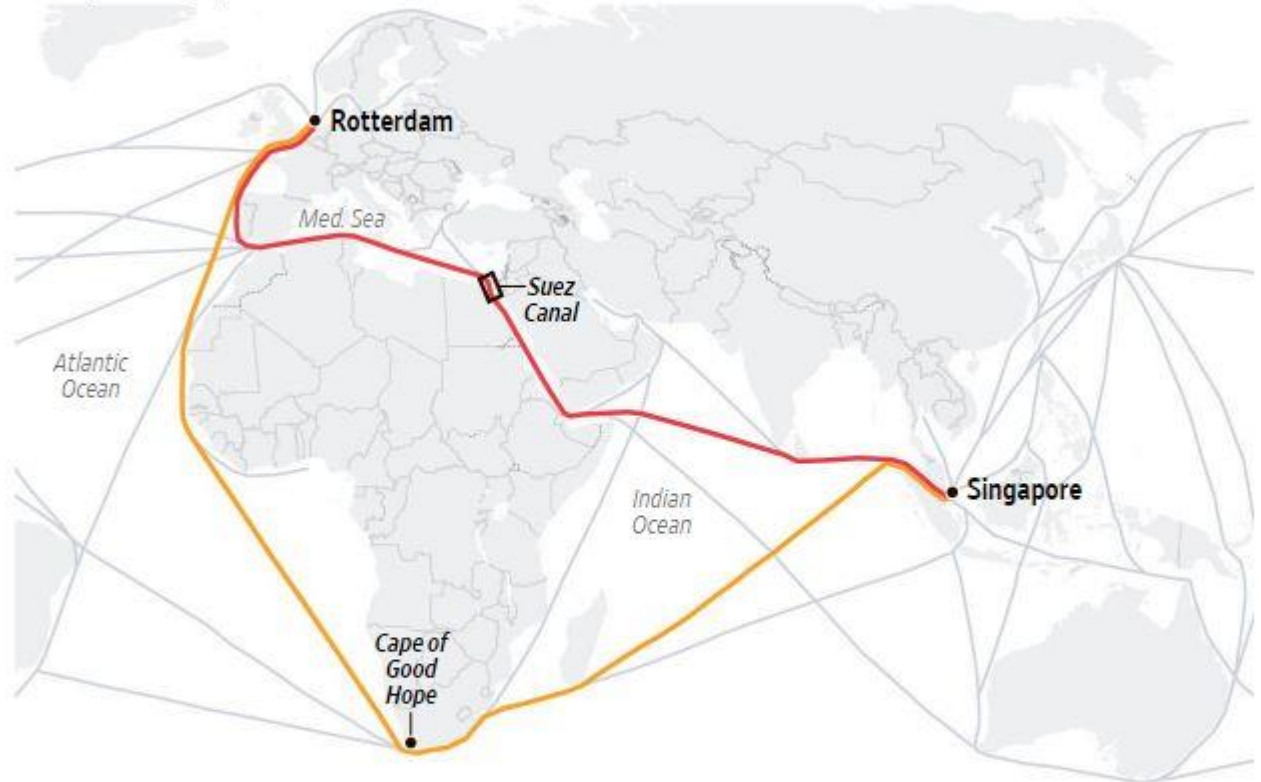
- Rerouting Delays ...



## Major world shipping routes

■ Suez route   ■ Cape of Good Hope route   ■ Other

Example: Singapore-Rotterdam, Netherlands



	Distance	Round-trip voyage
Suez route	8,301 naut. miles	34 days
Cape route	11,758	43

Sources: Jean-Paul Rodrigue, Hofstra University (global routes); Bimco (distance, voyage)

# Shipping

- Another Choke Point ...

ANALYSIS

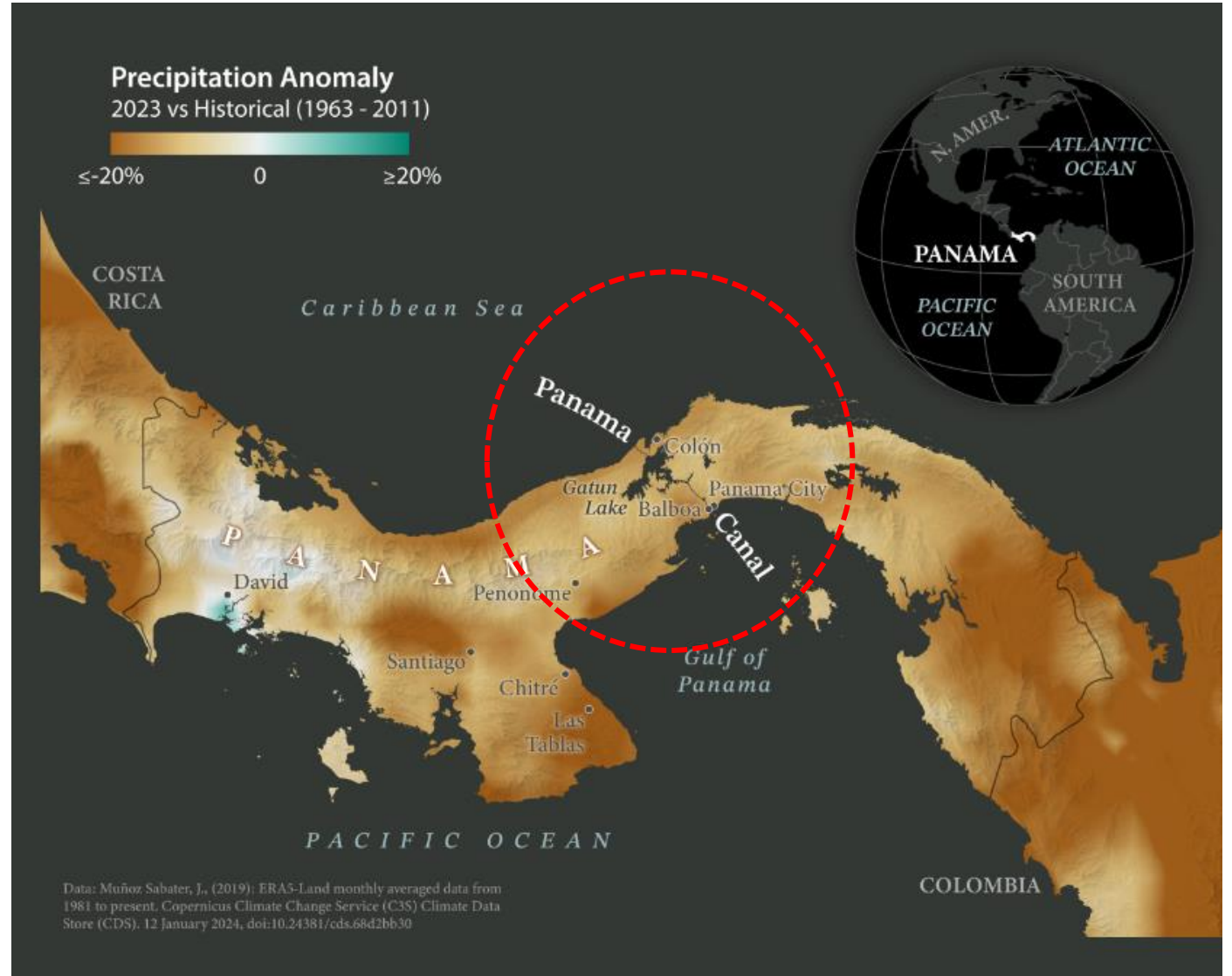
## The Panama Canal Is Running Dry

Climate extremes are wreaking havoc on global shipping.

By [Mie Heejin Dahl](#), a Danish freelance journalist based in Mexico City.

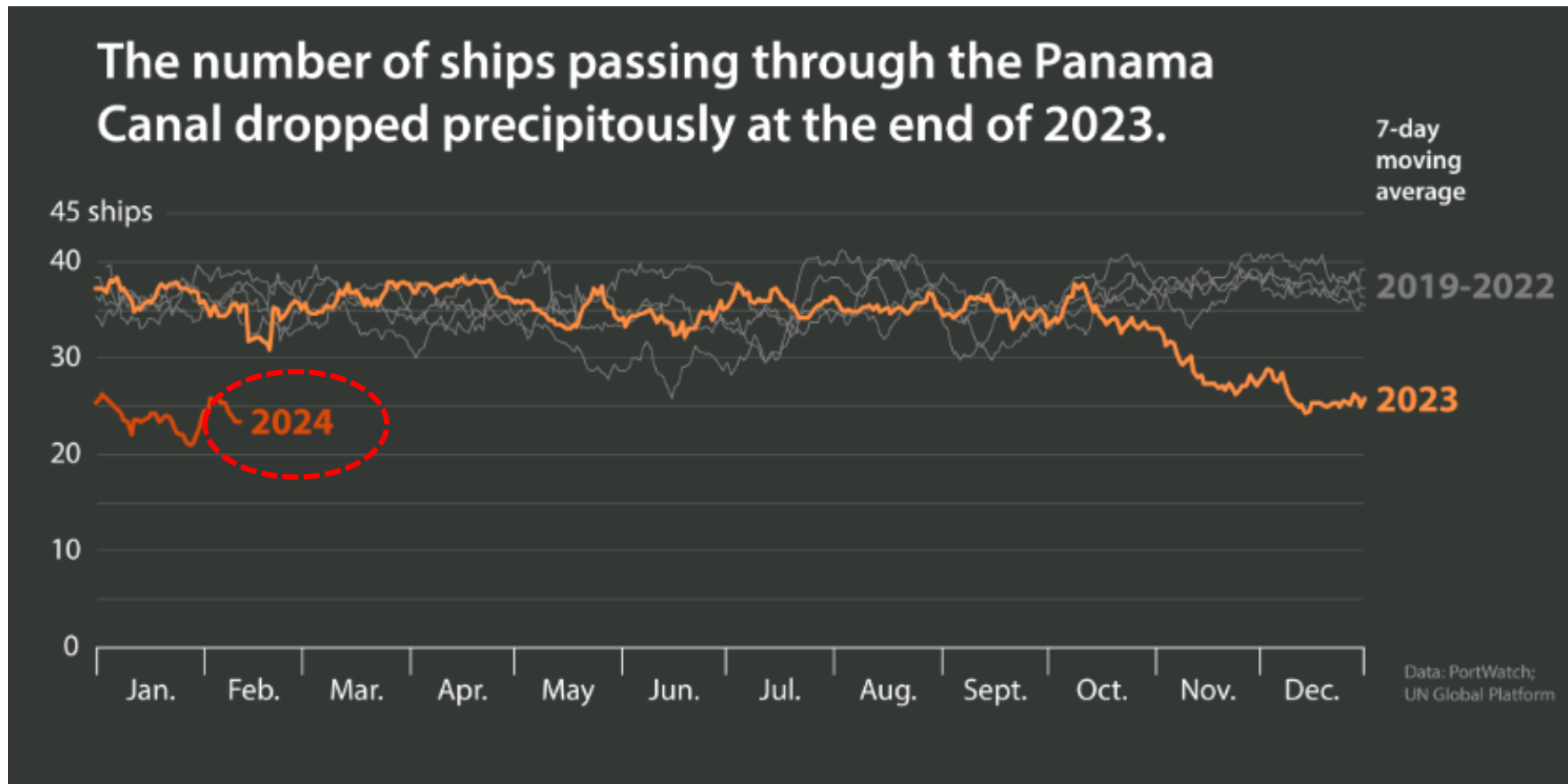


The container ship Maersk Bogor passes through the Miraflores locks while transiting the Panama Canal on Sept. 22, 2023. JUSTIN SULLIVAN/GETTY IMAGES



# Shipping

- More Rerouting ...





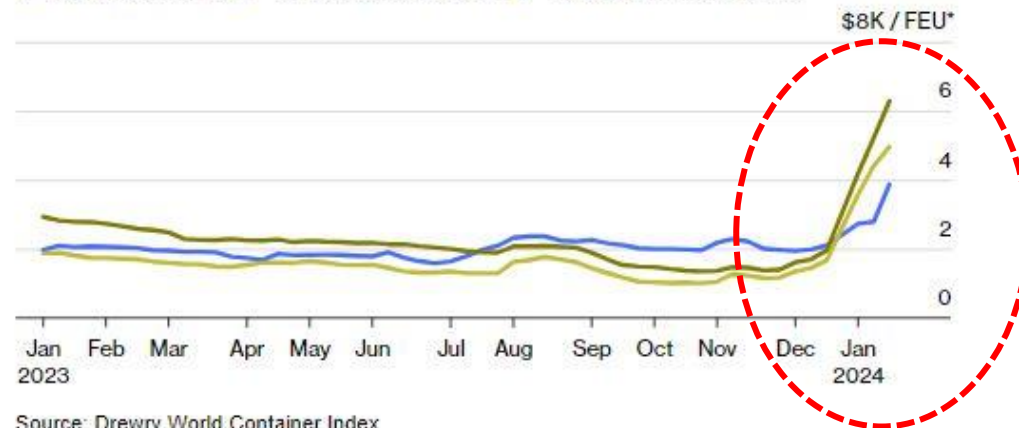
# Shipping

- Rising Costs & Slower Deliveries

## Spot Rates For Ocean Freight to Europe, US Marching Higher

Cost to ship a 40-foot container

— Shanghai to Genoa — Shanghai to Rotterdam — Shanghai to Los Angeles



Source: Drewry World Container Index  
\*FEU = 40-foot container units

## Manufacturing PMI supplier delivery times



Data compiled February 2024 using PMI data updated to January 2024.

PMI (Purchasing Managers' Index) 50 = no change on prior month.

Source: S&P Global PMI with HCOB, Caixin, au Jibun Bank, S&P Global Market Intelligence.

© 2024 S&P Global.

# Supply Shock

- Inflationary Pressure ...



CFO JOURNAL

## Build-A-Bear's Shipping Expenses Pushed Up By Red Sea Attacks. Will Stuffed Bears Cost More?

The company's finance chief is working to offset higher costs as the Red Sea turmoil disrupts global shipping. Price increases, though a last resort, may come.

By Jennifer Williams [Follow](#)

March 21, 2024 5:30 am ET

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[Listen \(2 min\)](#)



Build-A-Bear is considering alternate routes and will look for cost savings elsewhere in the business before passing higher costs on to shoppers, according to CFO Voin Todorovic. PHOTO: CHIP EAST/REUTERS

# Election

- Consequences...



# Tariffs

- Drag...

## Tracking the Economic Impact of U.S. Tariffs and Retaliatory Actions

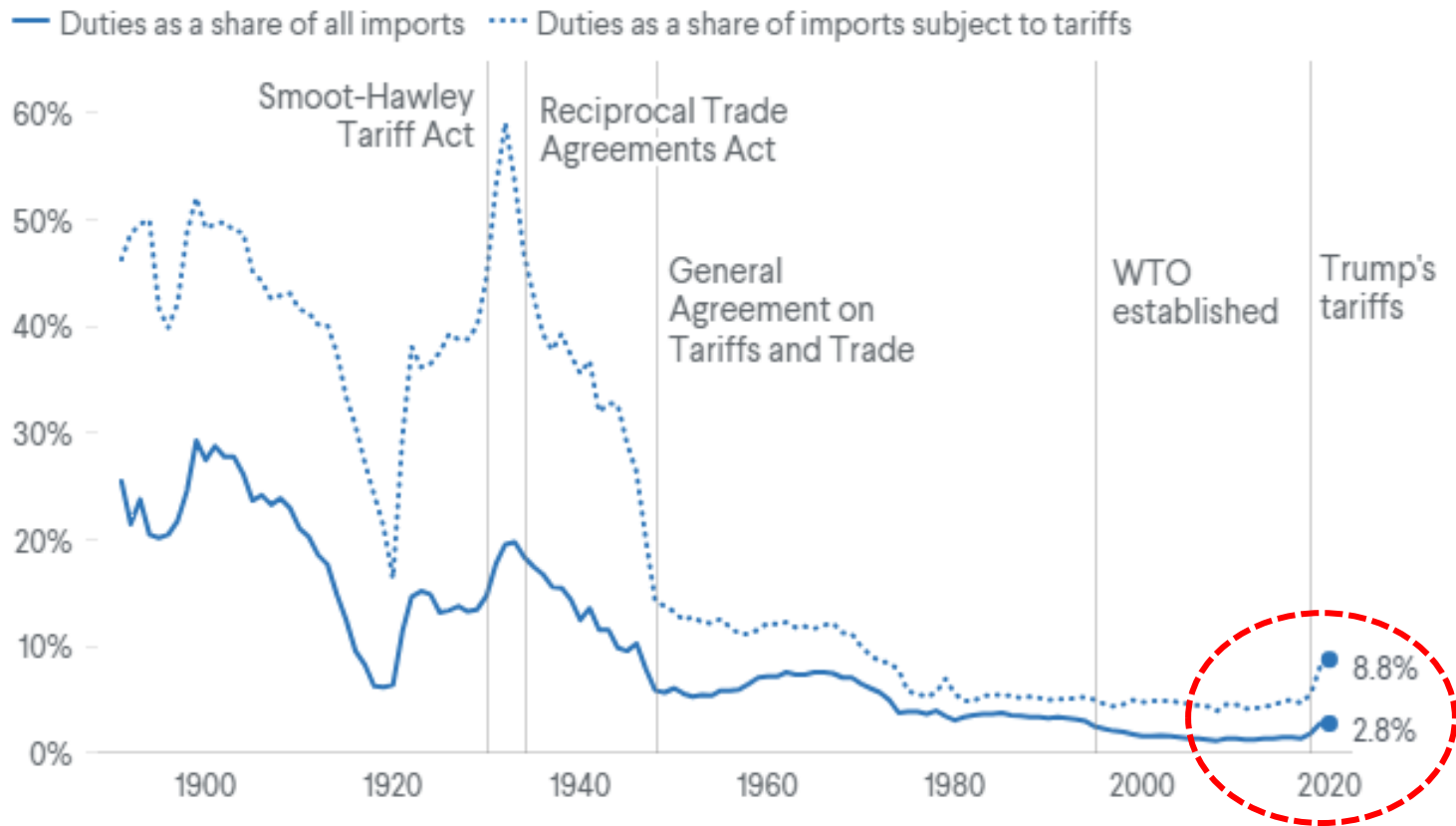
July 7, 2023 • 12 min read

By: [Erica York](#)

IMPOSED TARIFFS			
10-Year Revenue (Billions)	Long-run GDP	Long-Run Wages	Long-Run FTE
<b>\$73.9</b>	<b>-0.21%</b>	<b>-0.14%</b>	<b>-166,000</b>
RETALIATORY TARIFFS			
10-Year Revenue (Billions)	Long-run GDP	Long-Run Wages	Long-Run FTE
<b>\$0</b>	<b>-0.04%</b>	<b>-0.02%</b>	<b>-29,000</b>

Source: Tax Foundation Taxes and Growth Model, March 2018

## U.S. Tariffs Rose Under Trump but Remain Below Past Peaks



Note: The lines represent two ways of measuring tariffs. They differ because not all goods are subject to tariffs.

Source: U.S. International Trade Commission.

# Debt

- Structural Deficit...

## U.S. Debt Rises Irrespective of Who Is in the White House

Debt ceiling and gross federal debt in the U.S. 1981-2023 (in trillion U.S. dollars)

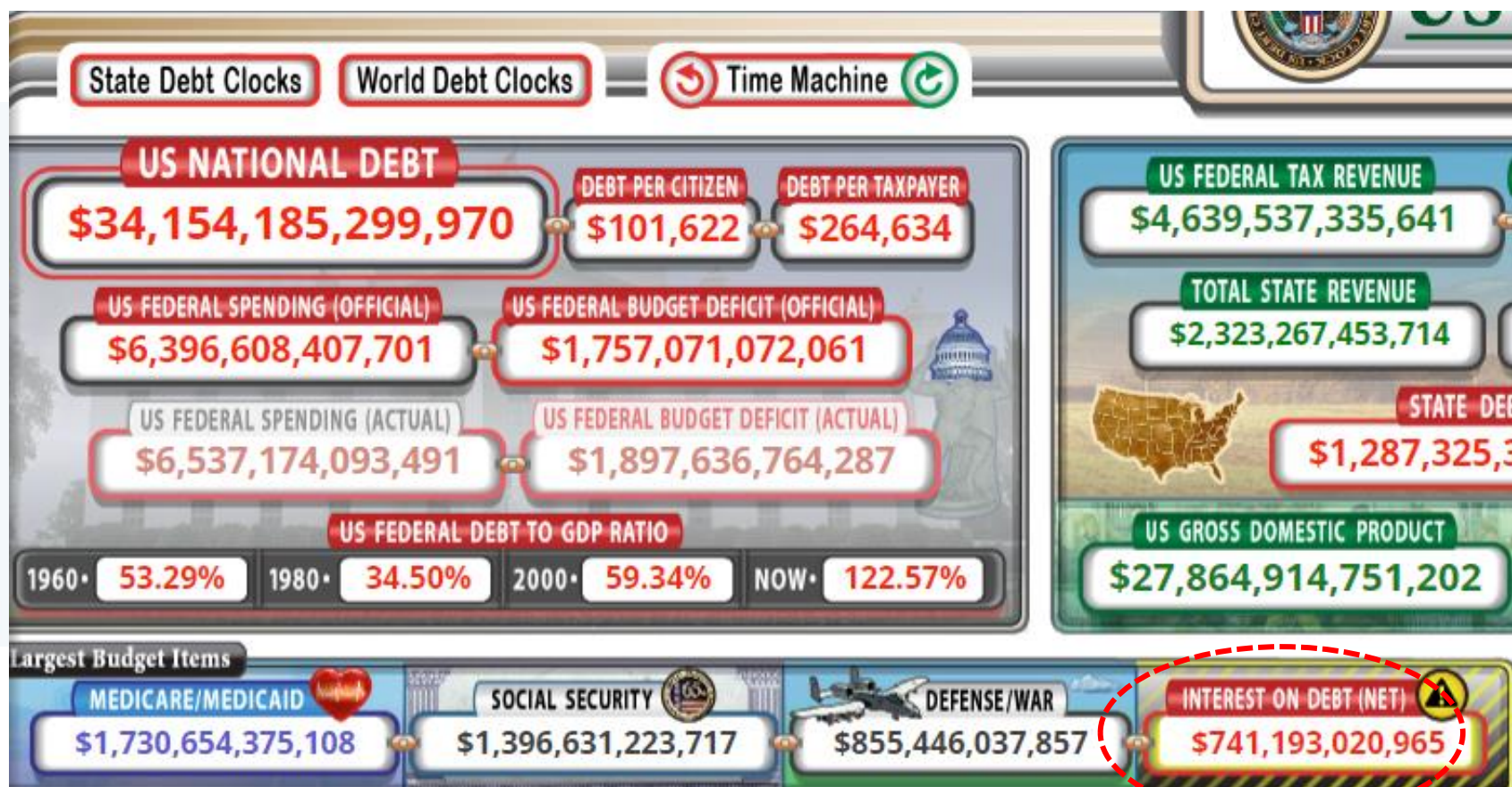


\* As of May 8

Sources: Office of Management and Budget, Treasury Department



statista



# Prepare

- Turbulence...



# Efficiency & Automation

facebook **Meta Platforms Inc**  
NASDAQ: META Overview Financials Compare

Market Summary > Meta Platforms Inc

**493.74** USD

+455.51 (1,191.49%) ↑ all time

Apr 2, 1:28 PM EDT • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



✓ Following

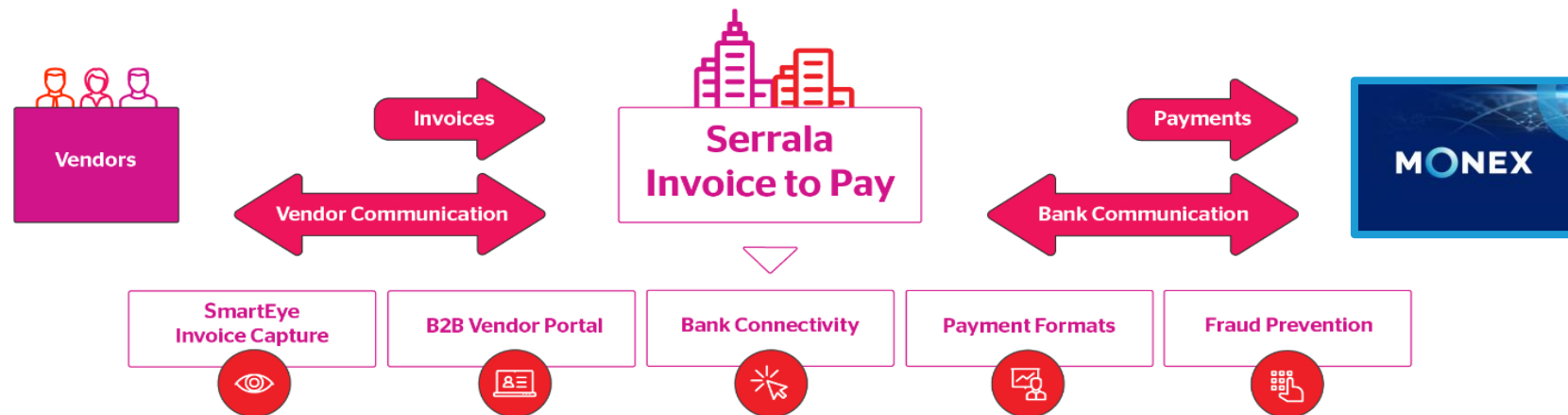
**META PLATFORMS (META)** Meta  
**184.95** +0.05 [+0.03%]  
SINCE NOVEMBER LAYOFFS [61.92%]  
184.95  
NOV 15, 2022 MAR 7, 2023

**TECH** | ZUCKERBERG: MY MANAGEMENT THEME FOR 2023 IS "THE YEAR OF EFFICIENCY"



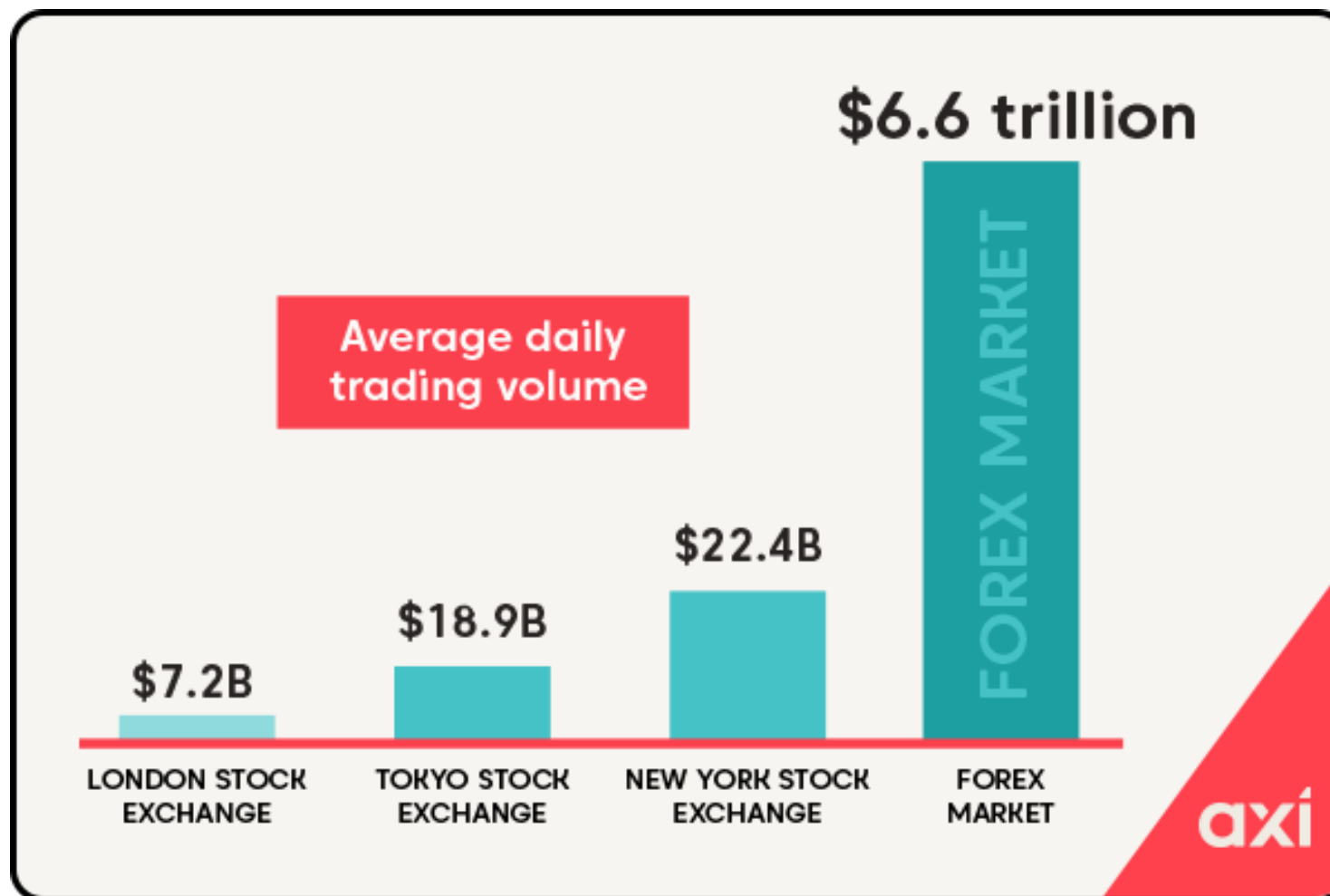
# Efficiency & Automation

- No Lift...
  - No costs (or obligation)
    - No set up & subscription fee
    - Bank and credit relationships stay the same
  - Quantified annual savings
    - Competitive FX rates & no fees





# Foreign Exchange



# OTC

The screenshot displays the OANDA trading platform interface. A 'New Order' modal is open for the EUR/USD pair, showing a 'Limit' order type. The modal includes fields for price (0.98555), quantity (1), and expiry (1 Week). The background shows a candlestick chart for EUR/USD with a 1m timeframe, and a sidebar with various currency pairs like AUD/USD, EUR/USD, USD/CAD, etc. The account information at the bottom shows a balance of \$602.56 and leverage of 50:1.

**OANDA SMARTER TRADING**

Manage Funds My Account: johnminnova@gmail.com Transaction History Account Statements **LIVE**

Charting +

EUR/USD 1m Compare Indicators

EUR/USD, 1, OANDA = 0.98611 H0.98616 L0.98600 MA (9, close, 0) = 0.9862

SELL 0.98555

5y 1y 6m 3m 1m 5d 1d Go to...

Accounts +

Primary **vap**

001-001-1663173-001

NAV

Unrealized P/L

Balance

Realized P/L

Position Value

Margin Used

0.00%

Margin Available

Leverage

Other Accounts

**New Order** X

EUR/USD i

Sell 0.98 **55**<sup>5</sup> Buy 0.98 **65**<sup>5</sup>

Market **Limit** Stop

Units Available 30,554 Trade Value 0.99 USD

1 1 PIP 0.00 USD

Margin Used 0.02 USD Margin Available 602.56 USD

Price 0.98555 Expiry 1 Week

Take Profit 0.00 USD X

Price Pips

Stop Loss 0.00 USD X

Price Pips

Order expires on October 30, 2022 at 2:09:22 PM

**Submit**

Orders Positions Activity +

Market Units Type Margin (USD) SL TP TS Price Current Profit (USD) Profit (Pips) Profit (%)

No Open Trades

# Sell-side & Mark Ups



# Scandals

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### American Express to Refund \$1.6 Million After Foreign-Exchange Probe

The company is also terminating 10 employees and retraining 28



### Wells Fargo Settles U.S. Lawsuit Over Forex Services

- Firm to pay \$37 million penalty to settle government's claims
- U.S. says bank overcharged almost 800 commercial customers



Photographer: Scott Eells/Bloomberg

By [Hannah Levitt](#) and [Bob Van Voris](#)

September 27, 2021 at 1:03 PM EDT Updated on September 28, 2021 at 9:58 AM EDT

LIVE ON  
Watch Liv  
Listen to

# Study

## 3 Data and Measurement

The European Market Infrastructure Regulation (EMIR) requires that all counterparties resident in the European Union (EU) report the contractual details of derivatives transactions to trade repositories. These repositories share the data with authorities according to their jurisdiction. Two authorities, namely the European Systemic Risk Board (ESRB) and European Securities and Markets Authority (ESMA), have access to the full EU-wide transaction-level dataset.<sup>7</sup> From the three largest trade repositories—namely DTCC, REGIS and UnaVista—we collect information on FX derivatives contracts executed over a one year period between April 1, 2016 and March 31, 2017. We restrict the dataset to plain vanilla FX forwards, which account for approximately 85% of all FX derivatives (BIS, 2017). These contracts, which include both outright forwards and forward legs of FX swaps, generate an obligation to exchange a given quantity of one currency against another at a predetermined exchange rate at some future date.<sup>8</sup> We restrict the dataset to FX forwards referenced to EUR/USD, which is the

**In our one-year sample, we have 10,087 clients and 204 dealers.**

WP/19/100

## IMF Working Paper

### Discriminatory Pricing of Over-the-Counter Derivatives

by Harald Hau, Peter Hoffmann,  
Sam Langfield & Yannick Timmer

IMF Working Papers describe research in progress by the author(s) and are published to elicit comments and to encourage debate. The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

# Competition

Figure 2: Distribution of Average Client Spread

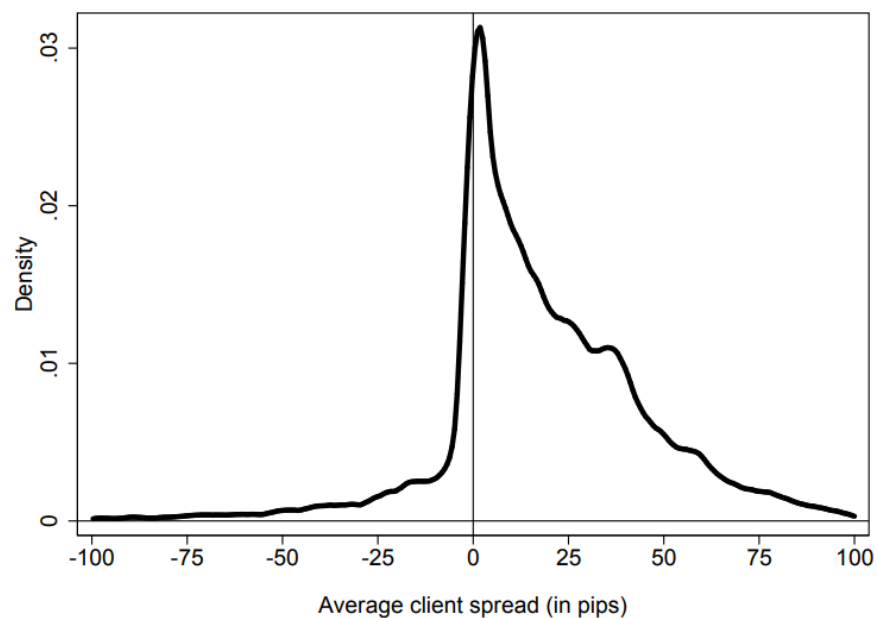
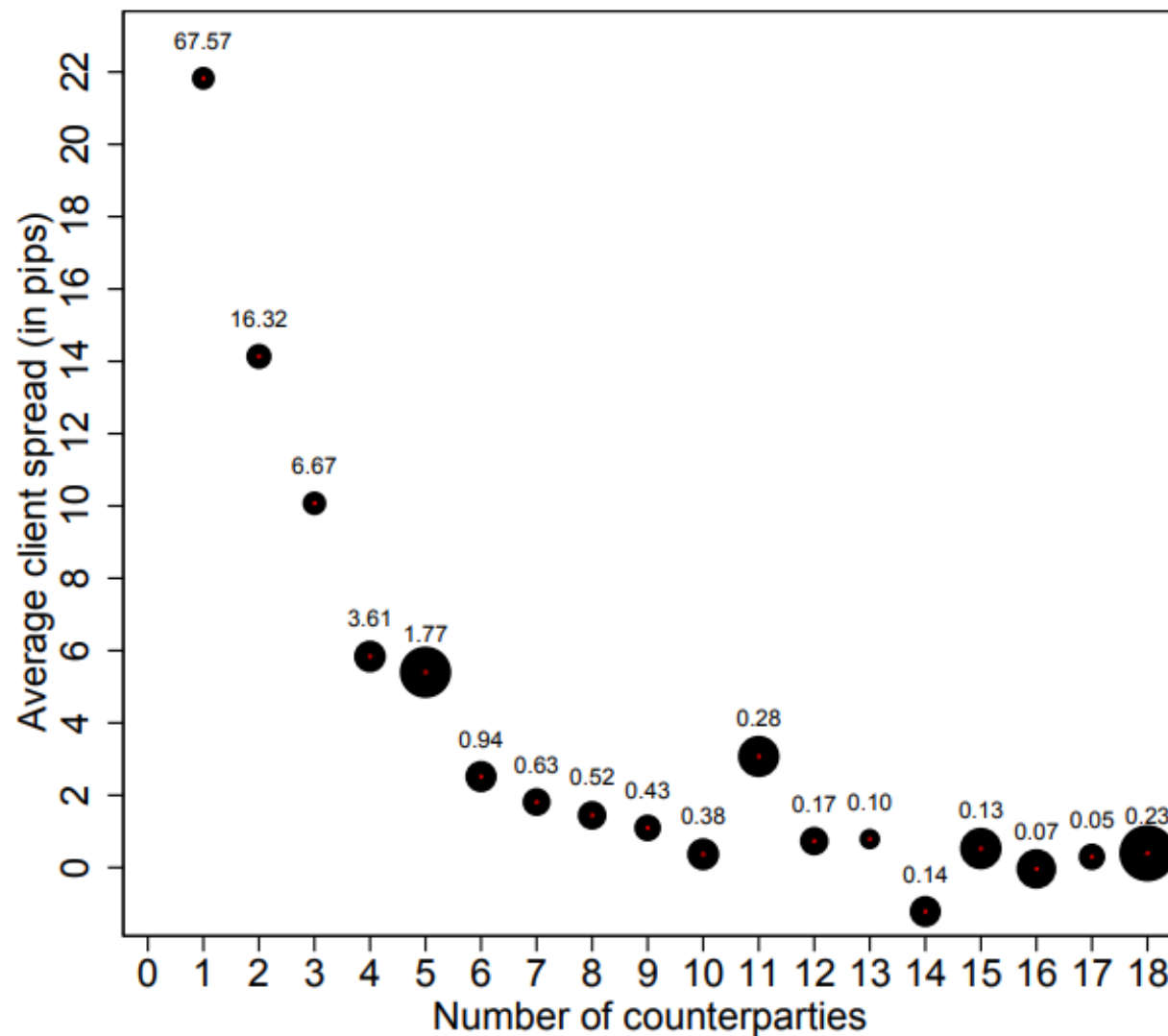


Figure 4: Average Client Spread by Number of Dealer Counterparties



# Auction

Buy Sell 20,000,000.00 1M 28-Nov-2014 32 Days - Fri

Sell EUR 108 Buy EUR

1.2647283 BANK3 0.999 1.2648282 BANK3

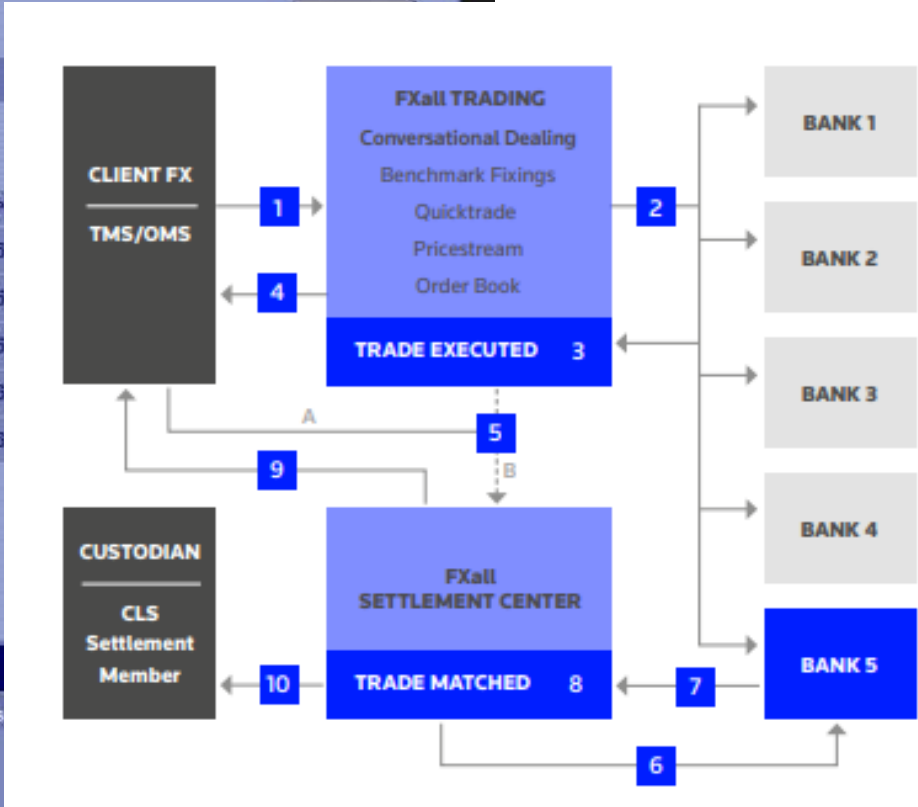
	SPOT	1M	Diff (USD)			Diff (USD)	SP
BANK1	1.26447	2.49	186	1.264719	1.2648375	186	1.26
BANK2	1.26447	2.483	200	1.2647183	1.2648382	200	1.26
BANK3	1.26448	2.483	0	1.2647283	1.2648282	0	1.26
BANK4	1.26446	2.473	420	1.2647073	1.2648492	420	1.26
BANK5	1.26447	2.484	198	1.2647184	1.2648381	198	1.26

CCY Pair BID ASK

AUD.USD	0.87714	0.87737
USD.CAD	1.12354	1.12377
USD.CHF	0.95406	0.95437
EUR.USD	1.26447	1.26480
USD.JPY	107.965	107.987
USD.NZD	1.274811	1.2753

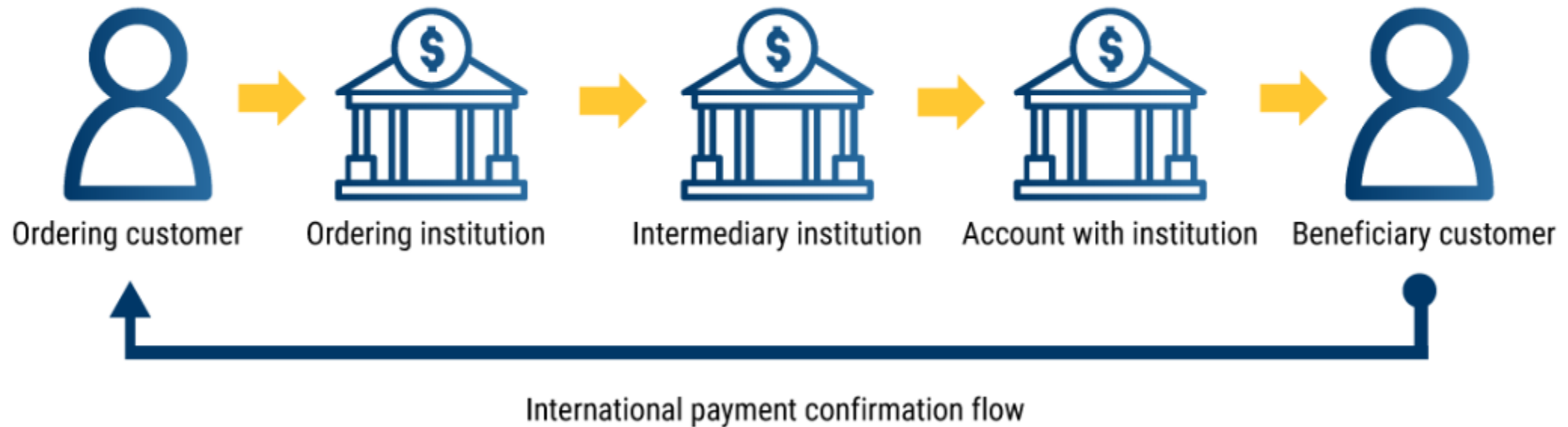
Deal Log Audit Error Log Chat

Status	Type	Pair	Value Date	Account	B/S	Ccy	Amount	Rate	Pts
Done	For...	EUR.USD	28-Nov-14	Account1	S	EUR	10,000,000...	1.26504	



# Nuisance

## Timeline of an international payment from end to end

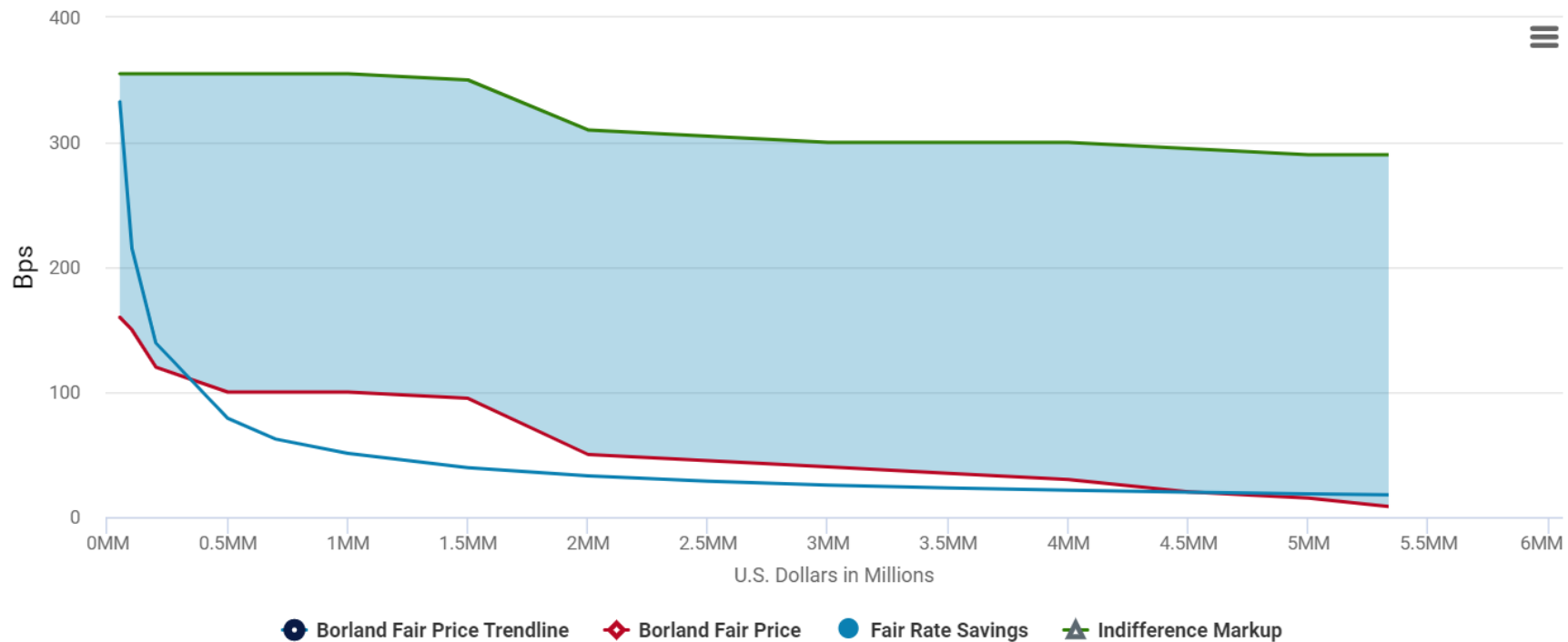




# Savings

## Borland Curve

The area between the average bank FX markup and the Borland Fair Price curves represents the [cost of indifference](#).



# Savings



## Scenario

A chemical firm approached Monex to compare its cost of processing cross-border payments with its bank and to determine if there were optimization and savings opportunities within their global payments strategy.

All of the client's monetary transactions were being processed through their well-known bank. They wished to conduct a **historical analysis** to compare all of the costs associated with their transactions executed in the previous year, but had limited to zero visibility into their cross-border (FX) payment fees or over-the-counter rates.

The majority of the client's **payments were well below \$1M USD** and classified by the bank as **'nuisance payments'**. This raised the question, 'Do nuisance payments cost us more because they are smaller?' While the client could easily identify their lifting fees, they could not determine if they were being charged higher premiums on the FX conversions.



## Strategy

Monex conducted an analysis to determine the true cost of the cross-border payment transactions by gathering the client's key transaction history and identifying the interbank rates for the currencies traded on each transaction date. **By comparing 3 months of data amounting to \$48.7M USD** in value against the converted currencies, Monex determined the spread charged by the bank. **Of the 315 transactions reviewed, 305 were identified as nuisance payments with an average size of \$32K.**



## Outcome

The analysis revealed that the client had **paid nearly \$1.7M in FX charges in the 3-month** period. Monex USA was able to capitalize on the significant cost and timing optimization opportunities and deliver significant savings on the future processing for all of the client's cross border transactions.

Key Stats	Volume (USD)	Bank Cost	Monex Cost	Savings
January	\$16.5M	\$616K	\$82K	\$534K
February	\$15.2M	\$535K	\$78K	\$457K
March	\$17.0M	\$472K	\$85K	\$387K
<b>Totals</b>	<b>\$48.7M</b>	<b>\$1.62M</b>	<b>\$245K</b>	<b>\$1.38M</b>



# First Step

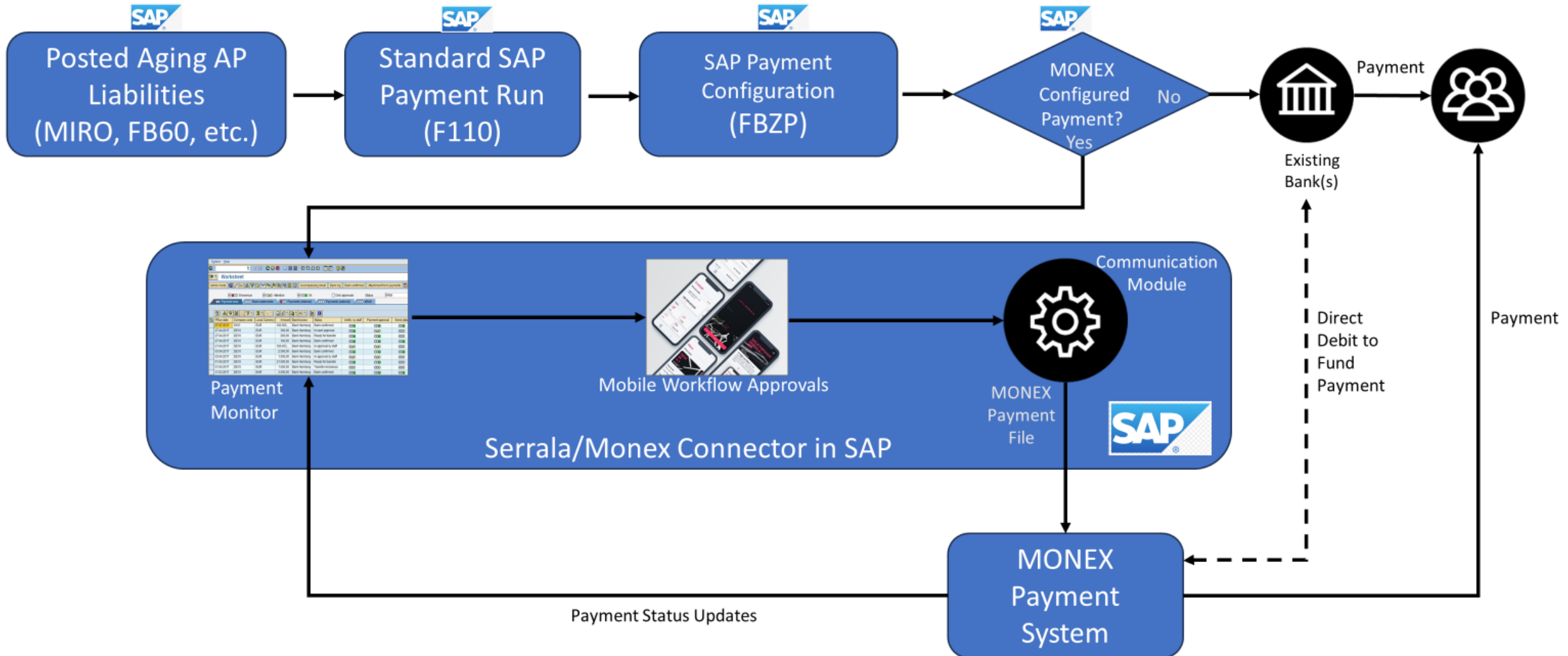
The screenshot shows the SAP Vendor Line Item Display interface. The vendor information is A000005003, General Merchandise Vendor, Dresden. The table below lists various transactions with their respective dates and amounts.

SI Assignment	Document	Doc. Type	Doc. Date	DD	Amount in Local Ccy	LCurr	Cmng doc.	Text	PM	Amount in Doc. Curr.	Curr.	S	Co	Invoice Ref.	Reference	Clearing Date
	1500000003	KZ	12/16/2018	2	7.00	EUR				7.00	EUR		1010	1500000003		
	1500000004	KZ	12/16/2018	2	416,500.00	EUR				416,500.00	EUR			1500000004		
	1500000005	KZ	12/16/2018	2	64,260.00	EUR				64,260.00	EUR			1500000005		
	1500000006	KZ	12/16/2018	2	61,264.06	EUR				61,264.06	EUR			1500000006		
	5100000006	RE	11/18/2018	2	250,000.00	EUR			F	250,000.00	EUR			5100000006	10001	
	5100000007	RE	11/18/2018	2	300,000.00	EUR			F	300,000.00	EUR			5100000007	10002	
	5100000010	RE	11/26/2018	2	25.00	EUR			F	25.00	EUR			5100000010	ZE11	
	5100000011	RE	11/26/2018	2	25.00	EUR			F	25.00	EUR			5100000011	ZE11	
	5100000012	RE	11/26/2018	2	25.00	EUR			F	25.00	EUR			5100000012	ZE11	
	5100000013	RE	11/26/2018	2	125.00	EUR			F	125.00	EUR			5100000013	ZE1271	
	5100000032	RE	12/13/2018	2	7.00	EUR			F	7.00	EUR			5100000032	BT667578	
	5100000033	RE	12/10/2018	2	416,500.00	EUR			F	416,500.00	EUR			5100000033	BG78537BU7	
	5100000034	RE	12/14/2018	2	64,260.00	EUR		ACHAT PRESTATION DE SERVICES	F	64,260.00	EUR			5100000034	FK937R082	
	5100000035	RE	12/14/2018	2	61,264.06	EUR		Achat de matériel stocké, consommable, prestation	F	61,264.06	EUR			5100000035	C181210036	
	5100000038	RE	01/24/2019	2	1,200.00	EUR			F	1,200.00	EUR			5100000038	110	
Account A000005003					551,400.00	EUR				551,400.00	EUR					
					551,400.00	EUR				551,400.00	EUR					
					551,400.00	EUR				551,400.00	EUR					

Date of Transaction (NOT Settlement Date)  
Foreign Currency & Amount Bought  
US Dollar Amount Paid



# Process Flow in SAP



# Serrala Payment Monitor inside of your SAP system

**Worksheet**

Admin mode Accompanying sheet Bank log Bank confirmed Attachment from payments

Erreous 
  Attention 
  Ok 
  Only approvals 
 Status:

Payment runs 
  VEU 
  Bank statements 
  Payments (internal) 
  Payments (external) 
  eBAM

Journ...	A...	Execution	PRun date	CC	Bank ID	Acctn	Source system ID	Paid amount	Crcy	In.rec.imp	Reco...	Status no.	Status	Verific. b	Payment ap	Send statu	Bank status	Sent	Send time	LCurr	BankAccess	Importer	Import date
3515			10/12/2023	US50	MONEX	USD01	3400_CGI_Monex	960.00	AED	1	1	15	Sent					10/12/2023	10:43:37	USD	Monex_new	G.LAURENTIU	10/12/2023
3514			09/08/2023	US50	MONEX	USD01	3400_CGI_Monex	97.00	USD	1	1	34	In approval by staff						00:00:00	USD	Monex_new	G.LAURENTIU	10/12/2023
3512			10/02/2023	US50	MONEX	USD01	3400_CGI_Monex	1,000.00	AED	1	1	25	Pending					10/02/2023	19:57:36	USD	Monex_new	ROB	10/02/2023
3493			09/26/2023	US50	MONEX	USD01	3400_CGI_Monex	130,000.00	EUR	1	1	999	Bank confirmed					09/26/2023	15:43:55	USD	Monex_new	R.CRIADO	09/26/2023
3492			09/26/2023	US50	MONEX	USD01	3400_CGI_Monex	130,000.00	EUR	1	1	10	Ready for transfer					09/26/2023	15:43:45	USD	Monex_new	R.CRIADO	09/26/2023
3491			09/26/2023	US50	MONEX	USD01	3400_CGI_Monex	130,000.00	EUR	1	1	15	Sent					09/26/2023	15:15:53	USD	Monex_new	R.CRIADO	09/26/2023
3490			07/11/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	130,000.00	EUR	1	1	34	In approval by staff						00:00:00	USD	Bank Hamburg	M.KOEHLER	09/19/2023
3489			09/08/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	97.00	USD	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	M.KOEHLER	09/19/2023
3488			09/06/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	588,312.00	USD	4	4	33	In bank approval						00:00:00	USD	Bank Hamburg	M.KOEHLER	09/19/2023
3487			09/05/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	130,000.00	EUR	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	M.KOEHLER	09/19/2023
3484			09/06/2023	US50	MONEX	USD01	3400_CGI_Monex	588,312.00	USD	4	4	998	Bank conf. pending					09/06/2023	18:27:22	USD	Monex_new	R.CRIADO	09/06/2023
3483			09/05/2023	US50	MONEX	USD01	3400_CGI_Monex	130,000.00	EUR	1	1	10	Ready for transfer						00:00:00	USD	Monex_new	ROB	09/05/2023
3418			07/11/2023	US50	MONEX	USD01	3400_CGI_Monex	130,000.00	EUR	1	1	989	Bank received					07/21/2023	15:23:22	USD	Monex_new	R.CRIADO	07/21/2023
3393			07/11/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	130,000.00	EUR	1	1	34	In approval by staff						00:00:00	USD	Bank Hamburg	T.KEIM	07/12/2023
3392			06/28/2023	US50	MONEX	USD01	2200_Aut_Pay_CGI	490.00	USD	1	1	34	In approval by staff						00:00:00	USD	Bank Hamburg	T.KEIM	07/12/2023
3379			06/28/2023	US50	MONEX	USD01	3400_CGI_Monex	490.00	USD	1	1	15	Sent					06/28/2023	16:32:01	USD	Monex	G.LAURENTIU	06/28/2023
3354			06/22/2023	US50	MONEX	USD01	3400_CGI_Monex	960.00	AED	1	1	10	Ready for transfer						00:00:00	USD	Monex	ROB	06/22/2023
3353			06/16/2023	US50	MONEX	USD01	3400_CGI_Monex	288.00	AED	1	1	33	In bank approval						00:00:00	USD	Bank Hamburg	ROB	06/22/2023
3278			06/16/2023	US50	MONEX	USD01	3400_CGI_Monex	288.00	AED	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	ROB	06/16/2023
3210			04/13/2023	US50	MONEX	USD01	3400_CGI_Monex	100.00	AED	1	1	20	Transfer erroneous						00:00:00	USD	Bank Hamburg	ROB	04/13/2023
3166			03/16/2023	US50	MONEX	USD01	3400_CGI_Monex	100.00	AED	1	1	33	In bank approval						00:00:00	USD	Bank Hamburg	ROB	03/17/2023
3163			03/16/2023	US50	MONEX	USD01	3400_CGI_Monex	200.00	AED	2	2	10	Ready for transfer						00:00:00	USD	Bank Hamburg	ROB	03/16/2023
3162			03/16/2023	US50	MONEX	USD01	3400_CGI_Monex	100.00	AED	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	T.KEIM	03/16/2023
3158			03/15/2023	US50	MONEX	USD01	3400_CGI_Monex	98.15	AED	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	ROB	03/15/2023
3151			03/15/2023	US50	MONEX	USD01	3400_CGI_Monex	98.15	AED	1	1	20	Transfer erroneous						00:00:00	USD	Bank Hamburg	ROB	03/15/2023
3150			03/14/2023	US50	MONEX	USD01	3400_CGI_Monex	98.15	AED	1	1	10	Ready for transfer						00:00:00	USD	Bank Hamburg	ROB	03/14/2023
3136			02/13/2023	US50	MONEX	USD01	3400_CGI_Monex	96.30	AED	1	1	33	In bank approval						00:00:00	USD	Bank Hamburg	ROB	02/13/2023
3135			02/13/2023	US50	MONEX	USD01	3400_CGI_Monex	100.80	AED	1	1	34	In approval by staff						00:00:00	USD	Bank Hamburg	ROB	02/13/2023



# Free Audit of FX Payments to Quantify Losses

- Monex will provide a free audit of your FX payments using historical FX rates
- Simply provide a minimum of three months of transactions including: Date (entry and clearing), \$USD, type of currency and amount purchased
- Summary output excerpt below from the following case study

Provided to Monex					Monex Audit Results							
Entry Date	Clearing				Bank FX	Spot FX	Markup	%	Bank Fee	Monex Fee	Losses	
03/01/2018	03/02/2018	MXN	6,035,000.00	USD \$308,019.80	19.5929	18.8082	1.0417	0.0417	\$12,850.88	\$1,540.10	<b>\$11,310.79</b>	
03/01/2018	03/02/2018	EUR	21,821.00	USD \$ 25,652.77	0.8506	0.8183	1.0395	0.0395	\$1,013.49	\$128.26	<b>\$885.23</b>	
03/01/2018	03/02/2018	CAD	2,960.20	USD \$ 2,399.07	1.2339	1.2836	0.9613	0.0387	\$92.90	\$12.00	<b>\$80.90</b>	
03/01/2018	03/02/2018	CAD	74,223.87	USD \$ 60,154.03	1.2339	1.2836	0.9613	0.0387	\$2,329.26	\$300.77	<b>\$2,028.49</b>	
03/01/2018	03/02/2018	CAD	22,876.05	USD \$ 18,539.63	1.2339	1.2836	0.9613	0.0387	\$717.84	\$92.70	<b>\$625.14</b>	
03/01/2018	03/02/2018	CHF	14,440.00	USD \$ 14,775.44	0.9773	0.9460	1.0331	0.0331	\$488.83	\$73.88	<b>\$414.95</b>	
03/01/2018	03/02/2018	GBP	500.00	USD \$ 672.40	0.7436	0.7269	1.0230	0.0230	\$15.45	\$3.36	<b>\$12.09</b>	
03/01/2018	03/02/2018	CAD	599,472.00	USD \$471,832.09	1.2705	1.2836	0.9898	0.0102	\$4,808.09	\$2,359.16	<b>\$2,448.93</b>	



**2024 Macroeconomic  
Outlook  
&  
Efficiency/Automation**

Rob Jackson  
Principal Solutions Architect  
Serrala US

John Min PhD  
Chief Economist  
Monex USA