

The Real Cost of Emerging Market FX

Looking beyond headline fees to understand the spread and total delivered value



Two payment providers can advertise similarly low transfer fees while delivering materially different amounts to the same beneficiary. The reason often sits inside the exchange rate.

The spread is part of the cost

A provider may quote an all-inclusive customer rate rather than showing a separate conversion charge. The difference between that customer rate and a relevant market reference rate is commonly described as the FX spread. It should be considered alongside transfer charges, intermediary deductions and any other transaction costs.

Why emerging-market comparisons are harder

Not every currency has the same market depth or continuously accessible reference pricing. For some less liquid currencies, a published indicative rate may not represent a price that a business could actually execute for its amount, timing or payment purpose. A fair comparison therefore needs like-for-like quotes taken at a similar time, for the same currencies, size and settlement terms.

THE FREEDOM GLOBAL PERSPECTIVE

A low transfer fee does not necessarily mean a low total FX cost. Compare the net amount received and the terms attached.

Turning complexity into a practical plan

Compare the outcome, not the headline

Ask each provider to quote the same sending amount, currency pair, beneficiary currency and settlement date. Record the rate used, explicit fees, expected deductions and final amount the recipient should receive. Where an independent reference rate is relevant, note its timestamp and recognise the distinction between indicative and executable pricing.

An illustrative decision

An importer funding a supplier payment should not assess a service solely on a “zero fee” claim. A different rate or an additional receiving-bank deduction may change the total supplier receipt. Total cost and payment reliability belong in the same purchasing decision.

How Freedom Global helps

Freedom Global examines existing foreign exchange arrangements, including the spread embedded in rates, and helps businesses assess alternative options with suitable regulated and authorised providers. Availability, pricing and onboarding depend on the transaction and the provider.

Discuss your emerging-market requirements

If your organisation is managing international trade, currencies or payments across challenging corridors, Freedom Global can help review your requirements and investigate appropriate provider options. Visit freedomglobal.io/emerging-markets to make an enquiry.

Important: These articles are general information, not a quotation or assurance of service availability. All opportunities are subject to jurisdictional restrictions, sanctions screening, due diligence and approval by the relevant provider. African incorporated entities may require enhanced due diligence. We do not offer services for prohibited jurisdictions or transactions.

Further reading: Bank for International Settlements, “Payments without borders” and “Next generation correspondent banking”; bis.org.