



ACCC Foreign Currency Conversion Services Enquiry

Dear Enquiry

I am a small (sole proprietor) book self-publishing business. I have been in business for approximately fourteen years.

During that time my largest client, a US-based book distributor [REDACTED], has paid me for my books in USD, sometimes by electronic transfer but mostly, and currently, by posted paper cheque.

DEPOSIT OF USD CHEQUES During my years in this business, I have had no option but to bank these cheques, in order to have the funds converted and available to me, despite the fact that I have for fourteen years felt that the bank, in my case [REDACTED], had me 'over a barrel' with regard to currency exchange fees. The exchange rate they use to convert my payments into AUD has always been, 2-3% higher than the daily (Forex) rate, and I have never understood why, (even less so now, due to my recent experiences with Italian Banks and with the relatively newly created currency conversion transfer specialists such as [REDACTED], which have proven to be a godsend for my business, when transferring and converting money in the opposite direction, out of Australia. More of that later)

Whenever I have complained to [REDACTED] about their conversion rates, by phone, or in person, or writing, the usual reply, particularly in writing, has been to dismissively assert that my cheques are always converted at the most competitive retail rate for the day they are converted. I ascertained that all Australian banks used roughly the same mark up so it was useless to shop around.

To further exacerbate my business cash flow (-when my US distributor pays by paper cheque, by the time it arrives in Australia, it is already several weeks old-) when I go into [REDACTED] to deposit the cheque the teller (after querying why I haven't had the client deposit payments by direct transfer) advises me that the cheque will need to be sent off to be processed by their Foreign Collections department, and the cheque processing could take up to forty days. There is also a processing fee I have to agree to, of \$50. (Evidently this is because the cheque needs to be physically posted BACK to the US for clearance, for some reason.)

When the cheque is finally deposited into my account, it is always at their higher retail rate. (I have forwarded as attachments a couple of examples of the advice the bank then sends to confirm the deposit and have noted, next to the exchange rate they have used, the daily rate for that day of deposit.) It has long been a suspicion of mine that the funds are cleared and at the disposal of the bank far sooner than the maximum forty days they ask me to allow, and that the bank uses the funds for their own use on the currency market, and waits for a day when the exchange rate runs to their advantage before processing to my account. Over the years, I have noted that my funds will often be deposited just a day prior to an AUD strengthening, or just after an AUD weakening so that the amount deposited is less than it would have been a day after or prior.

(I must note that the turnaround time for these deposits has gotten much quicker in the last year or so-Royal Commission?- recently the funds are deposited into my account approximately 16 days after my bank visit, instead of the 30 or so days of the recent past.)

I consider that, over the years, these conversions have cost my business tens of thousands of dollars, not to mention effected cash flow and budgeting unnecessarily.

Even when US or European clients have transferred foreign funds into my account as payment, [REDACTED] have still charged a conversion fee (USD25) as well as used their 'retail' rate for the day or deposit, despite the fact there is no paper cheque or risk to them in the transaction, but they simply have to convert it.

OUTBOUND CONVERSIONS As I mentioned earlier the advent of [REDACTED] and other competitive currency transfer companies have revealed just how affordable and predictable currency conversion can be, and just how much of a rort the banks have been committing. For example, when transferring payments to overseas book printers or fulfillment companies, I now use [REDACTED]. On the day of transferring a payment they use pretty much an identical rate to the daily (Forex) rate to calculate the payment and charge a small transfer fee. It is ludicrously cheap in comparison to the banks' performance of the same service! I send Euros, USD and UK£ within two business days, and a transfer of USD10,000, for example, will only cost a relatively small processing fee for the conversion which is made at the correct daily exchange rate!

Even before I became aware of [REDACTED], I had begun transferring money, when forced to do it through [REDACTED], to overseas book printers, in AUD, rather than, as [REDACTED] always advised, having them convert the AUD into the currency of the provider, here, as, they said, the transfer may incur hidden bank fees overseas. When I recently began using an Italian printer, and I decided to 'risk' paying them in AUD via [REDACTED], into their Italian Bank, rather than convert to Euros here, I was shocked at the Euro conversion rate the banks at that end gave me! It was also very favourable and close to the daily rate of the day, with a relatively tiny variance! The first time I risked this, I had assumed the Italian Banks would convert my AUD at an exorbitant rate, or at the very least, at a comparable mark up to that of [REDACTED]. This eye-opening realisation made me even more furious at the expenses I'd incurred at [REDACTED] hands over the years with no redress. Needless to say, I do not allow [REDACTED] to perform any currency conversion for me, except for the still, unfortunately necessary, USD payments that must be deposited into a bank account.

I truly hope your enquiry can redress these monopolistic practises and rorts. If necessary, I can obtain many years of records of these USD cheque and direct transfer currency conversions, which can easily be compared with historic daily rates of the days on which they were converted in order to demonstrate the amounts I now realise [REDACTED] have unnecessarily charged for their 'service.'

Please feel free to contact me for any further information you need.

Thank you

Yours Sincerely

[REDACTED]

