

HIDDEN FEES

BRAZIL

May 2023 - January 2024

Wise

What's the purpose of this report?

In 2022, Brazil introduced new foreign exchange laws ("VET") mandating fee disclosure for foreign transactions. However, the law does not specify the exchange rate to be used, enabling providers to hide mark-ups by using their preferred rates. This means inflated exchange rates continue, and hinders competition which will reduce remittance costs. The Central Bank of Brazil has the authority to clarify the VET law and demand transparent disclosure of all fees, including any exchange rate mark-ups, to consumers.

This report shows how banks hide additional costs of a transfer in an inflated exchange rate. The rate they offer their customers is much worse than the rate you see on Google. We've put two screenshots side-by-side to expose these fees and show consumers get a worse deal than they think.

Brazil can be a rulemaker when it comes to transparency in remittances. Brazil's diaspora is large with 4.4 million Brazilians living abroad; increased price transparency would have a positive impact on those on either end of the payment chain.



Are providers in Brazil transparent about their fees?

Sending BRL → USD 200

Provider example	FX markup	Markup fees	Transparency rating
Provider 1	1,72%	R\$ 16,81 hidden fee	Poor
Provider 2	4%	R\$ 38,68 hidden fee	Poor
Provider 3	≈ 5.8%	R\$ 58.11 hidden fee	Poor
Provider 4	0,75%	R\$ 7,42 hidden fee	Ok
Provider 5	1%	R\$ 10,48 hidden fee	Ok
Provider 6	1.37%	R\$ 13,71 hidden fee	Poor
Provider 7	0,79%	R\$ 7,80 hidden fee	Ok

Good

Fully transparent. Bank discloses all fees, including the exchange rate mark-up.

Poor

Exchange rate provided is the bank's own inflated exchange rate (not the mid-market rate) OR no exchange rate provided at all. Bank only shows an upfront fee, tricking customers into thinking a transaction is much cheaper.

Ok

Lowest exchange rate markups, but not yet fully transparent. Providers exchange rate is compared with the commercial exchange rate.

Provider 1

Sending BRL → 200 USD

- A 1,72% exchange rate mark-up isn't communicated as a cost.
- Exchange rate is presented as **the** exchange rate.
- The only fee shown is the **R\$3,79 IOF**

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 1	1 USD = 4.8911346 BRL	1 USD = 4,9750875 USD + 1,72%	R\$16,81	3,79	Poor

Provider 2

Sending BRL → 200 USD

- 4% exchange rate mark-up isn't communicated as a cost.
- Exchange rate is presented as **the** exchange rate.
- The only fee shown is the **R\$3,86 IOF**

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 2	1 USD = 4,8911346 BRL	1 USD = 5,0845541 BRL + 4%	R\$38,68	R\$3,86	Poor

Provider 3

Sending BRL → 200 USD

- ≈ **5.8%** exchange rate mark-up isn't communicated as a cost.
- Exchange rate is **not** shown.
- The only fee shown is the **R\$3.97 IOF**

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 3	1 USD = 4,9288 BRL	Rate not shown + ≈ 5.8%	R\$58,11	R\$3,97	Poor

Provider 4

Sending BRL → 200 USD

- **0,75%** exchange rate mark-up isn't communicated as a cost.
- One of the lowest exchange rate markups.
- Exchange rate is **compared** with the commercial exchange rate.
- The only fees shown are **R\$3,76 IOF**, provider fee **R\$7,52** and **R\$5,90** external fee.

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 4	1 USD = 4,8911 BRL	1 USD = 4,9280 BRL + 0,75%	R\$7,42	R\$17,18	Ok

Provider 5

Sending BRL → 200 USD

- 1% exchange rate mark-up isn't communicated as a cost.
- One of the lowest exchange rate markups.
- Exchange rate is **compared** with the commercial exchange rate.
- The only fees shown are **R\$3,76 IOF**, provider fee **R\$7,52** and **R\$5,90** external fee.

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 5	1 USD = 4,8730 BRL	1 USD = 4,9251 BRL + 1%	R\$10,48	R\$17,18	Ok

Provider 6

Sending BRL → 200 USD

- 1,37% exchange rate mark-up still isn't communicated as a cost.
- Exchange rate is presented as **the** exchange rate.
- The only fee shown is the **R\$3,87 IOF**

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 6	1 USD = 4,95926 BRL	1 USD = 5,02700 BRL + 1,37%	R\$13,71	R\$183,39	Poor

Provider 7

Sending BRL → 200 USD

- **0,79%** exchange rate mark-up still isn't communicated as a cost.
- One of the lowest exchange rate markups.
- The only fee shown is the **R\$3,80 IOF**

Provider example	Mid-market exchange rate	Providers exchange rate	Hidden markup fee	Stated transaction fee	Transparency rating
Provider 7	1 USD = 4,873031 BRL	1 USD = 4,911350 BRL + 0.79%	R\$7,80	R\$3,80	Ok

APPENDIX

Collected exchange rate data

BRL → USD

May 11, 2023

May 11, 2023, 16:00 UTC

CURRENCY	NAME	UNITS PER USD	USD PER UNIT
BRL	Brazilian Real	4.959267784729687	0.20164267053276427

Collected exchange rate data

BRL → USD

Dec 20, 2023

Dec 20, 2023, 17:00 UTC

CURRENCY	NAME	UNITS PER BRL	BRL PER UNIT
USD	US Dollar	0.20445153716964573	4.891134661268112

Collected exchange rate data

BRL → USD

Dec 21, 2023

Dec 21, 2023, 17:00 UTC

CURRENCY	NAME	UNITS PER BRL	BRL PER UNIT
USD	US Dollar	0.20521106471931194	4.873031585152593

Collected exchange rate data

BRL → USD

January 16, 2024

200 United States Dollar equals

**985.76 Brazilian
Real**

Jan 16, 8:12 PM UTC · Disclaimer

200

United States Dollar ▼

985.76

Brazilian Real ▼

