HIDDEN FEES BRAZIL

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.

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

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

^{*} Data collected in December 2023

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

^{*} Data collected in December 2023

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

^{*} Data collected in January 2024

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

^{*} Data collected in December 2023

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

^{*} Data collected in December 2023

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

^{*} Data collected in May 2023

- 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

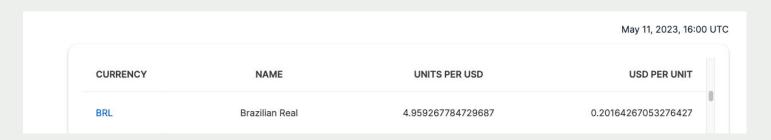
Provider	Mid-market	Providers	Hidden	Stated	Transparency
example	exchange rate	exchange rate	markup fee	transaction fee	rating
Provider 7	1 USD = 4,873031 BRL	1 USD = 4,911350 BRL + 0.79%	R\$7,80	R\$3,80	Ok

^{*} Data collected in December 2023

APPENDIX

BRL → USD

May 11, 2023



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

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

BRL → USD

January 16, 2024

