International Payments Pricing Transparency
Good Practice Guidance

November 2025

THE ASSOCIATION OF FOREIGN EXCHANGE AND PAYMENT COMPANIES

1. ABOUT AFEP

Founded in 2012, AFEP work on behalf of their members to be the representative body for Authorised Payment and Electronic Money Institutions. Our mission is to elevate the standards of the FX and e-money industry, and advocate on behalf of our members with regulators & government bodies.

2. BACKGROUND

In August 2018 the FCA opened consultation on applying the FCA's Principles for Business to payment services and e-money sectors as well as applying communication rules to advertising and communication (CP18/21). This was the start of a more direct focus on the Payments and FX Sector and in response to this, to help members on a practical level, AFEP produce industry guidance on several key topics to highlight good practice for our industry.

AFEP have published several good practice guidelines such as corporate governance, financial risk management, anti-money laundering and safeguarding. The intention of these guidelines is to provide our member firms a more holistic, or enterprise wide approach and to meet regularory expectations. In this way we hope that members will, be better prepared for regulatory requests for information, diagnostic visits or other such external requests.

Member firms are required, as a condition of membership, to confirm if and when asked that they are using the Good Practice Guidance and applying it to their business to ensure quality and compliance with the regulations. Members should always take independent legal advice to ensure they are operating in line with regulations. Notwithstanding compliance with regulation, AFEP realises that if member firms set out on a journey where the goal is simply to comply with regulations it is likely to become a so-called "box ticking" exercise. AFEP does not advocate this approach and has written this guidance in such a way to support business value creation, avoid problems, and, drive down the costs of operational losses and the impact of unexpected costs

3. OBJECTIVE OF THIS GUIDANCE

This guidance has been prepared by AFEP for member firms to support compliance with current regulation, the FCA's Consumer Duty and taking into consideration the examples of good practice identified by the FCA. It sets out good practice and the minimum information that should be provided to consumers, as well as recommended explanatory guidance to help consumers make fair comparisons between providers. Key relevant regulations are set out in Appendix 2 (NB these exclude PSD 3 proposals which may result in change to this guidance).

Firms are reminded that they must form their own judgement about regulatory requirements and how they should be applied based on their individual operating models. This document sets out our industry position but does not constitute advice.

The overarching objective is to ensure that consumers:

- Understand the full cost of their transaction.
- Can compare providers on a consistent and meaningful basis.
- Are equipped to make timely and informed decisions.

4. SCOPE

This guidance covers consumer pricing transparency and comparability only. Firms must also ensure they comply with the separate Price and Value Outcome under the Consumer Duty, which requires firms to ensure that the price paid by the consumer represents fair value, taking into account the nature of the product or service, the benefits received, and the costs borne by the firm in delivering it.

5. FCA Good Practice Recommendations

Under the Consumer Duty, firms must provide communications that are clear, fair and not misleading. In its good and poor practice publication (May 20025) the FCA has identified good practice as including:

- Displaying all costs clearly and upfront.
- Making sure consumers understand that exchange rates may include a markup.
- Explaining that markups represent a cost to the consumer.
- Clearly disclosing variable and fixed fees.
- Highlighting the potential impact of intermediary bank fees.
- Making pricing information easy to find and not hidden within terms or footnotes.

6. Industry Position

We support the FCA's objective of improving transparency and comparability for consumers. However, except where explicitly required by regulation, we do not consider that disclosing a firm's gross profit on a transaction is the most effective way to achieve this outcome. Such disclosure risks distracting from the most meaningful comparison – the amount the recipient will receive – and may confuse consumers due to variability in liquidity costs, market movements, and commercial models.

This guidance proposes that member firms present pricing and explanatory information in a way that is clear, accurate, and comparable across providers.

a. Use of Reference Rate

A reference rate is a rate against which a firm applies a mark up on their foreign exchange.

In the context of the PSRs this reference rate is a publicly available rate and not an internally set rate such as the rate provided by a firm's liquidity provider. If customers are told that the rate they will achieve is a mark up on a reference rate then the following information should be provided:

- what reference rate is being used
- where they can check the publicly available reference rate
- The method of calculating the customer's exchange rate
- Date and time of the rate being set
- Where adjustments to the reference exchange rates are expressed in the framework contract as a fee the amount of this fee should be disclosed for each transaction

The information provided should be sufficient to allow consumers to compare what was agreed in their contract with what was charged in practice.

Where a firm does not use a reference rate they should consider carefully how they discuss FX pricing with consumers – providing a mark-up percentage against an internal rate may be problematic if the consumer is not then able to verify the rate they receive against this agreed mark up.

b. Minimum Information to be Displayed

Before a consumer commits to a transaction, firms should display prominently:

- The amount being remitted or transferred (in GBP).
- The exchange rate applied.
- The amount of foreign currency to be received.
- Fixed payment fees per transaction (where applicable).
- Intermediary and recipient bank fees (or a clear indication where exact amounts are not known).
- The total amount the recipient will receive in local currency, subject to intermediary/recipient bank charges.

The subsequent trade and/or payment confirmations should show the same information to allow the customer to compare what was offered and what was received.

In the event that the foreign exchange transaction occurs independently of any payments we expect that items i to iii above are disclosed to the customer for each FX transaction. In addition, the firm should ensure that customers are made aware of payment fees and charges at relevant points in the customer journey, including but not limited to, when entering into a contract and prior to instructing a payment.

NB While not covered in detail by this guidance, firms must not rely on discretionary or case-by-case pricing models. We do not believe that it is possible to demonstrate fair value without being able to evidence standardised pricing tables. While the % mark-up may not need to be presented to customers this information must be stored to enable the firm to demonstrate fair pricing has been applied to consumers.

c. Timing

This information must be available to customers prior to the customer committing to a transaction, allowing them to make a fully informed decision at the appropriate stage of the customer journey. It must not be disclosed only at the final payment step or hidden in FAQs or footnotes.

Where accounts are in scope of the Payment Account Regulations 2015, PSPs will need to consider their obligations to provide a fee information document in addition to their requirements under the PSRs.

d. Channel consistency

Where pricing differs between methods (for example, online, app, or telephone transactions), this must be made clear to customers upfront.

Consumers should be able to see, at the point of decision, whether costs differ depending on the channel they use.

e. Product considerations

Firms should consider how best to ensure customers are selecting the best product for their needs. Firms should ensure that clear product information is provided to enable consumers to assess which product suits their needs.

Where appropriate, firms should draw consumers' attention to alternative products that may better suit their requirements (e.g. deliverable forwards) to ensure that they are able to make an informed choice.

6. Additional Explanations for Consumers

To further improve transparency and comparability, firms should provide simple, consumer friendly explanations covering how the firm makes money and how to compare providers. Examples are provided in appendix I but firms should ensure the following is disclosed:

a. How the firm makes money

- Firms should explain that they buy currency at wholesale market rates and sell it to customers at a rate that includes a margin.
- The margin is variable depending on transaction size, currency, and market conditions, and forms part of the cost of the service.
- Firms may also charge fixed payment fees for processing transfers.
- Intermediary or recipient banks may deduct their own charges, which are outside the control of the firm. Where possible, firms should explain when such fees may apply and, if available, offer options for the sender to cover them upfront.

b. How to compare providers
Consumers should be guided to:

- Focus on the "recipient receives" amount as the most meaningful comparison.
- Enter the actual transfer amount they intend to send, as fees and margins may vary by transaction size.
- Compare providers at the same time, given exchange rates fluctuate continuously.
- Be aware that "no fee" does not necessarily mean "no cost," as costs may be built into the exchange rate margin.
- Consider other factors beyond price, including payment speed, security, reliability, delivery methods, ease of use, and customer service.

7. Implementation

Member firms are expected to:

- Integrate these practices into their customer journeys across all channels (digital, telephone, in-person). This should include a review of each step of the customer journey showing where and how pricing information appears.
- Ensure that pricing disclosures are presented in a clear and accessible way, not hidden in fine print or requiring excessive navigation.
- Clearly highlight any differences in pricing between channels before the consumer commits.
- Test with consumers where possible to highlight any areas where further clarity is required.

Appendix I

Example A - How to compare pricing across providers

When choosing a provider for sending money abroad, the most important factor to compare is the amount your recipient will actually receive in their local currency.This figure already reflects the exchange rate and any fees the provider charges you directly.

Here are some tips to help you make fair comparisons:

- Focus on the outcome – Always look at the "recipient receives" amount. This is the clearest way to see what value you are getting and to compare with other providers.
- Enter the amount you intend to transfer – Some providers charge different fees or margins depending on the size of your transaction. Always enter the actual amount you intend to send when comparing.
- Check for fees – Some providers charge fixed payment fees, while others build their costs into the exchange rate margin. Be aware that "zero fee" transactions may still include a cost in the form of a marked-up exchange rate.
- Watch for intermediary bank fees – In some cases, intermediary or receiving banks may deduct their own charges from the transfer. Where possible, check whether the provider offers an option to cover these fees up front so your recipient gets the full amount.
- Compare at the same time – Exchange rates change constantly, sometimes within minutes. To get a fair comparison, check providers' pricing at the same time of day.
- Consider payment speed – Faster transfers may cost more, while cheaper options may take longer. Think about how quickly the recipient needs the money.

Beyond Price there are some other factors to consider

- Reliability and reputation – How long the provider has been operating and whether it is authorised and regulated in the UK.
- Security – The protections in place to safeguard your money and personal data.
- Ease of use – Whether the provider offers a simple digital journey, mobile app, or customer support in your preferred language.
- Payment and delivery options – For example, whether you can fund your transfer by card, bank transfer, or direct debit, and whether the recipient can receive funds directly into their bank account, in cash, or on a card.
- Customer service – Access to helpful and responsive support if something goes wrong.
- Transparency – How clearly the provider explains its pricing, fees, and processes.

By looking at the total amount your recipient will receive, entering the actual transfer amount you plan to send, and considering these other factors, you can choose the provider that best meets your needs.

Example B - How the firm makes money
When you send money abroad, we buy the foreign currency on your behalf. We do this at wholesale rates that are not directly available to individuals or most businesses.

We then sell the currency to you at a slightly different rate. The difference between the wholesale rate and the rate we give you is called a margin. This margin is variable and depends on the size of your transfer, the currencies you are exchanging, and market conditions. The margin is part of our return for carrying out the exchange.

In addition to the margin, we may also charge a payment fee for processing your transfer. This is a fixed fee per payment and covers the cost of moving your money through the payment system. Sometimes, other banks involved in delivering your payment, known as intermediary banks, may deduct their own fees. These fees are not charged by us, and in many cases we cannot know the exact amount in advance. Where possible, we will tell you if intermediary fees are likely to apply, or give you an estimate based on typical charges.

Together, the margin and any payment fees make up the total cost of your transaction. We always show you the amount your recipient will receive so you can see the full impact of our pricing before you confirm your transfer.

If you want to understand how to compare the pricing of different providers, please refer to our FAQ on How to compare pricing across providers.

APPENDIX 2 – Key Regulations (non-exhaustive)

1. Payment Services Regulation 2017 (PSRs)

1.1 Single payment service contracts (e.g. money remittance)

1.1.1 Information required prior to the conclusion of a single payment service contract - Approach Document (AD) paragraph 8.117 and PSRs Reg 43(2)(c) and (d)

Before the contract is concluded (or immediately after the execution of the transaction if the contract has been concluded by some means of distance communication (e.g. by telephone) where it is not practicable to do so beforehand), the payment service provider (PSP) must provide or make available to the customer information including:

- details of any charges, including a breakdown where applicable
- if applicable the exchange rate to be used (or the reference exchange rate on which
- the actual exchange rate will be based)

1.1.2 Information required after the initiation of a payment order - AD paragraph 8.122- 8.123 - PSRs Reg 44(1)(c) and (d)

A payment initiation service provider (PISP) must provide or make available to the payer the information below immediately after the payment order is initiated and, where applicable, to the payee. The information includes:

- the amount of the payment transaction
- the amount of any charges payable to the PISP in relation to the payment transaction and, where applicable, a breakdown of the charges

1.1.3 Information required after the receipt of the payment order - AD paragraph 8.125 - PSRs Reg 45(2)(b)(c) and (d)

The payer's PSP must immediately after receipt of the payment order, provide or make available to the customer the following information in relation to the service it is providing:

- the amount of the payment transaction in the currency used in the payment order
- details of any charges (including, where applicable, a breakdown of those charges)
- where the transaction involves a currency exchange and the rate used differs from the rate provided before the transaction, the actual exchange rate used (or a reference to it) and the amount of the payment after the currency conversion.

1.1.4 Information for the payee after execution AD 8.126 - PSRs Reg 46 (2)(b)(c) and (d)The payee's PSP must immediately after execution of the payment transaction provide or make available the following to the customer in relation to the service it is providing:

- the amount of the transaction in the currency in which the funds are being put at the payee's disposal
- details of any charges (including, where applicable, a breakdown of those charges)
- the exchange rate used (if relevant) and the amount of the payment before it was applied

1.2 Framework contracts

1.2.1 Information to be provided before the contract is entered into - AD paragraph 8.82 - PSRs Reg 48 and Schedule 4

The payer's PSP must provide the customer with the following information about charges, interest and exchange rates:

(a) details of all charges payable by the customer to the PSP, including those connected to the manner in and frequency with which information is provided or made available and, where applicable, a breakdown of the amounts of any charges;

(b) where relevant, details of the interest and exchange rates to be applied or, if reference interest and exchange rates are to be used, the method of calculating the actual interest and the relevant date and index or base for determining such reference interest or exchange rates;

(c) where relevant and if agreed, the immediate application of changes in reference interest or exchange rates and information requirements relating to the changes in accordance with regulation 50(4) (changes in contractual information).

1.2.2 Information prior to execution of individual payment transactions - AD paragraph 8.100 - PSRs Reg 52(b) and (c)

Where the payment order is given directly by the payer customer to their PSP, the PSP must, at the customer's request, inform the customer of any charges payable including a breakdown of those charges where applicable.

1.2.3 Information for the payer after execution of individual payment transactions – AD paragraph 8.108 - PSRs Reg 53(2)(b)(c) and (d)

The payer’s PSP must provide the payer with this information:

- the amount of the transaction in the currency in which the payer’s payment account is debited or in the currency used for the payment order, along with details of any exchange rate used by the PSP and the amount of the payment transaction after it was applied;
- the amount and, where applicable, breakdown of any transaction charges and interest payable in respect of the transaction, so that the customer knows the total charge to be paid; and
- where applicable, the exchange rate used by the payer’s PSP and the amount of the payment transaction after that currency conversion.

1.2.4 Information for the payee after execution of individual payment transactions – AD paragraph 8.109 - PSRs Reg 54(2)(b)(c) and (d)

The payee’s PSP must provide the payee with this information:

- the amount of the transaction in the currency of the payment account credited;
- the amount and, where applicable, breakdown of any transaction charges and/or interest payable in respect of the transaction. And any exchange rate used by the payee’s PSP and the amount of the payment transaction before it was applied.

2. Cross Border Payment Regulation 2 (CBPR2)

CBPR2 article 3b relates to currency conversion charges for credit transfers. Key provisions of CBPR2 article 3(b) are:

- When a currency conversion service is offered by the payer's payment service provider in relation to a credit transfer, that is initiated online directly, using the website or the mobile banking application of the PSP, the PSP, shall inform the payer prior to the initiation of the payment transaction, in a clear, neutral and comprehensible manner, of the estimated charges for currency conversion services applicable to the credit transfer.

- Prior to the initiation of a payment transaction, the PSP shall communicate to the payer, in a clear, neutral and comprehensible manner, the estimated total amount of the credit transfer in the currency of the payers account, including any transaction fee and any currency conversion charges. The PSP shall also communicate the estimated amount to be transferred to the payee in the currency used by the payee.

3. BCOBS

BCOBS 2.3.7B R requires that if a firm compares the cost of their currency transfer service with the cost of a service provided by any other provider:

- the comparison must be meaningful and presented in a fair and balanced way; and
- the firm or other provider must be able to substantiate the claims made.

The guidance in BCOBS 2.3.7C explains the meaning of ‘the cost of a currency transfer service’ in BCOBS. The cost includes the following:

- any charges payable in relation to the currency conversion;
- any charges payable in relation to a connected payment service or electronic money issuance; and
- the margin between the exchange rate that would be offered to a majority of persons of the class at whom the promotion is directed and a currently applicable interbank exchange rate, calculated using an independently published interbank spot rate.

NB. The rules and guidance do not require these components of the cost to be itemised separately by PSPs to customers.

4. Consumer Duty

Relevant provisions of the Consumer Duty include:

- PRIN 2A.5.3(1)R – A firm must support retail customer understanding so that its communications: (a) meet the information needs of retail customers; (b) are likely to be understood by retail customers; (c) equip retail customers to make decisions that are effective, timely and properly informed.
- PRIN 2A.5.3(2)R – A firm must communicate information to retail customers in a way which is clear, fair and not misleading.
- PRIN 2A.5.7G – "In supporting the understanding of retail customers through its communications, a firm should:

- explain or present information in a logical manner;
- use plain and intelligible language and, where use of jargon or technical terms is unavoidable, explain the meaning of any jargon or technical terms as simply as possible;
- make key information prominent and easy to identify, including by means of headings and layout, display and font attributes of text, and by use of design devices such as tables, bullet points, graphs, graphics, audio-visuals and interactive media;
- avoid unnecessary disclaimers; and
- provide relevant information with an appropriate level of detail, to avoid providing too much information such that it may prevent retail customers from making effective decisions."

FG22/5 para 8.9 – "Firms should 'put themselves in their customers' shoes' when considering whether their communications equip customers with the right information, at the right time, to understand the product or service in question and make effective decisions. An effective decision will usually be one that maximises the likelihood of a customer achieving a good outcome."

FG22/5 para 8.10 – "Firms should act in good faith and avoid designing or delivering communications in a way that exploits consumers' information asymmetries and behavioural biases. We have seen consumer harm arise where communications encourage customers to make decisions without full possession of relevant information, for example on costs and exclusions in relation to a particular product or service."

FG22/5 para 8.11 – "Communications should be understandable by the intended recipients and enable them to evaluate their options by assessing the benefits, risks and costs associated with those options, and how those options relate to their needs and financial objectives."