

The Total Economic Impact™ Of Airwallex Embedded Finance

Cost Savings And Business Benefits Enabled By Airwallex
Global Treasury

A FORRESTER TOTAL ECONOMIC IMPACT STUDY
COMMISSIONED BY AIRWALLEX, NOVEMBER 2023

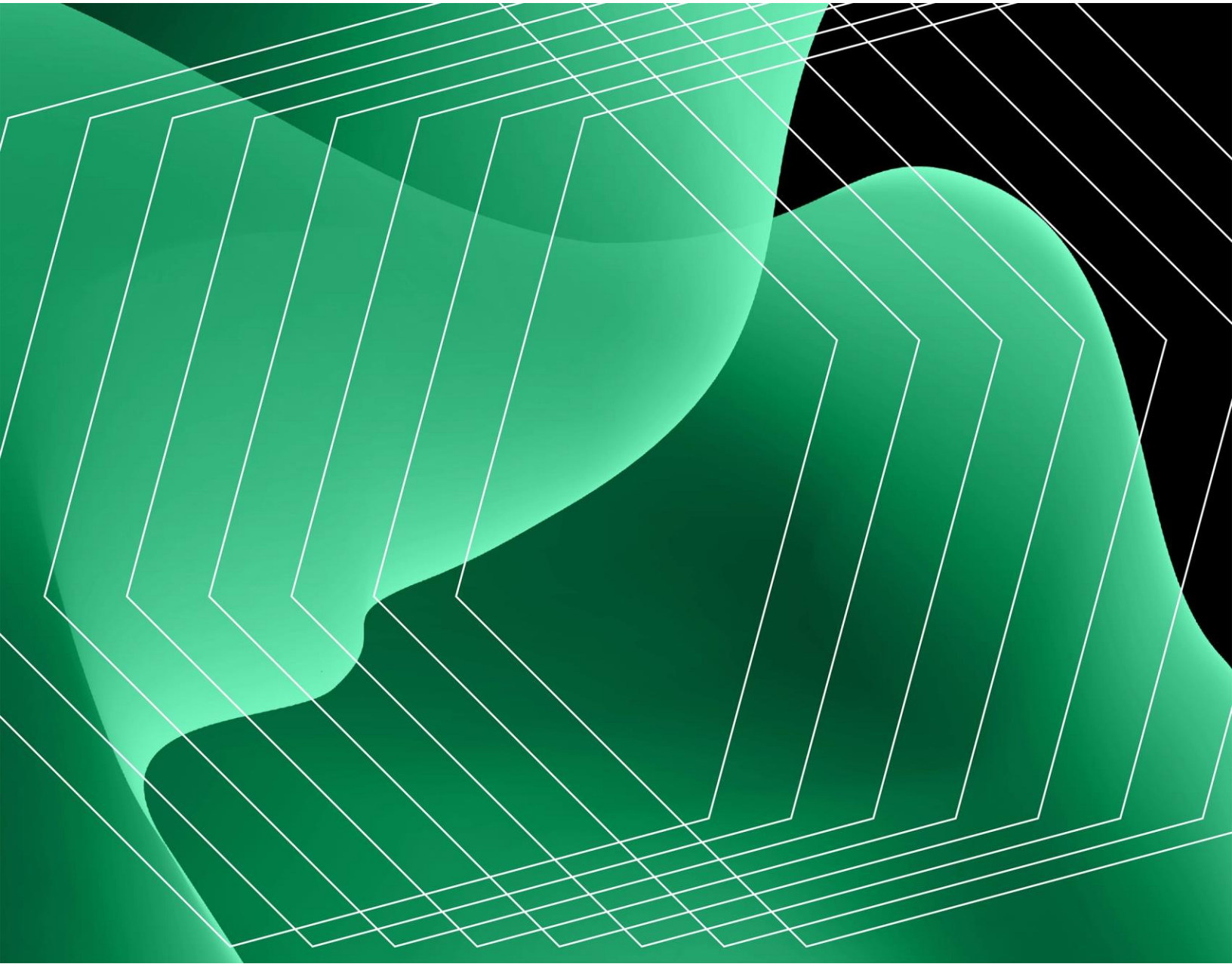


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Consulting Team:

Zhi Tao Ng

Alicia Choo

ABOUT FORRESTER CONSULTING

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Executive Summary

Airwallex's embedded finance solution allows organizations to embed financial services like payments, banking, and cards directly into their platform. Its access to global banking licenses, low FX rates, and API-based solutions enables organizations to integrate financial services in a compliant and cost-effective manner. Organizations can thus improve customer experience (CX), enhance product stickiness, and generate new revenue streams.

Airwallex's embedded finance solution is comprised of three key offerings: Global Treasury, Payments for Platforms, and Banking-as-a-Service use cases.

Airwallex's Global Treasury solution empowers organizations to enable their customers to seamlessly collect, store, convert, and disburse funds worldwide. Payments for Platforms is Airwallex's end-to-end payments solution that enables software platforms to offer global payments acceptance capabilities to their customers, and enables online marketplaces to collect, split, and pay out funds compliantly across borders. Lastly, Airwallex's Banking-as-a-Service offering allows organizations to natively embed and monetize global financial capabilities within their product suite.

Airwallex commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying their [Global Treasury solution](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Airwallex's Global Treasury solution on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed representatives at four organizations that have deployed Airwallex's Global Treasury solution. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a medium-sized B2B fintech firm headquartered in the United States with an annual revenue of \$100 million.

KEY STATISTICS



Return on investment (ROI)

237%

Net present value

\$11.9M

Payback

<6 months

Benefits PV

\$16.9M

Most of the interviewees said that prior to deploying Airwallex's Global Treasury solution, their organizations did not use any other providers. They considered alternatives like bank partners who could provide access to global money movement, but had high integration, FX, and transaction costs. Thus, interviewees would have had to separately maintain their own compliance team to navigate local laws and regulations. As organizations scaled business internationally, it was both labor- and time-intensive to work with multiple bank partners and vendors to integrate and implement the solution. These limitations led to higher costs and a more complex go-to-market process for organizations.

After the investment in Airwallex's Global Treasury solution, the interviewees' organizations could embed financial services within their platform to improve customer satisfaction, customer retention, and revenue growth. This enabled them to reallocate resources to improving their solutions and platform, instead of building and maintaining payments and treasury infrastructure. They were also able to avoid high FX fees, compliance costs, and operational costs. Key results from the investment include improved operating profit from new market expansion, reduced FX and transaction costs, avoided payments integration setup and maintenance costs, and avoided costs for money transmission licenses and third-party services.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increased operating profit of \$2.8 million from new market expansion.** Airwallex's Global Treasury solution empowers expansion into new markets much faster than integrations with traditional bank partners, which can take up to two years. Improved access to global markets enables the composite organization to process more transactions for existing customers when they migrate from their existing providers to Airwallex and onboard customers in these new markets. The support for new currencies improves the composite organization's services and can increase product stickiness and revenue growth. Overall, the improved time to market allows the composite organization to capture additional new market profits in Years 2 and 3.
- **Reduced FX currency conversion and transaction fees, saving \$6.6 million.** Airwallex offers competitive FX currency conversion rates and transaction fees, which significantly improves the composite organization's bottom line as they increase their transaction volume in new markets. This amounts to \$6.6 million in savings over a three-year period. Organizations can also choose to pass the cost savings to customers or monetize these savings by marking up their FX fees to customers.
- **Avoided costs of \$4.7 million for assembling and maintaining a team to build a payments integration system and maintain money transfer licenses.** Without Airwallex, there will be a need to hire a team to set up payments integration systems and maintain licenses for money transfers. This team will include engineers, compliance and legal specialists, anti-money laundering specialists, risk management specialists, and monitoring specialists. This results in a salary cost avoidance of \$4.7 million over a three-year period.
- **Avoided costs of \$2.7 million for money transmission licenses and third-party services.** Adopting Airwallex enables the composite

organization to avoid incurring additional costs from engaging third-party service providers and obtaining money transmission licenses.

- **Improved employee operational efficiency with reduced manual efforts, leading to a productivity lift of \$60,800.** Implementing Airwallex significantly reduces the number of manual transactions processed by the composite organization's payments team. This improves the team's operational efficiency, leading to productivity savings of \$60,800 over a three-year period.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved funds transfer speed.** Airwallex provides faster fund transfer turnaround in as little as one working day and instant payouts for certain regions, compared to banks which can take anywhere from a few days to a month.
- **Improved customer experience (CX).** Airwallex's user-friendly interface enables a smoother process in funding accounts and foreign currency transactions, thus improving CX.
- **Ease of compliance** Airwallex has a robust compliance infrastructure that ensures both customers and their transactions are safeguarded in line with local regulations.

“We can now grow a lot easily into new markets instead of having to find out who can manage our local customer funds. We don't need to integrate to a new provider.”

HEAD OF GLOBAL OPERATIONS, FINTECH

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Transaction and FX currency conversion fees totaling \$4.5 million.**
This includes Airwallex's average per transaction fee for both domestic and cross-border transactions, and FX currency conversion fees for cross-border transactions.
- **Implementation and ongoing management costs totaling \$474,200.**
This includes manpower costs for payment operations specialists and engineers needed for implementation and ongoing management. The organization also incurs an annual subscription cost per geography and one-time implementation costs.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$16.9 million over three years versus costs of \$5 million, adding up to a net present value (NPV) of \$11.9 million and an ROI of 237%.



ROI

237%



BENEFITS PV

\$16.9M



NPV

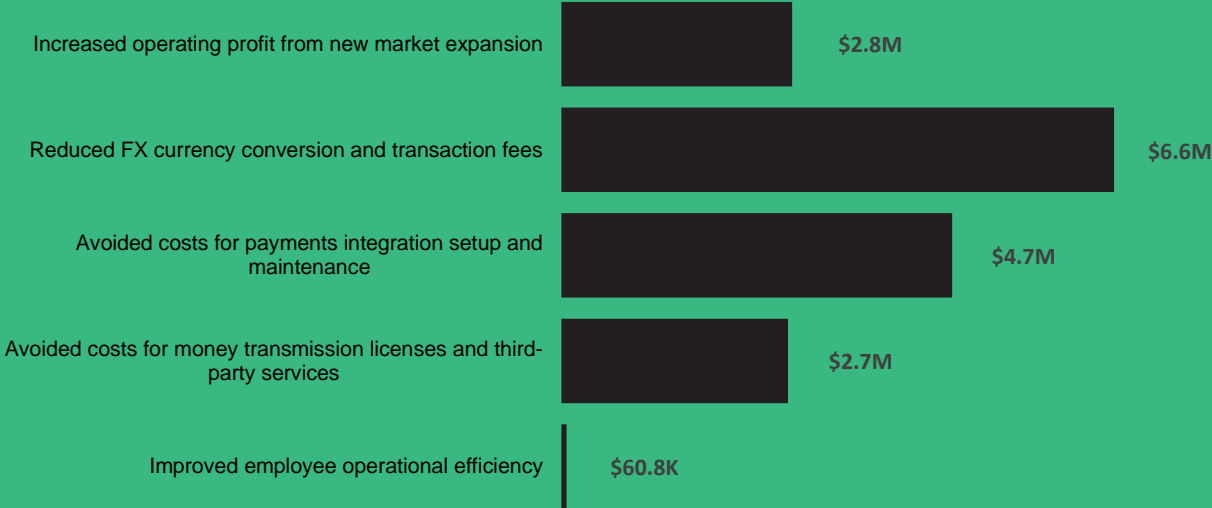
\$11.9M



PAYBACK

<6 months

Benefits (Three-Year)



TEI Framework And Methodology

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment Airwallex's Global Treasury solution.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Airwallex's Global Treasury solution can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Airwallex and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Airwallex's Global Treasury solution.

Airwallex reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Airwallex provided the customer names for the interviews but did not participate in the interviews.

1. Due Dilligence

Interviewed Airwallex stakeholders and Forrester analysts to gather data relative to Airwallex's Global Treasury solution.

2. Interviews

Interviewed four representatives at organizations using Airwallex's Global Treasury solution to obtain data about costs, benefits, and risks.

3. Composite Organization

Designed a composite organization based on characteristics of the interviewees' organizations.

4. Financial Model Framework

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

5. Case Study

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see [Appendix A](#) for additional information on the TEI methodology.

The Airwallex Customer Journey

Drivers leading to the Airwallex Global Treasury investment

Interviews			
Role	Industry	Region	Annual Revenue (USD)
Cofounder and CTO	Financial technology	Headquartered in the US	\$100 million
Head of global operations	Financial technology	Headquartered in Australia	\$20 million
CEO	Financial technology	Headquartered in Israel	Undisclosed
General manager	Financial services	Headquartered in China	\$20 million

Key Challenges

Organizations operating in a global business landscape are finding it increasingly important to provide seamless domestic and cross-border transactions for their customers. Without the right solution, organizations find it difficult to serve existing global customers and expand into new markets to increase their total addressable market. Interviewees struggled with meeting customers' requirements when facilitating transactions in domestic currencies through their preferred payment methods. They also had to navigate complex processes for cross-border transactions, like maintaining a money transfer license for each locale and ensuring compliance with local laws and regulations.

Prior to adopting Airwallex's Global Treasury solution, the interviewees noted their organizations were either using a different service provider or had not engaged a vendor.

The interviewees noted how their organizations struggled with common challenges, including:

- **Difficulty expanding to global markets.**
Interviewees shared that it was a challenge to serve existing global customers and expand into new markets concurrently as it involved understanding and adhering to local money transfer regulations and building payment rails with local banks, both of which required substantial time and cost investment. As a result, this restricted B2B organizations to only operate within specific regions, typically their home country of operations, limiting their ability to expand internationally or serve existing customers who operated in multiple regions. The cofounder and CTO of a fintech firm said: “Airwallex [supports more markets] in the world. For [other providers], they only have coverage in the US or EU, but Airwallex has coverage across the US, EU, and APAC, including Australia.”
- **Prior service providers had high costs for cross-border transfers and FX currency conversion rates, alongside long turnaround times.**
The head of global operations at a fintech firm said, “Our previous FX provider’s rates were too high, and the turnaround was too long.”
- **Meeting regulatory compliance requirements.**
Processing transactions in different countries requires strict compliance with local regulations together with the maintenance of money transfer licenses. Interviewees shared that they would have had to maintain a team of engineers, compliance specialists, anti-money laundering (AML) specialists, risk management specialists, and monitoring specialists to maintain compliance. This amounts to a substantial cost to organizations. The cofounder and CTO at a fintech firm said, “We may have needed to hire five or six compliance folks [without Airwallex].”

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global B2B financial services firm headquartered in the US. It facilitates domestic and cross-border transactions for its customers through Airwallex Global Treasury, and also uses it for internal corporate payments (e.g., invoices, payroll). It has a strong brand, operates globally, and owns a large customer base. The organization is mid-sized and generates \$100 million in annual revenue. It processes 20% of its total transactions through Airwallex Global Treasury, totaling 85,000 transactions in Year 1. The volume it processes through Airwallex Global Treasury is \$425 million in Year 1.

Deployment characteristics. The organization has 250 employees, most of whom are based in the US. This includes a payment operations team of six employees who are outsourced to South America, and a product and engineering team of 15 employees. During initial implementation, five payment operation employees and 15 product and engineering employees are involved in the 12-weeks implementation phase. After the implementation, only four employees from the payment operations team are needed to manage transactions with Airwallex. However, this number increases as the organization expands into new markets and increases their transaction volume year on year. The organization plans to expand to a total of four new markets in the next two years.

KEY ASSUMPTIONS

\$100 million revenue

250 employees including five on the payment operations team

Operates in three countries in Year 1

Processes \$425 million in transaction volume through Airwallex Global Treasury in Year 1

85,000 transactions made through Airwallex Global Treasury in Year 1

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increased operating profit from new market expansion	\$0	\$1,176,000	\$2,399,040	\$3,575,040	\$2,774,335
Btr	Reduced FX currency conversion and transaction fees	\$2,078,250	\$2,706,615	\$3,347,546	\$8,132,411	\$6,641,251
Ctr	Avoided costs for payments integration setup and maintenance	\$1,436,468	\$1,785,626	\$2,549,873	\$5,771,966	\$4,697,361
Dtr	Avoided costs for money transmission licenses and third-party services	\$816,000	\$1,256,000	\$1,256,000	\$3,328,000	\$2,723,486
Etr	Improved employee operational efficiency	\$14,625	\$29,835	\$30,432	\$74,892	\$60,816
	Total benefits (risk-adjusted)	\$4,345,343	\$6,954,076	\$9,582,890	\$20,882,309	\$16,897,249

Increased Operating Profit From New Market Expansion

Evidence and data. Interviewees were able to expand to new markets quicker with Airwallex as its global payments and treasury infrastructure provided access to global markets, and its underlying technology accelerates technical integration much more quickly than what traditional bank partners offered. Improved access to global markets meant an increase in transaction volume processed by the composite organization, as existing customers with a global presence can now migrate from their existing providers to Airwallex. This ultimately improves operating profit.

- Instead of spending one or two years to enable fund transfers with a new market, it typically takes about six months to expand into a new market and currency. The cofounder and CTO of the fintech company noted that it would have taken up to two years for their organization.

- The improved time to market is mainly due to Airwallex's banking technology and API-first approach. Interviewees shared that where necessary, Airwallex was able to provide a white-label solution that enabled customers to continue developing their own platform and connect to Airwallex's API framework.
- Conducting know-your-customer (KYC) checks is faster too as this is managed by Airwallex, and the composite organization only needs to collect the necessary documents from their customers. This differs across organizations, some interviewees said their organization continued to conduct KYC checks on their own.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- Airwallex Global Treasury enables customers to expand to new markets two years faster than partnering with banks. Therefore, there is a one-time benefit for two years, where operating profit generated from the first two years of market expansion is attributed to Airwallex.
- It expands to two new markets in Year 2 and 3 respectively, to a total of four new markets after two years.
- It generates \$8.4 million in annual revenue from each new market from Year 2, and this grows by 2% annually.
- It has a profit margin of 10%.

Risks. An organization's ability to experience increased operating profit from new market expansion by deploying Airwallex Global Treasury will vary due to the.

- Time taken for market expansion with alternative payment providers.
- Number of new markets expanded annually.
- Revenue generated from each market.
- Organization's profit margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 30%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2.7 million.

“Airwallex has played a crucial role in accelerating our global expansion. We recently brought on board a significant client with global operations who was notably impressed by the seamless KYC process. This enabled them to effortlessly open accounts in any jurisdiction where Airwallex is licensed.”

CEO, FINTECH

Increased Operating Profit From New Market Expansion

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total number of new markets opened	Composite	0	2	4
A2	Revenue generated per market	Composite	\$0	\$8,400,000	\$8,568,000
A3	Total revenue from new markets	A1*A2	\$0	\$16,800,000	\$34,272,000
A4	Profit margin	TEI standard	10%	10%	10%
A5	Attribution ratio (Airwallex)	Composite	100%	100%	100%
At	Increased operating profit from new market expansion	A1*A2*A3*A4	\$0	\$1,680,000	\$3,427,200
	Risk adjustment	↓30%			
Atr	Increased operating profit from new market expansion (risk-adjusted)		\$0	\$1,176,000	\$2,399,040
Three-year total: \$3,575,040			Three-year present value: \$2,774,335		

Reduced FX Currency Conversion And Transaction Fees

Evidence and data. The interviewees told Forrester that their organization experienced significant cost savings in transaction and FX currency conversion fees by using Airwallex as their payment provider. Organizations can choose to leverage these cost savings as additional revenue by marking up their FX fees charged to customers, or pass down the cost savings to their customers to secure cost leadership.

As the composite operates in a global environment, it is important to facilitate payments in the local currencies for the markets their clients operate in. Airwallex enables this by allowing the organizations to collect and disburse payments in the customer's currency without incurring any additional fees. In contrast, the customer would incur an FX fee if they process a domestic transaction through a foreign bank or if the transaction is in a different currency from the organization's main currency.

Cross-border transactions also cost significantly less compared to banks with Airwallex's competitive FX rates.

- FX rates and per transaction fees are a huge cost to organizations. Airwallex Global Treasury provides cost-effective international bank transfers and global payments by providing lower FX costs and per transaction costs which reduces international transaction fees. The cofounder and CTO of a fintech firm said: "The cost of international wire is high. Airwallex provides a much better FX rate compared to a bank."
- Airwallex Global Treasury provides like-for-like settlement in supported currencies — it does not apply any currency conversion for local payouts in each country. Organizations and customers alike can choose when to convert the currencies back to their working currency without being forced to convert at prevailing rates during the transaction. This offers organizations flexibility and control to their FX losses or gains.
- Some organizations also leveraged Airwallex Global Treasury for internal corporate transactions, leading to savings in FX. The head of global operations of a fintech firm who used Airwallex for their internal invoices and payroll said: "We used to use our bank for international payroll and the

rates were too high, and the turnaround was too long. Airwallex helped us save a lot of money on payroll.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- It operates in four countries in Year 1. It plans to expand to a total of four new markets — two in Year 2 and two in Year 3 using Airwallex’s payment infrastructure.
- Across three years, it processes 20% of domestic transactions and 80% of international transactions without incurring an FX fee.
- The average value per transaction is \$5,000.
- The annual transaction volume processed in Year 1 is \$425 million, which includes \$400 million in customer transactions and \$25 million in Airwallex’s internal corporate transactions. This value increases by 2% year on year, to \$553.5 million in Year 2 and \$684.5 million in Year 3, which includes transactions from new market expansion.
- The average transaction fee saved per domestic transaction is \$3 as compared to using wire transfers.
- The average transaction fee saved per cross-border transaction is \$10 as compared to using SWIFT transfers.
- The average cost savings in foreign currency conversion rate as compared to using other vendors like banks is 0.6%.

Risks. An organization’s ability to experience FX currency conversion savings and transaction fee savings through the deployment of Airwallex Global Treasury will vary due to differences in:

- The number and volume of domestic and cross-border transactions processed per year.
- The size of the company and the regions it operates in.
- The volume of internal corporate transactions the organization uses Airwallex Global Treasury for.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$6.6 million.

30%

Savings from differences in FX rates between the previous FX provider and Airwallex for the financial technology organization headquartered in Australia.

“Airwallex is meaningfully cheaper on FX transactions compared to banks.”

COFOUNDER AND CTO, FINTECH

ANALYSIS OF BENEFITS

Reduced FX Currency Conversion And Transaction Fees					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Annual transaction volume processed by Airwallex	Composite	\$425,000,000	\$553,500,000	\$684,570,000
B2	Percentage of transaction volume processed domestically	Composite	20%	20%	20%
B3	Percentage of transaction volume processed internationally	Composite	80%	80%	80%
B4	Average value per transaction	Composite	\$5,000	\$5,000	\$5,000
B5	Annual domestic transaction volume	B1*B2	\$85,000,000	\$110,700,000	\$136,914,000
B6	Number of domestic transactions	B5/B4	17,000	22,140	27,383
B7	Average transaction fee saved per domestic transaction	Composite	\$3	\$3	\$3
B8	Subtotal: Transaction fees saved on domestic collections and payouts	B6*B7	\$51,000	\$66,420	\$82,149
B9	Annual cross-border transaction volume	B1*B3	\$340,000,000	\$442,800,000	\$547,656,000
B10	Number of cross-border transactions	B9/B4	68,000	88,560	109,531
B11	Airwallex's foreign currency conversion rate cost savings	Composite	0.60%	0.60%	0.60%
B12	Subtotal: Foreign currency conversion fee savings	B9*B11	\$2,040,000	\$2,656,800	\$3,285,936
B13	Average transaction fee saved per cross-border transaction	Composite	\$10.00	\$10.00	\$10.00
B14	Subtotal: Transaction fees saved on cross-border collections and payouts	B10*B13	\$680,000	\$885,600	\$1,095,310
Bt	Reduced FX currency conversion and transaction fees	B8+B12+B14	\$2,771,000	\$3,608,820	\$4,463,395
	Risk adjustment	↓25%			
Btr	Reduced FX currency conversion and transaction fees (risk-adjusted)		\$2,078,250	\$2,706,615	\$3,347,546
Three-year total: \$8,132,411			Three-year present value: \$6,641,251		

Avoided Costs For Payments Integration Setup And Maintenance

Evidence and data. As the business models at the interviewees' organization involved processing transactions on behalf of their customers, they had to set up payment integration rails with third-party providers and banks. They also needed to obtain money transmission licenses for the relevant markets to process these transactions. This meant additional time on top of financial and manpower costs to set up the system and maintain the licenses. This benefit outlines the internal manpower costs incurred with setting up the payment system and maintenance of the money transfer licenses.

- Partnering with traditional banks would have taken them approximately one year to build payments integration rails and obtain money transmission licenses to operate. This duration could potentially be longer in countries with tighter regulations.
- The composite organization would have to abide by the prevailing regulations of the countries they operate in.
- Navigating these regulations and maintaining a team of compliance, fraud, AML, and legal employees would have incurred significant costs.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The number of engineering FTEs required in Year 1 is 15. This reduces to five in Year 2, and increases to seven in Year 3. In Year 1, it needs to build connections and integrations with third-party providers and traditional banks services, which requires a significant amount of effort from engineers.
- There are three specialist FTEs each across the compliance, legal, AML, and monitoring/reporting teams in Year 1. This increases to seven each in Year 3 due to market expansion.
- The average fully burdened salary of each FTE increases by 2% year on year.

Risks. An organization's ability to avoid the costs of setting up and maintaining payments integration rails and money transmission licenses with the deployment of Airwallex will vary due to:

- The annual salary of an engineering, compliance, AML, and monitoring/reporting specialist FTE, which will vary across regions. These services could be outsourced to regions with lower manpower costs (e.g., South America).
- The number of engineering, compliance, AML, and monitoring/reporting specialist FTEs required.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$4.7 million.

“We would have had to build an approximately 30-person team to obtain and maintain a money transfer license if we had worked with banks.”

COFOUNDER AND CTO, FINTECH

ANALYSIS OF BENEFITS

Avoided Costs For Payments Integration Setup And Maintenance					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of FTEs in engineering team	Composite	15	5	7
C2	Average fully burdened annual salary of an engineer	TEI standard	\$42,900	\$43,758	\$44,633
C3	Subtotal: Total cost of engineers	C1*C2	\$643,500	\$218,790	\$312,431
C4	Number of FTEs in compliance and legal team	Composite	6	10	14
C5	Average fully burdened annual salary of a compliance specialist or legal	TEI Standard. YoY: 2%	\$80,340	\$81,947	\$83,586
C6	Subtotal: Total cost of compliance specialists and legal	C4*C5	\$482,040	\$819,470	\$1,170,204
C7	Number of FTEs in anti-money laundering (AML) team	Composite	3	5	7
C8	Average fully burdened annual salary of AML specialist	TEI standard	\$63,700	\$64,974	\$66,273
C9	Subtotal: Total cost of AML specialists	C7*C8	\$191,100	\$324,870	\$463,911
C10	Number of FTEs in risk management	Composite	3	5	7
C11	Average fully burdened annual salary of risk management specialist	TEI standard	\$121,420	\$123,848	\$126,325
C12	Subtotal: Total cost of risk management specialists	C10*C11	\$364,260	\$619,240	\$884,275
C13	Number of FTEs in the monitoring and reporting team	Composite	3	5	7
C14	Average fully burdened annual salary of a monitoring/reporting specialist	TEI standard	\$78,130	\$79,693	\$81,287
C15	Subtotal: Total cost of monitoring/reporting specialists	C13*C14	\$234,390	\$398,465	\$569,009
Ct	Avoided costs for payments integration setup and maintenance	C3+C6+C9+C12+C15	\$1,915,290	\$2,380,835	\$3,399,830
	Risk adjustment	↓25%			
Ctr	Avoided costs for payments integration setup and maintenance (risk-adjusted)		\$1,436,468	\$1,785,626	\$2,549,873
Three-year total: \$5,771,966			Three-year present value: \$4,697,361		

Avoided Costs For Money Transmission Licenses And Third-Party Services

Evidence and data. Interviewees were not using another payments provider prior to Airwallex — and had to partner with a bank with existing capabilities to support fund transfers to markets that were commercially important for their business. However, working with a bank partner incurred additional costs with setting up KYC processes, engaging third-party service providers, and obtaining money transfer licenses in the markets required to support their customers.

- The composite organization would need to create underwriting policies and systems to verify their customers' identities and ensure the businesses they onboard to their platform comply with regulations.
- The composite organization must abide by additional financial crime compliance, including AML and counter-terrorist financing.
- To conduct fund transfers to overseas markets, the composite organization needs the relevant money transmission licenses.

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- It purchases the necessary underwriting systems from an external vendor.
- It meets additional compliance requirements by outsourcing to third-party vendors.
- Money transmission licenses cost \$450,000 in Year 1. It needs to obtain international money transmission licenses as it expands. All licenses cost a total of \$1 million annually from Year 2.

Risks. An organization's ability to experience avoided costs for money transmission licenses and third-party services by deploying Airwallex Global Treasury will vary due to the:

- Cost of underwriting systems and services.
- Cost of third-party vendor services.
- Cost of money transmission licenses.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$2,7 million.

Avoided Costs For Money Transmission Licenses And Third-Party Services					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Third-party underwriting services	Assumption	\$500,000	\$500,000	\$500,000
D2	Additional third-party vendor services	Assumption	\$70,000	\$70,000	\$70,000
D3	International license	Assumption	\$450,000	\$1,000,000	\$1,000,000
Dt	Avoided costs for money transmission licenses and third-party services	D1+D2+D3	\$1,020,000	\$1,570,000	\$1,570,000
	Risk adjustment	↓20%			
Dtr	Avoided costs for money transmission licenses and third-party services (risk-adjusted)		\$816,000	\$1,256,000	\$1,256,000
Three-year total: \$3,328,000			Three-year present value: \$2,723,486		

Improved Employee Operational Efficiency

Evidence and data. Interviewees shared that Airwallex improved the operational efficiency of their organizations' payments team by reducing the amount of manual work needed in processing payments. This frees up time for the payments team, allowing them to focus on other work or higher value tasks.

- Prior to adopting Airwallex Global Treasury, interviewees shared that they had manually processed a percentage of transactions with their previous provider. For example, one organization had to manually process transactions if two were made simultaneously. In such cases, their previous provider's system would time out and the transaction would go through a manual queue. This has greatly reduced since the implementation of Airwallex.

- Another interviewee also shared that with the implementation of Airwallex, they have moved all manual transactions to become automated, greatly improving the efficiency of their payments team. The general manager for a financial services firm said: “We saw an improvement in the efficiency of our payments by 20% since implementing Airwallex.”

Modeling and assumptions. Based on the interviews, Forrester assumes the following about the composite organization:

- The number of transactions it processes annually is 85,000 in Year 1, 110,700 in Year 2, and 136,914 in Year 3.
- Before adopting Airwallex Global Treasury, the percentage of transactions that need manual support was 3%.
- Each full-time employee can process around 2,000 manual transactions a year.
- The average fully burdened annual salary of a payment operations specialist based in South America is \$32,500, and this increases by 2% year on year.
- Each payment operation specialist sees a 50% improvement in productivity since the implementation of Airwallex Global Treasury.

Risks. An organization’s ability to experience improved operational productivity from the deployment of Airwallex will vary according to:

- The annual number of transactions that require manual processing.
- The annual salary of a payment operations specialist, which varies by region.
- The amount of time each employee spends reviewing each transaction.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$60,800.

“My team increased their capacity by 20%. With Airwallex, we only process 0.01% of our transactions manually.”

HEAD OF GLOBAL OPERATIONS, FINTECH

Improved Employee Operational Efficiency					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Number of transactions annually	B1/B4	85,000	110,700	136,914
E2	Percentage of transactions processed manually (before Airwallex)	Composite	3.0%	3.0%	3.0%
E3	Number of transactions processed manually (before Airwallex)	B1*B2	2,550	3,321	4,107
E4	Number of transactions processed per employee	Composite	2,000	2,000	2,000
E5	Number of FTEs saved	B3/B4	1	2	2
E6	Average fully burdened annual salary of payment operations specialist	TEI standard	32,500	33,150	33,813
E7	Productivity factor	Composite	50%	50%	50%
E _t	Improved employee operational efficiency	E5*E6*E7	\$16,250	\$33,150	\$33,813
	Risk adjustment	↓10%			
E _{tr}	Improved employee operational efficiency (risk-adjusted)		\$14,625	\$29,835	\$30,432
Three-year total: \$74,892			Three-year present value: \$60,816		

Unquantified Benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved funds transfer speed.** Interviewees noted that funds transfers are much faster with Airwallex Global Treasury as it is usually completed within one banking day, as compared to banks, which typically takes longer. However, for some countries in South America, this could take up to a month.
- **Improved CX.** Bad user interfaces can exacerbate the stress and complexity of funding an account and making foreign currency conversions. Airwallex enabled a smoother foreign exchange journey for most customers.
- **Ease of compliance.** With traditional big banks, compliance and legal teams are not as involved with the customers compared to the commercial and operations team. Interviewees noted that Airwallex had offered good partnership since day one. Airwallex's compliance team offered accessibility and transparency, which also improved internal compliance processes at the interviewees' organization.

“Other banks can enable funds transfers from bank portals too, but Airwallex has better APIs and is easier to integrate with.”

COFOUNDER AND CTO, FINTECH

“Airwallex has the most open compliance team I have met.”

HEAD OF GLOBAL OPERATIONS, FINTECH

Flexibility

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Airwallex Global Treasury and later realize additional uses and business opportunities, including:

- **New revenue stream from card issuance.** Airwallex’s overall embedded finance solution offers full-stack issuing capabilities, enabling their clients to issue commercial cards locally across the 37 countries it supports without requiring a Bank Identification Number (BIN) sponsor or license. This opens a new revenue stream for their clients by charging card interchange fees.
- **FX markup fees.** Airwallex’s competitive FX fees enable customers to have the option to pass on cost savings to their customers or apply a markup to the exchange rates for payouts and card transactions, or both.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Transaction and FX currency conversion fees	\$0	\$1,421,285	\$1,851,015	\$2,289,338	\$5,561,638	\$4,541,855
Gtr	Implementation and ongoing management costs	\$241,040	\$64,400	\$95,623	\$127,162	\$528,225	\$474,151
	Total costs (risk-adjusted)	\$241,040	\$1,485,685	\$1,946,637	\$2,416,501	\$6,089,863	\$5,016,006

Transaction And FX Currency Conversion Fees

Evidence and data. The interviewees shared that transaction and FX currency conversion fees make up most of the costs with Airwallex. All transactions that go through Airwallex incur a transaction fee. For cross-border transactions, the transaction fee is usually higher than the transaction fee for domestic transactions.

Modeling and assumptions. For the composite analysis, Forrester assumes the following about the composite organization:

- The average transaction fee for each domestic transaction is \$0.70.
- The average transaction fee for each cross-border transaction is \$3.
- The average FX fee for cross border transactions is 0.30%.

Risks. The transaction fees and FX currency conversion rates will vary among organizations based on:

- The annual number of domestic and cross-border transactions.
- The annual volume of domestic and cross-border transactions.

ANALYSIS OF COSTS

- The region and countries where the transactions occur.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$4.5 million.

Transaction And FX Currency Conversion Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of domestic transactions	B6		17,000	22,140	27,383
F2	Average per transaction fee (domestic)	Composite		\$0.70	\$0.70	\$0.70
F3	Annual cross-border transaction volume	B9		\$340,000,000	\$442,800,000	\$547,656,000
F4	Average FX fee	Composite		0.30%	0.30%	0.30%
F5	Number of cross-border transactions	B10		68,000	88,560	109,531
F6	Average per transaction fee (international)	Composite		\$3.00	\$3.00	\$3.00
Ft	Transaction and FX currency conversion fees	$F1 \cdot F2 + F3 \cdot F4 + F5 \cdot F6$	\$0	\$1,235,900	\$1,609,578	\$1,990,729
	Risk adjustment	↑15%				
Ftr	Transaction and FX currency conversion fees (risk-adjusted)		\$0	\$1,421,285	\$1,851,015	\$2,289,338
Three-year total: \$5,561,638			Three-year present value: \$4,541,855			

Implementation And Ongoing Management Costs

Evidence and data. Interviewees shared that implementation typically involved payment operations specialists and engineers. This required a high amount of effort as customers needed to connect to Airwallex via APIs — they also had to integrate Airwallex’s white-label solution with its API framework.

Modeling and assumptions. For the composite analysis, Forrester assumes the following about the composite organization:

- It spends 12 weeks on implementation.
- It requires five payment operations specialists and 15 product and engineering team members for implementation, and requires 100% of their time during this period.
- There is a one-time implementation cost of \$20,000 charged by Airwallex and other third-party vendors.
- Ongoing management and maintenance require only four payment operations specialists in Year 1, and increases to six in Year 3 due to market expansion.
- Airwallex charges a subscription cost of \$10,000 annually for each geography, and this is assumed to be constant across the three years.

Risks. The implementation and ongoing management costs will vary among organizations based on:

- The number of Airwallex solutions implemented.
- The complexity of an organization's existing systems and platform(s).
- The salaries of payment operations specialists, as well as product and engineering employees.
- Number of geographies.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$474,200.

“While we do incur subscription fees for using Airwallex's services, our services and revenue model encompasses more than transactional banking. Our comprehensive pricing structure is designed to cover these costs, becoming increasingly cost-effective as we scale.”

CEO, FINTECH

Implementation And Ongoing Management Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Number of payment operations employees involved	Composite	5	0	0	0
G2	Number of product and engineering employees involved	Composite	15	0	0	0
G3	Number of weeks of implementation	Composite	12	0	0	0
G4	Percentage of time spent on implementation	Composite	100%	0	0	0
G5	Total payment operations specialists manhours spent on implementation	$G1 * G4 * G3 / 52 * 208.0$	2,400	0	0	0
G6	Average fully burdened hourly salary of payment operations specialist	TEI standard	\$16	\$0	\$0	\$0
G7	Subtotal: Payment operations specialists manhour cost	$G5 * G6$	\$38,400	\$0	\$0	\$0
G8	Total product and engineering manhours spent on implementation	$G2 * G4 * G3 / 52 * 208.0$	7,200	0	0	0
G9	Average fully burdened hourly salary of product and engineering employees	TEI standard	\$21	\$0	\$0	\$0
G10	Subtotal: Product and engineering manhour cost	$G8 * G9$	\$151,200	\$0	\$0	\$0

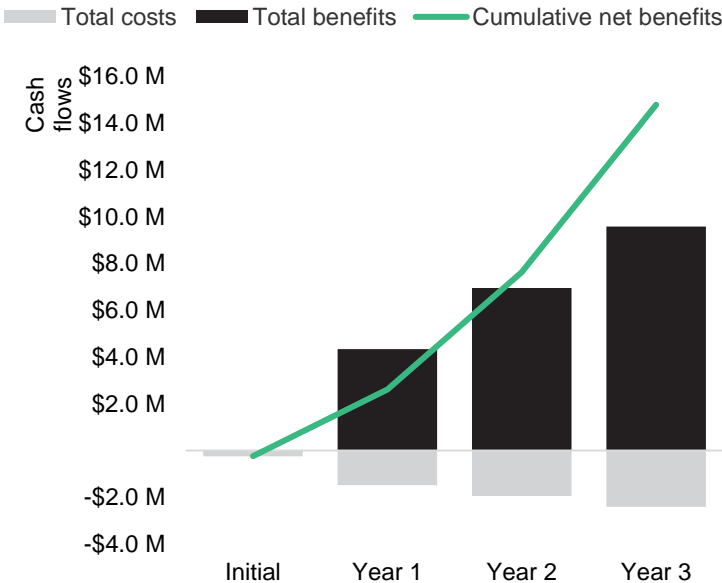
ANALYSIS OF COSTS

G11	Number of payment operations specialists managing Airwallex	Composite	0	4	5	6
G12	Percentage of time spent managing Airwallex	Composite	0%	20%	20%	20%
G13	Subtotal: Ongoing management cost	$G11 \times G12 \times E6$	\$0	\$26,000	\$33,150	\$40,576
G14	Number of geographies	Composite	0	3	5	7
G15	Subscription cost per geography	Airwallex	\$10,000	\$10,000	\$10,000	\$10,000
G16	Subtotal: Airwallex subscription cost	$G14 \times G15$	\$0	\$30,000	\$50,000	\$70,000
G17	Subtotal: One-time implementation and onboarding costs	Airwallex	\$20,000	\$0	\$0	\$0
Gt	Implementation and ongoing management costs	$G7 + G10 + G13 + G16 + G17$	\$209,600	\$56,000	\$83,150	\$110,576
	Risk adjustment	↑15%				
Gtr	Implementation and ongoing management costs (risk-adjusted)		\$241,040	\$64,400	\$95,623	\$127,162
Three-year total: \$528,225			Three-year present value: \$474,151			

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization’s investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$241,040)	(\$1,485,685)	(\$1,946,637)	(\$2,416,501)	(\$6,089,863)	(\$5,016,006)
Total benefits	\$0	\$4,345,343	\$6,954,076	\$9,582,890	\$20,882,309	\$16,897,249
Net benefits	(\$241,040)	\$2,859,658	\$5,007,439	\$7,166,390	\$14,792,446	\$11,881,243
ROI						237%
Payback period (months)						Less than 6

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

Present Value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net Present Value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

Return On Investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount Rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback Period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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