

FIELD OF INVENTION

The present invention is generally related to the field of currency exchange and trading. More specifically, the present invention is related to a system and method for providing a platform for the liquidity trade and exchange of exotic currencies.

BACKGROUND OF THE INVENTION

Currencies are broadly classified into three main categories, namely major currencies, minor currencies, and exotic currencies. An exotic currency is a foreign exchange term for a thinly traded currency. Exotic currencies are considered illiquid, lack market depth and trade at low volumes. Hence, trading an exotic currency can be expensive, as the bid-ask spread is usually large. Exotic currencies are usually those of emerging economic nations like sections in Asia, Africa, the Middle East and the Pacific.

As the world move towards becoming more globalized and borderless, digital commerce and transactions have become the new norm. In recent years, we have also seen strong economic growth in emerging countries such as BRICS (Brazil, Russia, India, China, South Africa), as well as economic blocs such as ASEAN. With the One Belt One Road initiatives, trading volume between ASEAN and China alone is expected to hit the trillion-dollar mark, and this number is expected to grow. By 2030, ASEAN is also projected to become the third largest economic bloc by the measure of Gross Domestic Product (GDP). Yet, the currencies denominated in these emerging countries are still classified as exotic currencies. Despite the growing trading volume, businesses domiciled in these emerging countries tend to be exposed to high bid-ask spread when they

execute an exchange of currencies, be it paying or buying for goods and services denominated in another currency. This greatly erode their profit margins.

Existing practice of currency service exchange are dominated by banks, financial institutions, forex brokers and agents. Their exchange fees are usually discreet, with significant mark-up on the bid-ask spread, plus a per-transaction fee. A migrant worker in Country P who intend to send money back home in Country Q, tends to lose a significant percentage of its sent amount, largely on currency conversion and wire fees. Yet, resources such as pools of intended travellers from Country Q to Country P, who hold the coveted currency by this migrant worker in Country P, are not typically utilized in such equation.

An effective currency service exchange system by turning third-party resources into exotic currency providers, beyond the dependency on conventional forex providers, as well as matching a customer's offer with a preferential quote returned from a metasearch among pools of providers, have eluded those skilled in the art.

SUMMARY OF THE EMBODIEMENTS

Briefly stated, the present invention provides a system and method for improving exotic currencies trade liquidity and matching a customer's offer for a negotiated preferential exchange rate. It aggregates and utilizes third-party resources such as users of social medias and business platforms and turn them into exotic currency providers, to improve the liquidity in the trading marketplace.

One disclosed embodiment is an exotic currency exchanger. It facilitates the

matching of a customer's offer with a best preferential quote returned from pools of providers.

In another disclosed embodiment, the role of a provider may be interchangeable to become a customer, initiating for the best quote from pools of providers on the exotic currency exchanger.

In one embodiment where a customer may be a user belonging to, including but not limited to social media, interest groups or community. This user from Country S may have the intention to travel to a Country M for the purposes of, including but not limited to vacation, education, medical treatments. The innate reason for this user to become a customer, seeking best quote from pools of provider is apparent, as the user has to buy a certain amount of Country M's currency set aside for the travelling. Instead of converting into the foreign currency via conventional means, i.e via banks or forex brokers, the user can utilize the exotic currency exchanger to match a best quote with a migrant worker in Country M, who is now assuming the role of a provider that wished to send money back to Country S.

In another embodiment, a customer may be a business owner domicile in Country U who is also a user on a crowdsourcing platform. The user may be engaging talents internationally, outside of the business' domicile country U, to fulfil business operation needs. Service engagements may be on an ad-hoc, retainer or recurring basis. One such country where the user engage in freelancing talents is Country I. On the other hand, an international student from Country I may be traveling to Country U to further study. This international student, who has now assumed the role of a provider, may then utilize the exotic

currency exchanger to match a best quote with this customer.

In yet another embodiment, a customer may be a retail ecommerce marketplace domiciled in Country J. Suppliers of this ecommerce marketplace may again be internationally based, such as from Country C, outside of the ecommerce marketplace's business domicile country J. Upon fulfilment, the ecommerce marketplace, as a customer needs to settle payments to the suppliers back to Country C. On the other end, a trading company from Country C may be importing raw materials from Country J. This trading company now assumes the role as a provider to match a best quote with this customer.

In an embodiment, the exotic currency exchanger automatically distributes spread earnings to the provider, upon successful currency exchange services provided by this provider.

In another embodiment, the exotic currency exchanger manages various incentive schemes to encourage providers to be active, to reduce trade illiquidity. Incentives may be according to, including but not limited to trade ratings, velocity, pricing, availability requirements, profit margins, and various other criteria.

In yet another embodiment, the system provides the providers, a multiple-currency virtual storage facility, and a dashboard that display the fund status of each currency, as well as the spread earnings over specific period.

In a further embodiment, the system dashboard gives real-time analytical earnings guide on the returns of spread earnings to providers. This encourages providers to pursue exotic currency pairs that give higher potentially returns to providers.

In a further embodiment of the present invention, the exotic currency exchanger assigns providers to a ranking and distribution system. Within the provider network, each of a plurality of providers is assigned a ranking. The provider status, and the ranking assigned to each provider may correspond to different criteria with respect to pricing, velocity, availability requirements, profit margins, and various other criteria.

In a further embodiment, when a customer offer is received, the exotic currency exchanger may attempt to satisfy the customer offer from published prices (e.g., rates quoted by banks and forex brokers) for the desired currency exchange services. For example, a customer's offer for the price of a particular exotic currency pair may be higher than a price at which the customer can purchase the exchange rate without the aid of the exotic currency exchange process. In that case, the exotic currency exchanger acts as an online currency exchange broker and satisfies the customer's offer without resorting to metasearch of the providers' database and charges the customer the published rate (rather than the full value of the offer).

In the more common situation where the customer offer is below the published rates, the exotic currency exchanger request rate information from the highest-ranking provider for the currency exchange service identified in the customer offer. The highest-ranked provider may return one or more prices. The exotic currency exchanger compares the prices returned by such provider to the customer offer. If the offer can be satisfied by the highest-ranked provider, then the offer is matched with the highest price supplied by the highest-ranked provider and the rate is booked. If the offer cannot be satisfied by any of the prices supplied

by the highest-ranked provider, then the exotic currency exchanger moves to the next-highest ranked provider and repeats the request. The request is made to each provider, in order of preference, until either the customer offer is satisfied, or the preferred provider group is exhausted, meaning that none of the providers were able to satisfy the customer offer within the constraints of the preferential rankings.

In yet another further embodiment, if customer offer is not satisfied by the preferred providers, the exotic currency exchanger moves to perform on volume weighted average pricing. The exotic currency exchanger then issues requests to each preferred provider again for price on the currency exchange service described in the customer offer. The exotic currency exchanger then selects a best price on available volume from each respective provider, and overall performs a volume weighed average pricing. The selection criteria for best price may be based on one, all, or any of the combination of the lowest rate, the least restrictive rate, the highest rate that still affords the exotic currency exchanger a reasonable profit, a random selection, or any other criteria. The result is returned as a match for the customer offer.

In addition, when evaluating whether a rate satisfies the customer offer, the exotic currency exchanger includes actual administrative handling fees that will be imposed by any third-party networks on the purchase transaction, to ensure that the customer is not surprised by a charge that exceeds the customer offer because of such administrative handling fees. Finally, if a satisfactory rate is selected, the currency exchange services are booked with the corresponding provider.

These and other aspects of the invention, together with the benefits and advantages

realized, will become apparent from a reading of the following detailed description in conjunction with the drawings.