

NADER DAVTALAB SABET

N/A, Tehran, Iran

FOREIGN INVESTMENT AND INTERNATIONAL MONEY TRANSFER WITHOUT COMMISSION FEE BY FOCUSING ON TRUST FUND

Abstract:

In this paper, a new method is proposed to decrease the cost of international money transfers. As the business environment has changed around the world, traditional methods of investment have developed. Nowadays, people are getting more familiar with stock markets where various financial instruments such as ordinary shares and debt bonds are available to be traded. Meanwhile, new economic entities have started to support new financial intermediary services in which an agent role is performed by Fund managers, who consist of some financial experts with diverse expertise in monetary markets. To pave this role, a Trust Fund is run, and the Fund manager operates investors' money on their behalf, and the final yield is divided between investors and the Trust Fund. The yield is usually higher than the amount that investors can obtain individually. This new business is used in many developed countries and generally among investors who know financial markets in their nation. While investors intend to broaden their activities around the globe, a big barrier disturbs the operation and increases the investment cost; International Money Transfer Commission Fees. To ease the situation, this paper introduces a new approach in which Trust Funds act as a mechanism to connect investors around the world. In this mechanism the investor from country A who is interested to invest in country B is connected to the investor from country B who is interested to invest in country A. In fact, Trust Funds seek for investors and convince them to exchange their investment and guarantee original investment and related yields and facilitate this exchange. Two Trust Funds in different region of the globe exchange the owner of Fund's units (owner of investment), due to order of initial owners, in order to each owner be able to access another market in a desired place of the world. By doing this, the ownership of trust fund's units is changed, initial(local) investor has reached to an international market and an international monetary transfer without real money transfer is formed simultaneously. As money is not used for these transactions and Trust Funds will gain yield by using those invested amounts, there is zero commission fee or substantially lower fees than traditional money transfers methods via international banks or exchanges entities. This study provides evidence that money transfer can be facilitated by changing the local owner, and also, the commission fees can be decreased by running this system.

Keywords:

Investment, Money transfer, Fund, commission