



# ENTERPRISE PAYMENTS ARE EVOLVING

When will you?

## Six ways cross-border payments are evolving

It has never been more important to remove the barriers to trade by building open, sustainable and instant payment services across the globe.

Since the 1970s, money has been transferred internationally on legacy inter-bank cross-border payment rails. However, in a global banking world where trade is borderless, routing cross-border payments using traditional mechanisms is not always the right solution for the “now” world we live in.

Here are six ways that cross-border payments are evolving to empower global trade:

### 1 OPEN ALTERNATIVES TO THE CLOSED LOOPS

Cross-border payments are inherently more challenging to resolve than domestic ones. This is because they involve bridging the closed loops of multiple currency and domestic payment systems, coupled with the complexities presented by the world’s many regulatory jurisdictions. Cross-border payments operate within historical siloes, limiting scale, reach and efficiency.

New, modern, open networks that better service the needs of all stakeholders including financial institutions, corporates, merchants and fintechs, will succeed.

The future for cross-border payments lies in multi-ecosystems that operate as complementary constellations rather than monoliths. Participants within the ecosystem should embrace their role as part of a larger ecosystem, rather than trying to own and control everything end-to-end.

### 2 PREDICTABILITY ON TRACKING AND STATUS

Without real-time, cross border funds transfer or payments can take a day or more to reach their destination, are only processed during business hours, at unknown exchange rates, and often involve unpredictable fees, multiple delays, and lack of certainty that they are valid for the destination accounts. SWIFT’s gpi, which enables payment tracking, has become the standard mechanism within their network with more than 60 percent of cross-border payments now going via gpi. Real-time cross-border payments will take the level of visibility further and faster.

Banks’ availability of liquidity, visibility and capital risk ratio screening would be drastically improved if we operated in real time, eliminating the need to wait to know their true position.

### 3 REAL-TIME CROSS-BORDER

Domestic markets already promote real-time services but achieving interoperability between them is the core issue; interoperability starts with the central banks. Thailand, Malaysia and Singapore are showing the way with their central banks getting together to enable a real-time payment service across the Malay peninsula. P27 is an imminent multicurrency service for cross-border payments between Denmark, Finland and Sweden made possible by central banks interconnecting. Australia, France and India are also making moves in this direction.

### 4 INTEROPERABLE, FRICTIONLESS CONNECTIVITY

Payment ecosystems are built on interoperability between stakeholders, with multiple roles to play for banks, central banks, fintechs, regulators, merchants, corporations, etc., at different parts of the value chain. International standards such as ISO 20022 enable better interoperability between payment systems.

### 5 COMPETITIVE GLOBAL MARKET PLACE

As the demand for real-time cross-border payments grows, the technology enables disruptors to bypass the friction by providing the most efficient and cost-effective route for the customer when trying to execute the payment.

Banks and other payment providers readily recognize this as they continue to put investment dollars behind many different cross-border payment initiatives.

### 6 BARRIER-FREE

It has never been more important to remove the barriers to international trade, critical for corporate success, and it is the responsibility of payment service providers and central banks to support the much-needed cross-border growth of businesses around the world.

Governments can also do more to ensure that the friction and pain points of cross-border payments are removed. If all parties commit to cooperating, international markets have an opportunity to flourish.

FIS is strategically focused on propelling real-time cross-border payments further forward.

To learn more about how to evolve your enterprise payments business,

click here or contact us at [getinfo@fisglobal.com](mailto:getinfo@fisglobal.com)